

# T Transportation Committee

Meeting date: October 8, 2007

ADVISORY INFORMATION	
<b>Date:</b>	October 3, 2007
<b>Subject:</b>	2007-2010 Transportation Improvement Program (TIP) Amendment
<b>District(s), Member(s):</b>	All
<b>Policy/Legal Reference:</b>	TAB Action
<b>Staff Prepared/Presented:</b>	Arlene McCarthy, Director MTS (651-602-1754) Brian Lamb, General Manager Metro Transit (612-349-7510)
<b>Division/Department:</b>	Metropolitan Transportation Services/Metro Transit

### Proposed Action/Motion

That the Metropolitan Council concur with the Transportation Advisory Board (TAB) action to amend the 2007-2010 Transportation Improvement Program (TIP) to include the Urban Partnership Agreement (UPA) transit investments.

### Issue(s)

At its October 3, 2007 meeting, the Technical Advisory Committee (TAC) to TAB voted to recommend to the TAB adoption of the TIP amendment for the UPA transit investments. The TAB is scheduled to take up this action at its October 17 meeting. The Metropolitan Council is being asked to act on the amendment assuming the TAB will adopt the changes. Should the TAB not adopt the amendment, the committee/Council action would be nullified. TAB was advised at its September 19 meeting that an expedited TIP amendment approval process may be utilized.

Expenditures on the UPA prior to the TIP/STIP amendments are not eligible for federal reimbursement. This expedited schedule will maximize the time available to implement the UPA for all the UPA transit partners including Met Council/Metro Transit, MVTA and Dakota County.

The transit award of \$85.9 million for 2006 and 2007 is from Federal 5309 Funds. A legislative request has been made by the Metropolitan Council for the 20% local match in the amount of \$21,475,000.

The UPA is new money to the region. The UPA is consistent with the Metropolitan Area Transportation Policy Plan adopted on December 15, 2005 with FTA/FHWA conformity determination established February 1, 2005. The projects are exempt from local and regional air quality conformity analysis.

**Transportation Advisory Board**  
of the Metropolitan Council of the Twin Cities

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**ACTION TRANSMITTAL**

No. 2007-56

**DATE:** September 20, 2007  
**TO:** Technical Advisory Committee  
**FROM:** TAC Funding and Programming Committee  
**SUBJECT:** 2007-2010 TIP Amendment and 2008-2011 TIP Amendment, Urban Partnership Agreement transit projects.

**MOTION:** That the Technical Advisory Committee recommend amending the 2007-2010 TIP and 2008-2011 Draft TIP to include Urban Partnership Transit Funding contingent upon the clarification of a decision on air quality conformity and demonstration of fiscal constraint.

**BACKGROUND AND PURPOSE OF ACTION:** The UPA funding was awarded to MnDOT and Metropolitan Council through a competitive federal process. Amendment of the TIP/STIP for the FTA funds to Metropolitan Council is needed in order to allow costs incurred prior to the actual FTA award be eligible for reimbursement. This includes costs for the specific tasks listed in the UPA as available to draw down immediately as well as other pre-award activity. The UPA also requires that new or updated applications be submitted to each of the grant programs involved in the approved funding package. For 5309 Bus and Bus-related facilities, a new application document must be submitted to FTA through its Transportation Electronic Award Management system (TEAM). A grant application can only be submitted if the project is included in the TIP and STIP. This application is needed in order for FTA to award the funds that have been appropriated.

Additional background material is attached.

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**ROUTING**

<b>TO</b>	<b>ACTION REQUESTED</b>	<b>DATE COMPLETED</b>
Funding & Programming Committee	Review & Recommend	September 20, 2007
Technical Advisory Committee	Review & Recommend	October 3, 2007
TAB Programming Committee	Review & Recommend	
Transportation Advisory Board	Review & Adopt	
Metropolitan Council	Concurrence	

September 25, 2007

Tim Mayasich, Chair  
TAC Funding and Programming Committee  
Metropolitan Council  
390 Robert Street North  
St. Paul, Minnesota 55101

Re: Amendment to the Twin Cities 2007 – 2009 Current Transportation Improvement Program  
(TIP/STIP)  
Amend the Pending 2008 - 2011 TIP/STIP when available

Dear Mr. Mayasich:

On August 22, 2007, the US Department of Transportation (DOT) through the Federal Transit Administration (FTA) announced the appropriation of 5309 funds to support the competitive award of the transit portion of the Urban Partnership Agreement (UPA). This is an award of \$85.9 million from 2006 and 2007 federal 5309 funds. A legislative request has been made by the Metropolitan Council for the 20% local match in the amount of \$21,475,000. It is anticipated that this match will be made available when the enabling legislation for the UPA is received during the 2008 legislative session. We believe this is a reasonable outcome based on the letter of UPA support that was provided by Governor Pawlenty; Senator Steve Murphy, Chair of the Minnesota Senate Transportation Committee; and Representative Bernie Lieder, Chair of the Minnesota House Transportation Committee. (Copy attached) It is not unusual to prepare the TIP/STIP to include projects that are anticipating matching funds from a future legislative session.

Amendment of the TIP/STIP for the FTA funds is needed in order to allow costs incurred prior to the actual FTA award be eligible for reimbursement. This includes costs for the specific tasks listed in the UPA as available to draw down immediately as well as other pre-award activity. Other pre-award activity is at risk of not being reimbursed if no legislative action is taken and no match is made available.

The UPA also requires that new or updated applications be submitted to each of the grant programs involved in the approved funding package. For 5309 Bus and Bus-related facilities, a new application document must be submitted to FTA through its Transportation Electronic Award Management system (TEAM). A grant application can only be submitted if the project is included in the TIP and STIP. This application is needed in order for FTA to award the funds that have been appropriated.

The UPA funds are intended to promote projects and activities that need to be completed and in operation by September 30, 2009 while still adhering to all federal regulations.(December 31,2009 completion date applies only to Second Avenue and Marquette Avenue bus lane tasks). In addition to FTA regulations, the project tasks are subject to the UPA award agreement, including the state legislative action to provide legal authority to implement congestion pricing along with the need to secure local match prior to draw down of federal funds. Project tasks performed under the pre-award authority will be done only on a limited basis to avoid risk while providing the Region the ability to move quickly when all restrictions and requirements are lifted and/or met.

Since it is not clear which TIP/STIP year will be in force when an application is actually made, FTA has requested us to consider this amendment as approval to amend the pending 2008-2011 STIP when it becomes available. This will enable us to process an application prior to the usual November approval of the new STIP or after it is in place since it is not clear which STIP document will be in effect at time of application.

**PROJECT IDENTIFICATION:**

STATE FISCAL YEAR	ATP	DIST	ROUTE SYSTEM	PROJECT NUMBER (S.P. #)	AGENCY	DESCRIPTION include location, description of all work, & city (if applicable)	MILE S
2008	M	M	BB	NEW	Metropolitan Council	Urban Partnership Transit Funding (See Attachment )	na

PROG	TYPE OF WORK	PROP FUNDS	TOTAL \$	FHWA \$	AC \$	FTA \$	TH \$	OTHER \$
TR	Transit	FTA 5309	107,375,000	\$0	\$0	85,900,000	0	21,475,000

**PROJECT BACKGROUND (INCLUDE REASON WHY AMENDMENT IS BEING REQUESTED):**

Project was awarded through a competitive federal process. Attached is the list of tasks for the FTA portion of the award. Also, the overall project and a copy of the Urban Partnership Agreement is included as part of this package. Therefore, on behalf of these project proposers, this amendment is submitted with the following information for amendment into the current Twin Cities 2007-2009 TIP and the 2008-2011 TIP.

**MAINTENANCE OF FISCAL CONSTRAINT (CHECK ONE):**

- N New Money   X
- N Anticipated Advance Construction
- N ATP or MPO or Mn/DOT Adjustment

**AIR QUALITY CONFORMITY:**

- N N/A (not in a nonattainment or maintenance area)
- N Subject to conformity determination (attach documentation)   pending
- N Exempt from regional level analysis   X
- N Exempt from project level analysis
- N Exempt by virtue of interagency consultation

\*Project Exempt Category:: Various codes apply including S-4 for shoulder improvement; T-10 Purchase

Tim Mayasich  
September 19, 2007  
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of new buses and rail cars to replace existing vehicles or for minor expansions of the fleet.; T-7 for shelters; E-6 for park and rides – all exempt categories. The project task that includes the work on Marquette and 2<sup>nd</sup> to create bus contra lanes is pending air quality conformity review. There will be a report from one or all of the agency partners at TAC about whether or not a conformity determination must be made for this TIP Amendment.

**CONSISTENCY WITH MPO LONG RANGE PLAN:**

This amendment is consistent with the Metropolitan Council Transportation Policy Plan, adopted on December 14, 2005, with FHWA/FTA conformity determination established on February 1, 2005.

We are requesting approval of this amendment at this time. If you have any questions, please call John Levin at 612-349-7789 or Susan Stensland at 612-349-7603.

Sincerely,

Brian J. Lamb  
General Manager  
Metro Transit/Metropolitan Council

cc: John Levin  
Carl Ohrn  
Susan Moe

Susan Stensland  
Tim Henkel  
Pat Bursaw

Arlene McCarthy  
Marv Lunceford  
Nick Thompson

## UPA Capital - 5309 Transit

<b>UPA Capital - 5309 Transit</b>			
<b>Transit Improvements</b>	<b>Total</b>	<b>Federal Share</b>	<b>Local Match</b>
<b>Purchase Buses for Express Service</b>			
I-35W South - 12 Express Buses	\$ 6,000,000	\$ 4,800,000	\$ 1,200,000
I-35W BRT Lakeville - 3 Express Buses	\$ 1,500,000	\$ 1,200,000	\$ 300,000
I-35W North - 11 Express Buses	\$ 5,500,000	\$ 4,400,000	\$ 1,100,000
<b>Subtotal for Buses</b>	<b>\$ 13,000,000</b>	<b>\$ 10,400,000</b>	<b>\$ 2,600,000</b>
<b>Build New Park &amp; Ride Facilities</b>			
I-35W South, 650 Space Structured P&R	\$ 11,700,000	\$ 9,360,000	\$ 2,340,000
I-35W BRT Lakeville - 440 Space Surface P&R	\$ 2,000,000	\$ 1,600,000	\$ 400,000
I-35W North - 620 Space Structured P&R	\$ 11,000,000	\$ 8,800,000	\$ 2,200,000
<b>Subtotal for P&amp;R Spaces</b>	<b>\$ 24,700,000</b>	<b>\$ 19,760,000</b>	<b>\$ 4,940,000</b>
<b>Hwy 77/Cedar Ave Advanced BRT Projects</b>			
180th St Station & P&R	\$ 2,100,000	\$ 1,680,000	\$ 420,000
140th and 147th St Stations	\$ 5,800,000	\$ 4,640,000	\$ 1,160,000
Palomino Drive Station	\$ 2,100,000	\$ 1,680,000	\$ 420,000
Cedar Grove Station	\$ 1,100,000	\$ 880,000	\$ 220,000
<b>Subtotal for TH 77/Cedar Adv BRT Projects</b>	<b>\$ 11,100,000</b>	<b>\$ 8,880,000</b>	<b>\$ 2,220,000</b>
<b>Hwy 77 Transit Improvements</b>			
Construct bus lane or ramp at Hwy 62 Interchange	\$ 10,000,000	\$ 8,000,000	\$ 2,000,000
<b>Subtotal for Hwy 77 Transit Improvements</b>	<b>\$ 10,000,000</b>	<b>\$ 8,000,000</b>	<b>\$ 2,000,000</b>
<b>Downtown Minneapolis Transit Improvements</b>			
Build double transit lanes on Marquette and 2nd Ave	\$ 32,166,000	\$ 25,732,800	\$ 6,433,200
Bus shelters along Marquette and 2nd Ave	\$ 9,394,000	\$ 7,515,200	\$ 1,878,800
<b>Subtotal for Downtown Transit Improvements</b>	<b>\$ 41,560,000</b>	<b>\$ 33,248,000</b>	<b>\$ 8,312,000</b>
<b>Technology for Transit</b>			
Bus Arrival Times	\$ 175,000	\$ 140,000	\$ 35,000
Congestion Conditions Travler Information	\$ 90,000	\$ 72,000	\$ 18,000
Parking Availability + Contingency	\$ 1,450,000	\$ 1,160,000	\$ 290,000
Lane Guidance System	\$ 5,300,000	\$ 4,240,000	\$ 1,060,000
<b>Subtotal for Transit Technology</b>	<b>\$ 7,015,000</b>	<b>\$ 5,612,000</b>	<b>\$ 1,403,000</b>
<b>Total for Transit Improvements</b>	<b>\$ 107,375,000</b>	<b>\$ 85,900,000</b>	<b>\$ 21,475,000</b>

**Urban Partnership Agreement**  
by and between  
**U.S. Department of Transportation**  
and its  
**Minneapolis-St. Paul-Area Urban Partner**

**Executive Summary**

This Urban Partnership Agreement sets forth an agreement in principle between the U.S. Department of Transportation (the "Department") and the Department's Minneapolis-St. Paul-Area Urban Partner, comprised of the Minnesota Department of Transportation ("MnDOT") and the Twin Cities Metropolitan Council. Under this agreement, the Urban Partner agrees to (i) convert the existing high-occupancy vehicle ("HOV") lanes along I-35W between I-494 and Burnsville Parkway into dynamically-priced high-occupancy toll ("HOT") lanes; (ii) extend these HOT lanes through the Crosstown Commons between I-494 and 46th Street; (iii) operate priced dynamic shoulder lanes ("PDSL") along the northbound portion of I-35W from 46th Street to downtown Minneapolis; (iv) increase park-and-ride and transit capacity along the corridor by expanding the existing express bus service and implementing new Bus Rapid Transit ("BRT") service; (v) construct double-lane contra-flow bus lanes in Downtown Minneapolis on Marquette and 2<sup>nd</sup> Avenues and corresponding bus shelters and other amenities; (vi) build new transit park-and-ride facilities to support expanded and new transit services; (vii) construct BRT stations; (viii) construct bus lane/ramp at the TH-62 and TH-77 interchanges; (ix) implement intelligent transportation systems ("ITS") technology for transit to include bus arrival times, congestion conditions, parking availability, lane guidance system, and transit signal priority; (x) install ITS technology to facilitate transit and arterial traffic management; and (xi) increase the use of Results Only Work Environments ("ROWE") throughout the region. In addition, the Urban Partner agrees that all projects will be in operation by not later than September 30, 2009. In exchange for these commitments, the Department intends to allocate \$133.3 million in Federal grant funding for projects (i) through (x), according to the terms of a grant agreement (or a series of grant agreements) to be negotiated by the Department and the Urban Partner. The Urban Partner will be responsible for funding the ROWE expansion.

**THIS MEMORANDUM OF UNDERSTANDING** (this "MOU"), dated as of August 7, 2007, is made by and among the Secretary of Transportation (the "Secretary"), the Federal Highway Administration ("FHWA"), the Federal Transit Administration ("FTA"), the Research and Innovative Technology Administration ("RITA") (the Secretary, FHWA, FTA, RITA, collectively, the "Department"), and the undersigned State, county and/or municipal governmental entities, as the case may be (collectively, the "Urban Partner").

**Agreement in Principle**

**1. Agreement in Principle.** This MOU sets forth an agreement in principle among the undersigned concerning the terms and conditions of Federal assistance to be provided by the Department for the transportation projects described herein. This MOU represents solely the intent of the parties (including, without limitation, the intent of the Department to allocate funds as set forth in Section 4(a) below), and no party shall be legally bound hereby. Any agreement between the Department and the Urban Partner concerning funding of the transportation projects described herein shall be set forth in a grant agreement (or a series of grant agreements) (the "Grant Agreements") to be negotiated and executed by the parties to this MOU. The Department reserves the right, in its discretion, not to fund the transportation projects (or any part thereof) described in this MOU or otherwise set forth in the application filed by the Urban Partner to the Urban Partnership Program.

**2. Background.** Transportation system congestion is one of the greatest threats to our Nation's economic prosperity and way of life. Whether it takes the form of trucks stalled in traffic, cargo stuck at overwhelmed seaports, or airplanes stuck on the tarmac, congestion costs the Nation an estimated \$200 billion a year. The problem of traffic congestion in our major metropolitan areas in particular is severe and worsening.

In 2003, traffic jams in the Nation’s largest 85 urban areas cost Americans 3.7 billion hours and 2.3 billion gallons of fuel. Congestion is also affecting the quality of life in America by robbing us of time that could be spent with families and friends and in participation in civic life.

The signatories to this MOU do not believe that gridlock is our inevitable fate. In May 2006, the Department announced a major initiative to reduce transportation system congestion. This plan, the *National Strategy to Reduce Congestion on America’s Transportation Network* (the “Congestion Initiative”), provides a blueprint for Federal, State, and local officials to consider as they work together to reverse the alarming trends of congestion. One major component of the Congestion Initiative is the Urban Partnership Agreement (or “UPA”). As announced in the Department’s solicitation for Urban Partners published in the Federal Register on December 8, 2006 (at 71 FR 71231 (2006)) (the “Federal Register Notice”), applicants designated by the Department as Urban Partners would adopt the “Four Ts:” tolling (congestion pricing), transit, telecommuting and technology – strategies believed to be effective on a combined basis in reducing traffic congestion. In return for such commitment, the Department, to the extent requested and appropriate, would support its Urban Partners’ implementation of the Four Ts with financial resources, regulatory flexibility, and dedicated expertise and personnel.

**3. Designation as Urban Partner.** In accordance with the Federal Register Notice and for purposes of this MOU, the Department designates each of the following entities, collectively, as an “Urban Partner:”

- (a) Minnesota Department of Transportation (“MnDOT”); and
- (b) Twin Cities Metropolitan Council.

**4. Grant Agreements.** The Department and the Urban Partner agree to negotiate a grant agreement (or a series of grant agreements) that would reflect the following terms and conditions:

(a) **Federal Projects and Sources of Funding.** The Department shall provide funding for each of the following projects (the “Federal Projects”) under the Federal programs and in the amounts provided below, in each case subject to the statutes, regulations and the implementing guidance of the Department governing such programs and subject to the Urban Partner’s agreement to commence the Local Projects set forth in Section 4(b):

Project	Source of Funding	Amount of Funding
<i>Tolling (congestion pricing) projects</i>		
<ul style="list-style-type: none"> <li>• <b>I-35W HOV-to-HOT conversion.</b> The Urban Partner will convert the existing high-occupancy vehicle (“HOV”) lanes along I-35W between I-494 and Burnsville Parkway into high-occupancy toll (“HOT”) lanes. HOT lane tolls shall be priced dynamically based on the level of demand for the HOT lanes.</li> <li>• <b>I-35W HOT lane extension.</b> After converting the I35W HOV lane to a HOT lane, the Urban Partner will extend this HOT lane through the Cross-town Commons between I-494 and 46th Street.</li> <li>• <b>Priced Dynamic Shoulder Lanes (PDSL).</b> The Urban Partner will operate priced dynamic shoulder lanes along the northbound portion of I-</li> </ul>	<ul style="list-style-type: none"> <li>• FHWA’s Interstate Maintenance Discretionary Program</li> </ul>	<ul style="list-style-type: none"> <li>• \$6.6 million in contract authority funds made available for obligation for Fiscal Year 2007</li> </ul>
	<ul style="list-style-type: none"> <li>• FHWA’s Transportation, Community, and System Preservation Program (“TCSP”)</li> </ul>	<ul style="list-style-type: none"> <li>• \$16.4 million in contract authority funds made available for obligation for Fiscal Year 2007</li> </ul>
	<ul style="list-style-type: none"> <li>• FHWA’s Value Pricing Pilot Program (“VPPP”)</li> </ul>	<ul style="list-style-type: none"> <li>• \$5.0 million in funds appropriated when needed and available, but in any event no later than the end of Fiscal Year 2009; funding subject to appropriation</li> </ul>



Project	Source of Funding	Amount of Funding
<p>35W from 46<sup>th</sup> Street to downtown Minneapolis. PDSL operation will incorporate active lane management technologies and techniques.</p>	<ul style="list-style-type: none"> <li>RITA's Intelligent Transportation Systems Operational Testing to Mitigate Congestion ("ITS-OTMC") Program</li> </ul>	<ul style="list-style-type: none"> <li>\$15.2 million in funds appropriated when needed and available, but in any event no later than the end of Fiscal Year 2009; funding subject to appropriation</li> </ul>
<b>Transit projects</b>		
<ul style="list-style-type: none"> <li><b>Expansion of I-35W and TH-77 transit service.</b> The Urban Partner will expand current bus service along I-35W and TH-77 and will operate new Bus Rapid Transit ("BRT") service along both facilities.</li> <li><b>New "advanced BRT" stations.</b> The Urban Partner will construct five new advanced BRT stations along the TH-77 corridor and expand park-and-ride spaces at one of these stations.</li> <li><b>New park-and-ride facilities.</b> The Urban Partner will construct three new park-and-ride facilities along I-35W and TH-77.</li> <li><b>New "transit advantage" bypass lane/ramp.</b> The Urban Partner will construct a bypass lane/ramp at the interchange of TH-77 and TH-62 to facilitate the movement of transit vehicles.</li> <li><b>Contra-flow transit lanes in downtown Minneapolis.</b> The Urban Partner will construct double-lane contra-flow bus lanes in Downtown Minneapolis on Marquette and 2<sup>nd</sup> Avenues along with wider sidewalks, improved passenger waiting shelters, improved lighting, and landscaping and other beautification.</li> <li><b>Technology for Transit.</b> The Urban Partner will implement intelligent transportation systems ("ITS") technology for transit to include bus arrival time signs at stations, congestion condition and parking availability information, lane guidance system for shoulder-running buses, and transit signal priority.</li> </ul>	<ul style="list-style-type: none"> <li>FTA's Bus and Bus-Related Facilities Discretionary Grant Program ("Section 5309 Bus Program")</li> </ul>	<ul style="list-style-type: none"> <li>\$85.9 million in funds appropriated for Fiscal Year 2006 or Fiscal Year 2007</li> </ul>
<b>Technology projects</b>		
<ul style="list-style-type: none"> <li><b>Arterial and freeway management.</b> The Urban Partner will install intelligent transportation system ("ITS") technology to facilitate arterial and freeway operations and management and broadly disseminate real-time road pricing information.</li> </ul>	<ul style="list-style-type: none"> <li>RITA's Intelligent Transportation Systems Operational Testing to Mitigate Congestion ("ITS-OTMC") Program</li> </ul>	<ul style="list-style-type: none"> <li>\$4.2 million in funds appropriated when needed and available, but in any event no later than the end of Fiscal Year 2009; funding subject to appropriation</li> </ul>

(b) **Local Projects to be Implemented by Urban Partner.** In connection with the implementation of the Federal Projects, the Urban Partners shall agree to commence the following projects (the "Local Projects"):

(i) The Urban Partner will install a Results Only Work Environment ("ROWE") pilot in several major Twin Cities organizations, with a goal of increasing the number of

teleworkers and/or workers on flexible work schedules in the I-35W corridor by 500 individuals; and

- (ii) Construction of a southbound auxiliary lane on I-35W from 106<sup>th</sup> Street to TH-13.
- (c) **Completion of Projects.** Unless otherwise agreed by the Department and the Urban Partner, both the Federal Projects and the Local Projects shall be in operation by not later than September 30, 2009 (except for the double-lane contra-flow bus lanes in Downtown Minneapolis on Marquette and 2nd Avenues which shall be in operation not later than December 31, 2009). In the event that the action(s) funded in connection with the Urban Partnership Agreement experience delay due to circumstances beyond the control of the Urban Partner, the Department may either negotiate an extended completion date or terminate the action(s).
- (d) **Other Terms and Conditions.** Each of the Grant Agreements shall additionally provide that:
- (i) Except for (A) \$1.6 million in funds allocated to the Urban Partner under the Value Pricing Pilot Program for project development and design, (B) \$8.8 million in funds allocated to the Urban Partner under the Section 5309 Bus Program for construction of approximately 620 additional parking spots at the North I-35W structured park-and-ride facility, and (C) \$4.4 million for 11 buses for service provided on I-35W, no funds obligated by the Grant Agreements shall be drawn down by the recipient unless and until all legal authority necessary to implement each of the Federal Projects (including, without limitation, legal authority to implement congestion pricing) has been duly adopted and taken effect, which authority shall be adopted and in effect within 90 calendar days following the opening of the next session of the Minnesota State legislature;
  - (ii) No funds obligated by the Grant Agreements shall be drawn down by the recipient unless and until each member of the Urban Partner with the authority to toll has agreed to exempt privately operated over-the-road buses from tolls to the same extent it has exempted (or proposes to exempt) public transportation from tolls in connection with the Federal Projects;
  - (iii) The Department reserves the right to de-obligate funds obligated under any of the Grant Agreements (or to require the return of such funds) in the event a recipient breaches or otherwise fails to perform under any of the Grant Agreements;
  - (iv) The recipient shall not assess congestion charges against any vehicles owned or operated by any foreign government or international organization or its representatives, officers, or employees if notified by the U.S. Department of State that, pursuant to U.S. international legal obligations, the vehicles are exempt from such charges;
  - (v) The recipient makes customary representations to the Department that the Federal Projects comply (or will comply) with all applicable Federal, State and local laws;
  - (vi) The recipient agrees to provide to the Department (and its designees) access to the Federal Projects and all data collected by the recipient with respect to the

Federal Projects for purposes of the Department's oversight of the Federal Projects; and

- (vii) To the extent requested by the Department, the recipient agrees to designate an independent third party to perform all program evaluations required by law or as reasonably directed by the Department in order to assist in the evaluation of the Federal Projects.

**(e) Actions Prior to Execution of Grant Agreements.** Prior to the execution of the Grant Agreements, the Department shall have received the following, in addition to usual and customary deliverables:

- (i) A new or amended application to each of the following grant programs, as required by the Department: FHWA Interstate Maintenance Discretionary Program, FHWA Transportation, Community, and System Preservation Program;
- (ii) Either (A) a certificate from MnDOT, satisfactory to the Department in form and substance, confirming that MnDOT has obligated (or demonstrating that it will obligate in Fiscal Year 2007) all of its apportionments under 23 USC 104(b)(4), or (B) an opinion of counsel to FHWA that the requirements of 23 USC 118(c) may be waived or have otherwise been complied with; and
- (iii) An opinion of counsel, satisfactory in form and substance to the Department, concerning the Federal Projects.

**5. Non-Disclosure.** Prior to the public announcement of the Urban Partner by the U.S. Secretary of Transportation, the undersigned agree not to disclose the contents hereof to any third party, except by written agreement of the Department or as required by law.

[Signatures appear on the following page.]

**United States Department of Transportation**

**Signature** \_\_\_\_\_ **Date** \_\_\_\_\_

Mary E. Peters, Secretary of Transportation

**Signature** \_\_\_\_\_ **Date** \_\_\_\_\_

J. Richard Capka, Federal Highway Administrator

**Signature** \_\_\_\_\_ **Date** \_\_\_\_\_

James S. Simpson, Federal Transit Administrator

**Signature** \_\_\_\_\_ **Date** \_\_\_\_\_

John A. Bobo, Jr., Research and Innovative Technology Administrator (Acting)

**Urban Partner**

**Signature** \_\_\_\_\_ **Date** \_\_\_\_\_

Carol Molnau, Lieutenant Governor and Commissioner of Transportation, State of Minnesota

**Signature** \_\_\_\_\_ **Date** \_\_\_\_\_

Peter Bell, Chair, Twin Cities Metropolitan Council



## Minnesota Department of Transportation

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### **Metro District**

1500 west County Road B-2  
Roseville, MN 55113

Office Telephone: (651) 234-7783

Fax: (651) 234-7786

September 19, 2007

Timothy Mayasich, Chair  
TAC Funding and Programming Committee  
Metropolitan Council  
390 N. Robert Street  
St. Paul, Minnesota 55101

Re: Urban Partnership Agreement

Dear Tim:

The purpose of this memo is to provide an overview of the Urban Partnership Agreement, and the proposed approach to include these projects and funding in the Transportation Improvement Program and State Transportation Improvement Program.

On August 7<sup>th</sup>, 2007, the Twin Cities was one of five regions selected nationally for an Urban Partnership Agreement (UPA) award. The Twin Cities award was \$133.3 M in Federal Funds. The award was part of a competitive process where regions form partnerships of agencies to fight congestion. Applicants designated as Urban Partners agreed to adopt the “Four T’s” in fighting congestion: tolling (congestion pricing), transit, telecommuting, and technology. These strategies have proven effective in fighting congestion nationally, and all strategies that have been successful in our region.

In accepting the award, Mn/DOT and the Metropolitan Council agreed to the terms of the award. (See attached “UPA Execution Copy” for details). The funds for UPA come from five Federal programs as follows:

- \$6.6 M Interstate Maintenance Fund, (IM)
- \$16.4 M Transportation, Community, and System Preservation Program (TCSP)
- \$5.0 M Value Pricing Pilot Program (VPPP)
- \$19.4 M RITA ITS Operations Testing to Mitigate Congestion Fund (RITA-ITS)
- \$85.9 M Bus and Bus Related Facilities Discretionary Grant (FTA-5309 Grant)

Except for (a) \$1.6 million in funds allocated to the Urban Partner under the Value Pricing Pilot Program for project development and design, (b) \$8.8 million in funds allocated

under the section 5309 Bus Program for a structured park-and-ride facility, and (c) \$4.4 million for 11 buses for services provided on I-35W under the 5309 Bus Program; no funds obligated by the Grant Agreements shall be drawn until all legal authority necessary to implement each of the UPA projects has been duly adopted by Minnesota State Legislature and taken effect.

Of these \$14.2 million identified as eligible to be drawn now (Early Release UPA funds), the FHWA application update process will be completed soon which will allow Mn/DOT to draw VPP funds after a STIP amendment is approved. For the 5309 Bus Program funding, the Federal Transit Administration (FTA) process requires an application for the appropriated \$85.9 Million be submitted through their system and they then issue an award to obligate the funds which carries all the restrictions of the UPA award including “no funds obligated by the Grant Agreements shall be drawn until all legal authority necessary to implement each of the Federal Projects has been duly adopted by Minnesota State legislature and taken effect”. Before this can occur, the 5309 funds must be in the STIP. At this time, transit has no ability to incur costs or draw funds without the STIP amendment.

Because the \$1.6 Million comes from the Value Pricing Pilot Program (VPPP) it will be accounted for through a STIP amendment by Mn/DOT as other VPPP funds have been managed before. The Bus Related Facilities Discretionary Grant will be handled through TIP amendments with detail of the full project. (attached)

The remaining \$45.8 in UPA funds (VPP, IM, TCSP and RITA) described in the UPA agreement will be processed through upcoming amendments to the 2008 – 2011 Transportation Improvement Program (TIP). It is anticipated that these requests could start in October. The application for TIP amendments will identify the proposed source of the local match. Mn/DOT and the Metropolitan Council are preparing legislative requests for funding that would be sufficient to meet the match requirements of the Federal funds.

The aggressive schedule for implementation of UPA projects make it important to consider processing the TIP amendment in advance of passage of the State legislation and securing of the local match. As described in the agreement, most of the projects that make up the Twin Cities UPA program must be completed and open to the public by September 30<sup>th</sup>, 2009 timeline.

No construction or purchases will occur on projects, other than those funded by Early Release UPA funds, prior to the legislative approval and match identification. For 5309 funds, any costs incurred on a pre-award basis for activities other than those specifically granted early draw by the UPA grant will be for buses and park and ride activities taken on under pre-award authority and at the risk of the grantee. It is critical that planning, design and other activities proceed now in order to meet the completion deadlines. Many project activities that occur between the adoption of TIP amendments and the passage of legislation necessary for UPA would be eligible for reimbursement under both FTA and FHWA rules and processes.

Lastly, attached is a summary UPA Capital and Operating Funding costs and responsibilities.

Sincerely,

Nick Thompson,  
MnDOT UPA Program Coordinator

Attachments:  
UPA Capital and Operating Funding

cc:

Khani Sahebjam, Metro District Engineer  
Bernie Arseneau, MnDOT Office of Traffic and Safety Operations  
Pat Bursaw, Metro Program Management  
Arlene McCarthy, Metropolitan Council  
Abby McKenzie, MnDOT Office of Investment Management



# STATE OF MINNESOTA

## Office of Governor Tim Pawlenty

130 State Capitol ♦ 75 Rev. Dr. Martin Luther King Jr. Boulevard ♦ Saint Paul, MN 55155

July 11, 2007

The Honorable Secretary Mary Peters  
Office of the Secretary  
United States Department of Transportation  
1200 New Jersey Ave., SE  
Washington, DC 20590

Dear Secretary Peters:

Thank you for considering Minnesota's "Urban Partnership Agreement (UPA)" application. The US DOT's UPA program offers a promising opportunity to make significant strides in reducing congestion in the Twin Cities' I-35W corridor by expanding commuter choice in areas of HOT/HOV lanes, Priced Dynamic Shoulder Lanes, transit service, and telecommuting. We are writing to express our bipartisan support for the application put forth by the Minnesota Department of Transportation (Mn/DOT) and the Metropolitan Council. We view the proposal as an excellent complement to the highly successful HOT/HOV facility currently operating in the I-394 corridor.

As outlined in the materials provided to the US DOT on July 9, 2007, there are several changes to Minnesota law that will be required to implement Minnesota's UPA proposal. We share great confidence that the effort to pass the necessary enabling legislation during Minnesota's 2008 legislative session will be successful. The Minnesota Legislature has a solid history of supporting HOT/HOV lanes, pricing choices for commuters, innovative transit services, cutting edge ITS technologies to enhance safety and improve traffic flow on our urban roadways, and, most recently during the 2007 legislative session, Minnesota's UPA effort itself.

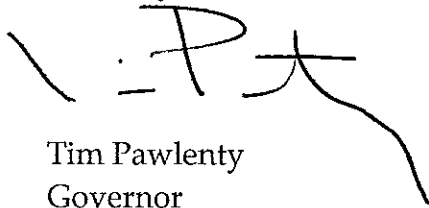
For example, in 1993 the Legislature passed legislation authorizing toll facilities in the state, and in 2003 passed legislation specifically authorizing the conversion of HOV lanes to HOT lanes. The I-394 HOV/HOT facility was developed under the authorization provided in the 2003 legislation, which will also provide the authority to develop the I-35W HOT/HOV lane south of I-494 as outlined in our



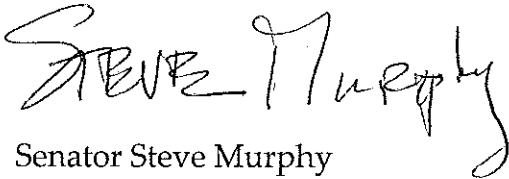
UPA proposal. In 2007, the Legislature appropriated \$800,000 to provide financial support to the state's UPA application effort. The Legislature has also been supportive of operating transit buses on freeway shoulders, the development of Bus Rapid Transit corridors, and other transit enhancements.

The prospect of being selected by the US DOT as a UPA partner has generated much excitement and enthusiasm among Minnesota lawmakers, civic leaders, and the commuting public. If selected by the US DOT, we fully expect strong bipartisan support for the necessary enabling legislative package. We look forward to working cooperatively to ensure success in the 2008 legislative session.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Pawlenty', with a long horizontal stroke extending to the right.

Tim Pawlenty  
Governor

A handwritten signature in black ink, appearing to read 'Steve Murphy', with a long horizontal stroke extending to the right.

Senator Steve Murphy  
Chair of Minnesota Senate Transportation Committee

A handwritten signature in black ink, appearing to read 'Bernard Lieder', written in a cursive style.

Representative Bernie Lieder  
Chair of Minnesota House Transportation Committee