

T Transportation Committee

Meeting date: October 8, 2007

For the Metropolitan Council Meeting – October 24, 2007

| ADVISORY INFORMATION | |
|----------------------------------|--|
| Date: | October 4, 2007 |
| Subject: | Exchange of CMAQ Funds |
| District(s), Member(s): | District 1- Scherer, District 2- Pistilli, District 3, - Smith, District 5 – Susag, District 6 – Leppik, District 7 – Meeks, District 8 - Wittsack |
| Policy/Legal Reference: | TAB Action 2007-52 |
| Staff Prepared/Presented: | Arlene McCarthy, Director MTS (651-602-1754) |
| Division/Department: | Metropolitan Transportation Services |

Proposed Action/Motion

That the Metropolitan Council concur with the Transportation Advisory Board (TAB) approval of the exchange of CMAQ Hiawatha LRT Land Assembly Project (MN-90-X139) funding with Hennepin County Hiawatha LRT Operating Funds and reflect this exchange in the 2007 Annual Report.

Issue(s)

None

Overview

The CMAQ funding for the LRT land assembly project was awarded in the 1999 solicitation. At that time, this kind of project was acceptable to FTA. Today, the agency is interpreting the CMAQ program differently and will not release the funding for this purpose. The Metropolitan Council, with Hennepin County’s concurrence, is requesting to exchange Hennepin County LRT operating funds with the CMAQ land assembly funds so that the local share of LRT operating costs would be funded using the CMAQ funds and the land assembly project would be funded with Hennepin County funds. The TAB approved this exchange of funds at its September 19, 2007 meeting (see attachment) and no concerns were expressed.

Transportation Advisory Board of the Metropolitan Council of the Twin Cities

Donn R. Wiski
Chair

September 20, 2007

County Commissioners

Dennis Berg
Anoka County

Tom Workman
Carver County

Paul Krause
Dakota County

Linda Koblick
Hennepin County

Janice Rettman
Ramsey County

Jon Ulrich
Scott County

Myra Peterson
Washington County

Municipal Officials

Dan Bostrom
St. Paul City Council

Liz Workman
Burnsville City Council

William Hargis
Mayor of Woodbury

Sandy Hewitt
Plymouth City Council

James Hovland
Mayor of Edina

Robert Lilligren
Minneapolis City Council

Craig Peterson
Chanhassen City Council

Dick Swanson
Blaine City Council

Julia Whalen
Champlin City Council

Citizen Members - Precinct

Vacant - A
Joseph McCarthy - B
James Meyers - C
Chuck Haik - D
Bart Ward - E
Donn Wiski - F
Jill Smith - G
Ken Johnson - H

Agency Representatives

Peggy Leppik
Metropolitan Council

Khani Sahebjam
Minnesota DOT

Vacant
M.A.C.

David Thornton
M.P.C.A.

Modal Representatives

Vacant
Transit

Glenn Olson
Transit

Ron Lifson
Freight

David Gepner
Non-motorized

Peter Bell, Chair
Metropolitan Council
Mears Park Centre
230 E. Fifth Street
St. Paul, MN 55101

Mr. Bell:

On September 19, 2007 the Transportation Advisory Board (TAB) voted to recommend the exchange of CMAQ Hiawatha LRT Land Assembly funds for an equal amount of Hennepin County Hiawatha LRT operating funds.

The exchange of funds allows the Council to fund three land assembly projects while providing needed operating funds to the Hiawatha LRT line.

The TAB forwards their recommendation on the funding exchange to the Metropolitan Council for approval.

Sincerely,

Donn Wiski, Chair
Transportation Advisory Board

kjr/kjr

Transportation Advisory Board
of the Metropolitan Council of the Twin Cities

ACTION TRANSMITTAL

No. 2007-52

DATE: September 20, 2007

TO: Metropolitan Council

FROM: Transportation Advisory Board

SUBJECT: Even Exchange of CMAQ Hiawatha LRT Land Assembly Project (MN-90-X139) with Hennepin County Hiawatha LRT Operating Funds.

MOTION: That the Transportation Advisory Board approve the even exchange of CMAQ Hiawatha LRT Land Assembly Project (MN-90-X139) with Hennepin County Hiawatha LRT Operating Funds and reflect this exchange in the 2007 Annual Implementation Report.

BACKGROUND AND PURPOSE OF ACTION: The CMAQ funding for the LRT land assembly project was awarded in the 1999 solicitation. At that time, this kind of project was acceptable to FTA. Today, the agency is interpreting the CMAQ program differently and will not release the funding for this purpose. Since the funding has already been transferred to FTA, the project is not in the TIP anymore. The Metropolitan Council and Hennepin County would like to exchange Hennepin County LRT operating funds with these land assembly funds so that the operating funds would be funded with CMAQ and the land assembly would be funded with Hennepin County funds. This kind of transaction is not new to the TAB process as MnDOT has already laid the groundwork for this type of financial transaction when state bridge bonds were swapped with federal bridge funding in 2004. Some background information is attached.

ROUTING

| TO | ACTION REQUESTED | DATE COMPLETED |
|-------------------------------------|-------------------------|-----------------------|
| TAC Funding & Programming Committee | Review & Recommend | August 16, 2007 |
| Technical Advisory Committee | Review & Recommend | September 5, 2007 |
| TAB Programming Committee | Review & Recommend | September 19, 2007 |
| Transportation Advisory Board | Review & Approve | September 19, 2007 |

August 8, 2007

Tim Mayasich, Chair
TAC Funding & Programming Committee
390 Robert Street North
St. Paul, Minnesota 55102

RE: Even Exchange of CMAQ Hiawatha LRT Land Assembly Project (MN-90-X139)
with Hennepin County Hiawatha LRT Operating Funds

Dear Mr. Mayasich:

The Metropolitan Council is requesting the TAC Funding & Programming Committee's support to transfer the funds that remain in the CMAQ Hiawatha LRT Land Assembly Program (\$3.5 million) to the Hiawatha LRT Operating fund; and in exchange, transfer \$3.5 million from the Hennepin County portion of Hiawatha LRT Operating funds to the CMAQ Hiawatha LRT Land Assembly Program.

Background

The \$5 million CMAQ Hiawatha LRT Land Assembly funding program was created as part of the 1999 Transportation Advisory Board (TAB) regional solicitation for federal transportation funds. The purpose of the program was to assemble land for transit-oriented development around Hiawatha LRT stations.

One land assembly award of \$1.5 million was made in 2001 to Minneapolis towards assembly of the Downtown East/Metrodome Station block, where a transit-oriented development will be built on the block's northwestern corner adjacent to the LRT station.

The Metropolitan Council solicited land assembly TOD projects in 2005-06; three land assembly projects were approved by the Metropolitan Council in 2006-07 to receive the remaining \$3.5 million in funding.

In early discussions among FHWA, FTA and Metropolitan Council staff, it was determined that use of CMAQ funds to acquire land for TOD was an eligible activity as an "experimental pilot" program. FHWA agreed in 2001 to transfer the \$5 million to FTA to administer.

Change has occurred at the staff level at both the Metropolitan Council and FTA since the original funding program was approved. New interpretation of FTA rules and regulations by current FTA staff does not allow for implementation of the funding program as originally planned. Metropolitan Council has been negotiating with FTA since mid-2006 on agreement to distribute the funds, without success.

The FTA Region V (Chicago) Administrator recently recommended to the Metropolitan Council that an exchange of federal and local funds between projects might be the most prudent action at this time.

Precedent

In March 2004, the TAC Funding & Programming Committee supported MN/DOT's request to shift federal bridge funds away from smaller bridge projects selected through the BIR solicitation. An equal amount of state bridge bond funds were shifted away from the larger bridge projects to the smaller projects. This allowed the smaller projects to be designed and let faster because they did not have to go through the federal projects development process. The fund shift did not affect the larger projects. In the end, the total amount of federal and state funds expended on these projects was the same.

Request

Therefore, the Metropolitan Council requests the support of the TAC Funding & Programming Committee that \$3.5 million in the CMAQ Land Assembly funding program be exchanged with \$3.5 million in Hennepin County's portion of Hiawatha LRT Operating funds. This funding exchange allows both projects to proceed to completion as originally planned and budgeted for those programs. The air quality benefits originally envisioned from building higher intensity transit-oriented development near Hiawatha LRT stations will still be achieved, but via a different source of funding. The Metropolitan Council will continue as the grant administrator.

This exchange is reflected in the draft 2008-2011 TIP (Table A-13, Project Number TRS-LRT-06A), and will be reflected in the 2007 Annual Implementation Report.

If you have questions, please call me at (651) 602-1754. I will be available for questions for your August 16th meeting.

Sincerely,

Arlene McCarthy
Director, Metropolitan Transportation Services

CC: Susan Stensland, Metro Transit
Brian Lamb, Metro Transit
Marv Lunceford, MnDOT
Mike Christenson, Minneapolis
Marthand Nookala, Hennepin County