

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

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**ACTION TRANSMITTAL**

No. 2010-44

**DATE:** July 14, 2010  
**TO:** Transportation Advisory Board  
**FROM:** Technical Advisory Committee  
**SUBJECT:** Vehicle Mode Reassignment Request for Metropolitan Council CMAQ Award SP#TRS-TCMT-10C: Purchase 15 Buses for Fleet Expansion and Southwest Transit CMAQ Award SP#TRS-SMTC-10A: Purchase 10 Buses for Fleet Expansion.

**MOTION:** The TAC forwards this action item to the TAB without a recommendation to reallocate the CMAQ funds awarded for these two projects because it does not follow established procedures. Specifically, this would be the first time two projects were eliminated in favor of an unscored project with the funds being used for that unscored project. Additionally, the total funds being used for this unscored project would exceed the maximum amount of Federal funds allowed for any one project under the original solicitation.

**BACKGROUND AND PURPOSE OF ACTION:** The transit buses to be purchased in the two projects identified above are no longer needed due to lower than expected available operating funds. The proposed change is supported by Southwest Transit.

The TAC Funding & Programming Committee and the full TAC had lengthy discussions on the request. While there was general agreement that the request was for a more impactful project than the two service expansion bus purchases being withdrawn, there was much concern with the process being followed. The committee did not feel it was able to make a recommendation on a request that was outside of established procedures and asked the TAB to make this decision and consider several points of discussion.

**The merits of the project identified by the committee were:**

- Metro Transit is preparing an order for Central Corridor LRVs within the next year, and purchasing in bulk yields significant cost savings because LRVs are specialized products unlike buses.
- If the TAB decided to reprogram these funds for the next solicitation, Metro Transit would apply for LRVs for Hiawatha, and would likely be funded, but the opportunity for bulk purchasing would be lost.
- Light Rail Vehicles (LRV) for Hiawatha scored by far the highest in most recent solicitation.

**Comments against the proposal were the following:**

- This request does not resemble the original applications. However, the Metropolitan Transportation Services application is more flexible because it was for regional transit improvements; the Southwest Transit application was to serve a different market than Hiawatha.
- The request sets a precedent in turning over the funding for two projects to one project that was not scored in the solicitation and awarding an amount above the \$7 million federal maximum established in TAB policy.
- Other agencies did not have a chance to compete for these funds.

**Other points of discussion:**

- Returning the funds to the region to be reprogrammed in 2015 following the next solicitation creates some trouble for managing and balancing the TIP and STIP. It would be preferable to reprogram funds in the same year as a withdrawn project. The TAC Funding & Programming Committee should begin dealing with this issue at a future meeting.
- This funding dilemma points to the difficulty in allocating CMAQ funding to transit projects that do not take as long to assemble as highway projects and the needs are not clear four years in advance.
- The reallocation of these CMAQ funds would not replace the funding already programmed in the draft 2011-2014 TIP for LRV purchases.
- The TAC discussed allocating CMAQ funds for transit expansion projects based on priorities or ranked projects contained in a regional CIP rather than through the competitive applications.

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**ROUTING**

<b>TO</b>	<b>ACTION REQUESTED</b>	<b>DATE COMPLETED</b>
TAC Funding & Programming Committee	Review & Forward	June 17, 2010
Technical Advisory Committee	Review & Forward	July 7, 2010
TAB Programming Committee	Review & Recommend	
Transportation Advisory Board	Review & Action	
Metropolitan Council	Concurrence or Information	

June 30, 2010

Tim Mayasich, Chair  
TAB Technical Advisory Committee  
390 North Robert Street  
St. Paul MN 55101

Re: Vehicle Mode Reassignment of Two 2010 CMAQ Grant Award Projects  
State Project Numbers: TRS-SMTC-10A, TRS-TCMT-10C

Dear Mr. Mayasich:

In response to the discussion and questions at the June 17, 2010 TAC Funding and Programming Committee, we are sending you an updated letter (superceding the June 11, 2010 letter to Karl Keel) which provides additional information.

Please consider this request from the Metropolitan Council to reassign the vehicle mode from buses to light rail vehicles for two Congestion Mitigation Air Quality (CMAQ) grants awarded in the 2005 Regional Solicitation for funding in Federal Fiscal Years 2009 and 2010. The affected projects are the two fleet expansion projects detailed below. The result of the reassignment would be a purchase of four light rail vehicles (LRVs) instead of 25 buses.

Project	Project Number	Federal Funds	Other Funds	Total Funds
SouthWest Transit Fleet Expansion- 10 buses	TRS-SMTC-10A	\$4,365,600	\$1,091,400	\$5,457,000
MTS Fleet Expansion- 15 Buses	TRS-TCMT-10C	\$5,885,000	\$1,471,250	\$7,356,250
Total		\$10,250,600	\$2,562,650	\$12,813,250

A separate request letter has been submitted for the related TIP Amendment.

Background

*2007-2008 Bus Fleet Funding Opportunities*

The original intent of the two fleet expansion CMAQ grants was to expand transit services in the seven-county metro area. As fuel costs and congestion increased in 2004 and 2005, several transit providers faced crowded buses and sought CMAQ funding in the 2005 Regional Solicitation. In the intervening years, several new and unexpected funding opportunities provided new resources to expand bus fleets across the region. These included emergency relief funds associated with the I-35W bridge and the region's successful bid for transit expansion through the Urban Partnership Agreement (UPA).

In particular, the Urban Partnership Agreement provided funding for 27 expansion buses, with 13 new coach buses and 14 new 40-foot buses now in service across the region, serving the corridors identified for fleet acquisition through the 2005 CMAQ Solicitation for 2009-2010 funding. This previously unforeseen funding source filled relevant transit fleet needs.

### *Other CMAQ Grants*

Both the Metropolitan Council and SouthWest Transit have enjoyed success with the CMAQ solicitation process in recent years. The transit providers have collaborated on use of multiple CMAQ grants to meet transit fleet expansion needs. Recently, the Metropolitan Council tapped a 2005-2006 CMAQ grant to provide expansion buses to SouthWest Transit and Shakopee. Additional regional CMAQ fleet grants from previous solicitations remain ready for use by the Metropolitan Council as demand warrants. With these other funds available, the 2010 CMAQ grants requested for this reassignment (from the 2005 solicitation) are not needed for bus expansion and would be best spent on Hiawatha LRVs.

### *Demand*

In 2005, at the time of the applications, it was anticipated that the demand would be for bus expansion rather than light rail expansion. However, the demand for Hiawatha LRT services remains high and nearing maximum capacity during the peak hours while bus ridership has declined slightly with the recent economic downturn. During special events such as a Twins game, all 27 LRVs are put in service to create three-car trains with no spares available. Even with this approach, the vehicles are over capacity before and after events with regular service difficult to maintain. In anticipation of this growing demand, in 2009 the Council expanded all Hiawatha station platforms to accommodate three-car trains.

### *Market Area*

The travel-shed area for Hiawatha LRT is much larger than for a typical park-and-ride served by buses. The Hiawatha Line attracts a significant share of total regional ridership. Of almost 93 million annual regular route transit rides in 2008, over 10 million were on Hiawatha trains<sup>1</sup>. The current 27 LRVs carry 11 percent of the region's daily ridership. In addition, these users are widely distributed on several corridors. As shown on the attached map of Hiawatha park-and-ride users, weekday users come from a very large area, often bypassing park-and-ride facilities served by buses. For special events such as Vikings and Twins games, anecdotal evidence indicates that the travel-shed area grows significantly. In effect, the Hiawatha Line serves the transit needs of multiple major regional corridors, including I-35W, TH 55 (in Hennepin and Dakota Counties), TH62, TH77, and TH110. In turn, the requested fleet expansion on Hiawatha would match the intent of the original grant applications – to flexibly allocate expansion fleet to corridors with high demand. Additional Hiawatha LRVs would better serve all these corridors.

### *Operating Funds*

The operating funding situation today is also different than anticipated in 2005. The motor vehicle sales tax (MVST), which is the largest transit operating revenue source, has continued to decline (see attached chart). This fact coupled with reductions in the state general fund allocation for transit operations in the last several years, results in a lack of operating funds to put more buses on the street. Unlike buses, light rail capacity can be added by increasing the two-car trains to three-car trains with very minimal operating cost impact. Given the inability to fund the operating cost of expansion bus service, this reassignment request allows for the expansion of transit service as intended.

### *Procurement Opportunity*

Another important factor in this request is the procurement opportunity. Opportunities to purchase light rail vehicles are limited. Unlike bus manufacturers that provide standard bus models, rail vehicle manufacture requires significant retooling to meet customer specifications. To meet this need, manufacturers incentivize large orders with decreased unit costs. Moreover, manufacturers are unable to fill small (3-4 LRV) orders without a larger procurement in place.

<sup>1</sup> <http://www.metrocouncil.org/planning/transportation/Evaluation2009/Chapter4.pdf>

The Central Corridor LRV procurement process is nearing a close, with Metropolitan Council approval expected August 25, 2010. During this procurement period, the region has an opportunity to purchase additional vehicles for the Hiawatha Line. Given limited funding available for both Hiawatha and Central Corridor, the Metropolitan Council seeks to minimize the price of all LRVs to be purchased. Reassigning the mode of these two CMAQ grants from bus to rail vehicles will allow the opportunity to purchase LRV vehicles at a lower unit cost for both Central Corridor and Hiawatha. All funds for potential Hiawatha LRVs must be identified before the August 25 approval by the Metropolitan Council so the full notice to proceed may be issued in September 2010. Any delay in funding, such as applying in a new Regional Solicitation cycle in 2011, would not allow these funds to leverage the Central Corridor procurement process and the region will miss this opportunity.

For the reasons mentioned above, the Council is also examining how it might advance or cashflow the 2013/2014 CMAQ grant for three Hiawatha LRVs.

#### *CMAQ Benefits*

While the intent of the MTS and SouthWest grants was to purchase and operate buses, this is now unrealistic given the intervening funding opportunities, demand, and operating funding challenges described above. If these funds were turned back to the regional process, it would be difficult to reprogram the CMAQ funds for several years. In addition, it is most likely that Metro Transit would be awarded at least a part of these funds for Hiawatha LRVs given that the two 2009 light rail CMAQ applications for 2013/2014 funding – one for Central Corridor LRT operations and one for three Hiawatha LRVs – scored significantly higher than the other applications. By reassigning the funds to LRT vehicles now, the air quality benefits will accrue much sooner and the region will save money.

Given this background, the Council respectfully requests the following actions.

#### SouthWest Transit Fleet Expansion (TRS-SMTC-10A)

*Request: Reassign funds associated with this project to the light rail vehicle acquisition project described below.*

The buses requested by SouthWest Transit are no longer needed due to lower than expected available operating funds for service expansion and recent ridership declines. The proposed reassignment is supported by SouthWest Transit as demonstrated by SWT Board action taken on May 27<sup>th</sup> to approve transfer of the SWT 2010 CMAQ grant to the Council for purchase of LRVs.

#### Metropolitan Transportation Services Fleet Expansion (TRS-TCMT-10C)

*Request: Reassign funds associated with this project to the light rail vehicle acquisition project described below.*

The buses requested by Metropolitan Transportation Services are no longer needed due to lower than expected available operating funds for service expansion and recent ridership declines.

#### Proposed Revised Project - Four Light Rail Vehicles (\$13,600,000 total project)

*Request: Allocate project federal CMAQ funding (\$10,250,600) to purchase four light rail vehicles.*

The proposed purchase of light rail transit vehicles is consistent with these projects' initial intent to expand regional transit fleet in the seven-county region and provide more transit capacity. Reassigning the mode from bus to light rail aligns fleet expansion with current needs and opportunities and meets CMAQ goals and criteria as described below.

**The proposed reassignment is consistent with the original CMAQ grant award.**

These two projects, awarded in the 2005 Regional Solicitation, were submitted and awarded to allow for flexible expansion of transit fleet in the region. Bus ridership has grown considerably since 2005 but has leveled off given the economic downturn. Hiawatha light rail ridership is expected to continue growing and will soon reach capacity in the peak hour. Special event traffic continues to exceed capacity, particularly as Target Field event ridership has grown to over 10,000 per game (April-May 2010).

**The proposed vehicle-type reassignment is timely for rail vehicle acquisition.**

As described above, this requested reassignment will allow the region to purchase LRVs for two corridors at a better price.

**The proposed reassignment advances the goals of CMAQ and would continue to score well.**

Hiawatha LRT capacity expansion will provide considerable air quality and congestion mitigation benefits. Metro Transit staff evaluated the proposed project against 2005 Regional Solicitation criteria, using the successful 2009 solicitation application (for 2013-2014) of Hiawatha LRVs as a baseline. That application's benefits were also re-evaluated to ensure it would continue to score well if the requested four LRVs were purchased in the 2005 Regional Solicitation.

The proposed change would generate significant new transit ridership. By 2016 (the third year of project benefit), the four requested LRVs would carry over 300,000 new annual rides, the equivalent of 1,200 new rides per weekday. This builds upon other new LRVs' benefits for a total of 534,000 new annual rides, a considerable increase that is not possible without the requested fleet expansion change due to observed and anticipated capacity constraints on the existing system.

The project would score well within CMAQ criteria of 2005 and 2009 Solicitations. Comparing the recalculated benefits and costs of the proposed project and the 2009 Hiawatha LRV application, Metro Transit staff finds the proposed project would score as follows:

- Many criteria would score identically to the 2009 solicitation Hiawatha LRV application, as they reflect the Regional Framework, existing congestion levels, project readiness, and other factors not impacted by total ridership or cost.
- The 2009 Hiawatha LRV application led scoring in many criteria, and this position would be unaffected by a slight decrease in ridership per vehicle. These factors include congestion throughput, service efficiency and productivity, and other factors.
- The 2009 Hiawatha LRV application did not lead all applicants in emissions reduction criteria. Staff obtained the scoring criteria and recalculated projected benefits for these criteria. Total scores drop slightly, but remain as the top projects of both the 2005 and 2009 solicitations.

The estimated score for the 2009 Hiawatha application is 1,252 points, down from 1,316 points awarded in 2009. It remains the second highest project in the 2009 project list. The estimated score for the proposed project change is 1,286 points. This compares to 1,370 points and 1,264 points for the two original grant applications in the 2005 solicitation. The proposed project would replace the MTS grant as the top scoring project in 2005.

Hiawatha LRVs would score well in a future Regional Solicitation, but filling this need will depend on the timing of a future large LRV procurement for the region. This timing is uncertain, and costs will likely increase over time. Hiawatha LRVs would likely be successful in a future CMAQ application, so the region should reassign the requested funds to provide these benefits sooner and at a lower cost.

Additional detail on the estimation of project benefits and recalculation and comparison of key prioritizing criteria supporting the requested project change are attached. A brief presentation detailing

our request for this amendment, including the applicability of the criteria to this project, will be given at the July 7 meeting.

We are requesting approval of this project change at this time. If you have any questions, please call me at (651) 602-1754.

Sincerely,



Arlene McCarthy  
Director, Metropolitan Transportation Services

Sincerely,



Brian Lamb  
General Manager, Metro Transit

cc: Pat Bursaw, MN/DOT  
Marv Lunceford, MN/DOT  
Sherry Narusiewicz, MN/DOT  
John Levin, Metro Transit  
Mary Gustafson, Metro Transit  
Tom Weaver, Metropolitan Council

Attachments

Prioritizing Criteria Recalculation & Comparison  
Hiawatha Park and Ride Users Map  
MVST Forecast and Actuals Chart

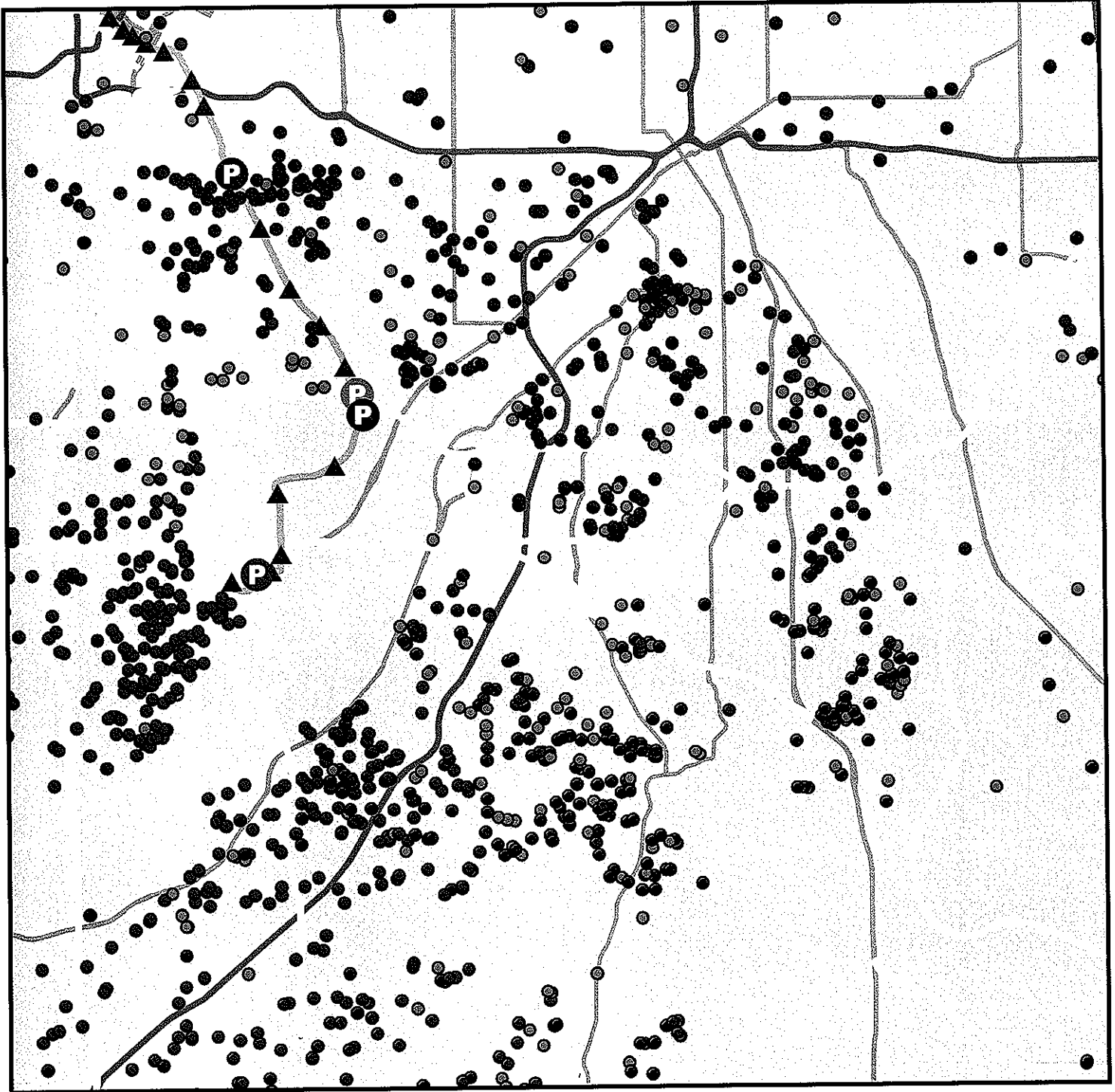
Project Scoring Evaluation- Estimated Revised CMAQ Scoring

CMAQ Solicitation Scoring Results								
Scoring Category	2005 Criterion	2009 Criterion	Point Value	Summary of Changes Between 2005-2009 Solicitations	Transfer Score or Recalculate	Reasoning for Transfer or Recalculate		
						Actual 2009 Application	Estimated Recalculated 2009 Application	Estimated Expected Score (2005)
Project Score/Description Capital Cost (Project Total)						3 Light Rail Vehicles \$10,500,000	3 Light Rail Vehicles \$10,500,000	4 Light Rail Vehicles \$13,600,000
Emission Reduction and Trip Reduction (Weekday Equivalent)	A1	75	4A	175	Recalculate	1,212	897	1,196
Quantify Emission Reduction	A2	100		Combined to new 175 point total, based on SOV and VMT trip reduction. Largely unchanged in application due to overlap of scoring criteria.	Recalculate	113	84	111
Cost Effectiveness of Emission Reduction	A3	300	4B	300	Recalculate	126.2 kgd	based on 93.4 kgd	based on 124.5 kgd
Congestion Mitigation	B1	100	3A	50	Recalculate	243	218	220
Congestion Throughput Increase	B2	100	3B 3C	50 100	Transfer Score Recalculate	38 40	38 30	38 35
Service Efficiency- Operating/Passenger	C1	125	2A	125	Transfer Score	100	100	100
Service Productivity- Capital Cost	C2	125	2B	125	Transfer Score	125	125	125
Regional Priorities- Corridor Priority	D1	100	1A	200	Transfer Score	125	125	125
Expected Market Area	D2	100		Combined to single category with multiple subcriteria in total score. This approach evens out facility/service/fleet applications	Transfer Score			
Integration w/Existing Infrastructure	D3	100	1B	100	Transfer Score	92	92	92
Development Framework Implementation	E	200	GABCD	200	Transfer Score	190	190	190
Project Readiness/Maturity of Concept	F	100	S	100	Transfer Score	100	100	100
<b>Anticipated Score (Estimated)</b>						<b>1,316</b>	<b>1,252</b>	<b>1,286</b>
Resulting Rank in Solicitation Year Scoring						2nd	2nd (Unchanged)	1st (replaces others)



# 2008 Annual Regional Park-and-Ride System Survey

## Hiawatha Corridor and Park-and-Ride Facilities



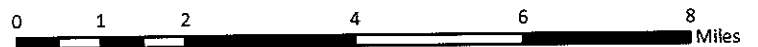
### Park-and-Ride Name (Users)

- P** 28th Ave Station (778)
- P** Fort Snelling North (361)
- P** Fort Snelling South (618)
- P** Lake St/Midtown Station West (231)

- Hiawatha LRT
- Highway Corridors Benefitted by Hiawatha LRT
- Interstate Highway
- Non Interstate Highways

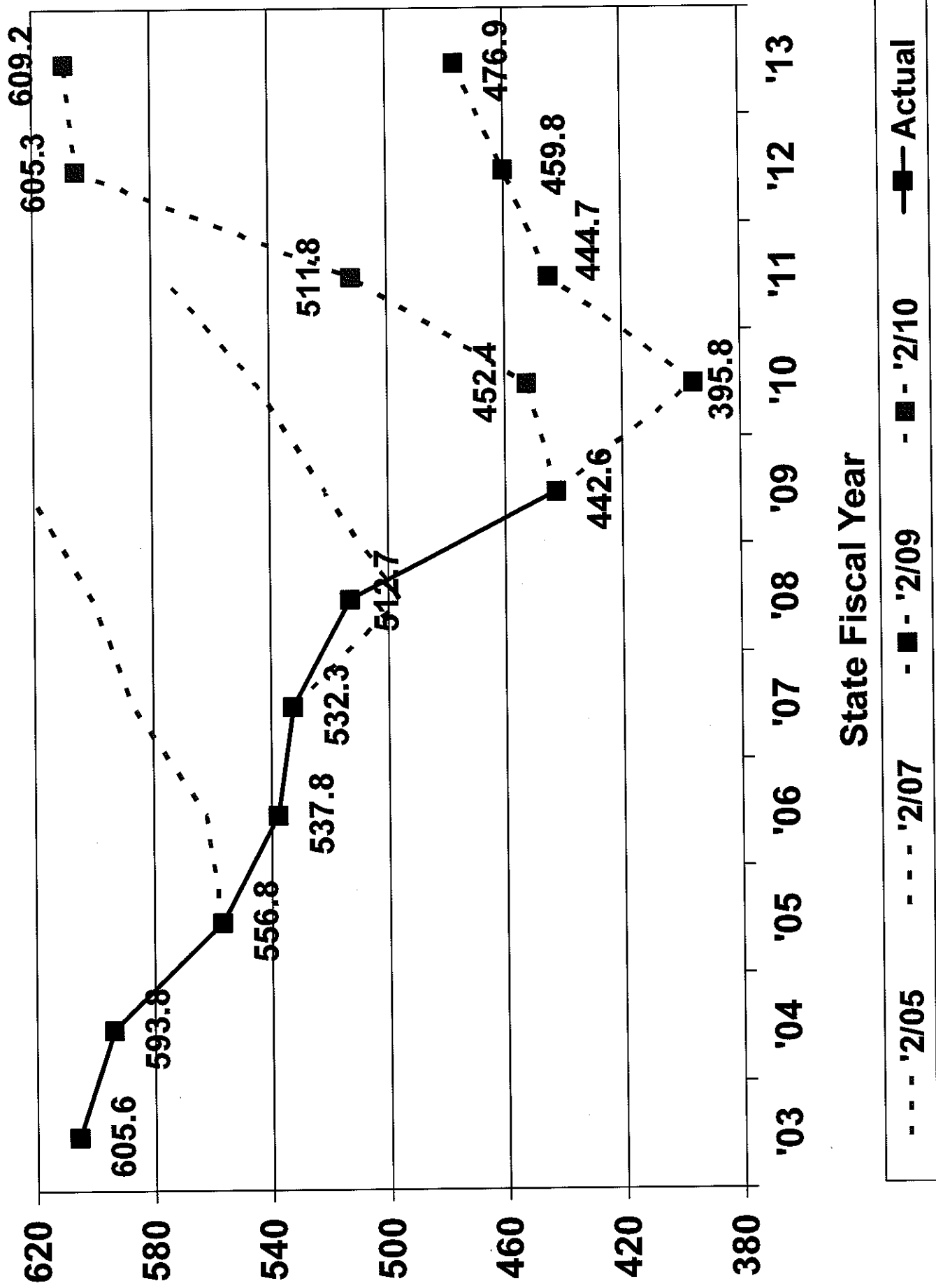
### Transit Capital Levy Communities

- 7-County Metro Area
- 19-County Metro Area

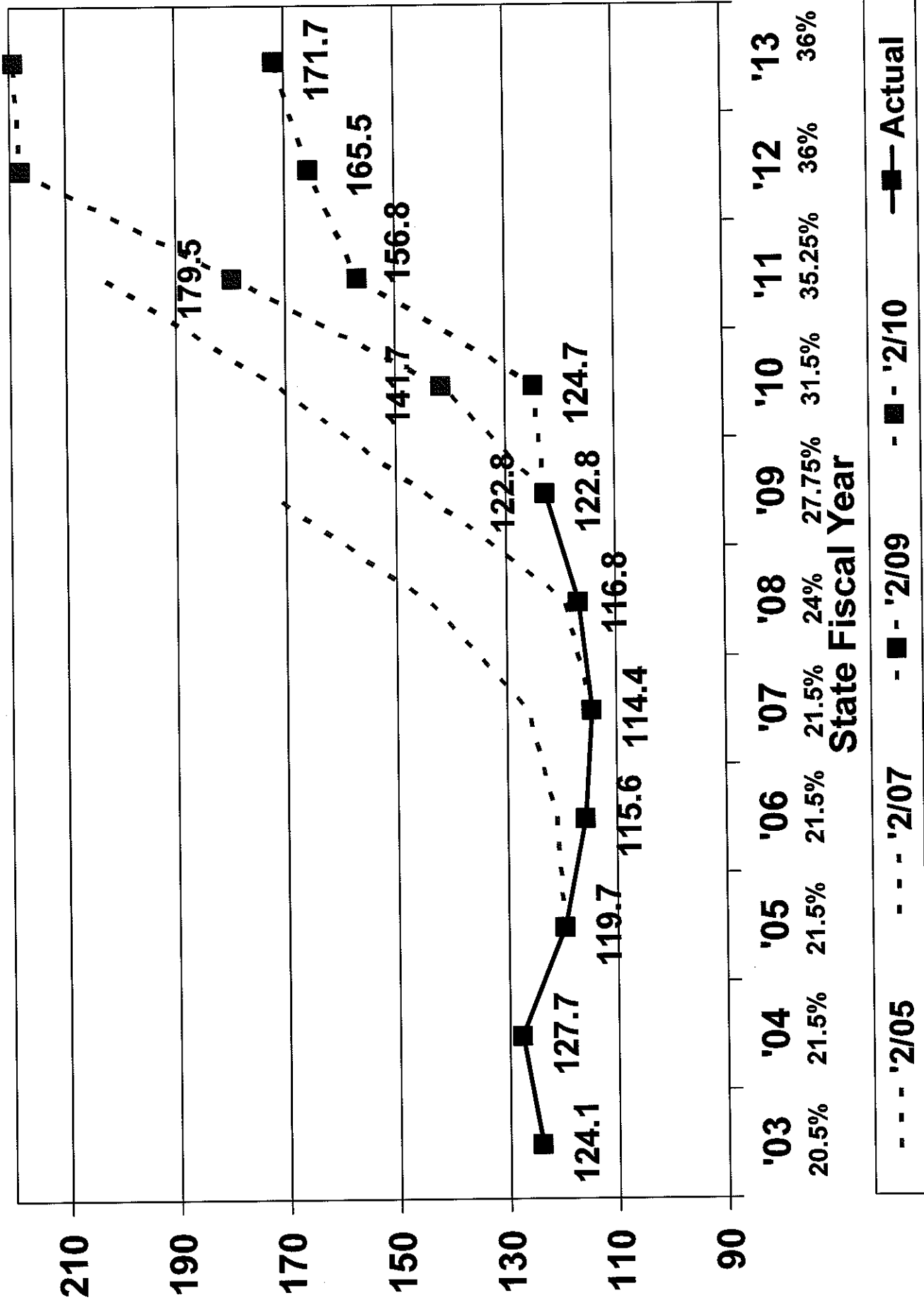


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# Forecasted Statewide MVST Revenues



# Forecasted Met Council MVST Revenues



217.9 219.3

210  
190  
170  
150  
130  
110  
90

'03 '04 '05 '06 '07 '08 '09 '10 '11 '12 '13  
20.5% 21.5% 21.5% 21.5% 21.5% 24% 27.75% 31.5% 35.25% 36% 36%

State Fiscal Year

June 30, 2010

Tim Mayasich, Chair  
 TAB Technical Advisory Committee  
 390 North Robert Street  
 St. Paul MN 55101

Re: TIP Amendment for Two 2010 CMAQ Grant Award Projects  
 State Project Numbers: TRS-SMTC-10A, TRS-TCMT-10C

Dear Mr. Mayasich:

In response to the discussion and questions at the June 17, 2010 TAC Funding and Programming Committee, we are sending you an updated letter (superceding the June 11, 2010 letter to Karl Keel) which provides additional information.

Please consider this request from Metro Transit to amend the Minnesota 2011 – 2014 Transportation Improvement Program (TIP) for the Twin Cities Minnesota to include the following 2010 projects in 2011 and to modify the corresponding vehicle purchase projects to delete expanded bus vehicles and add expanded light rail vehicles. The projects are being submitted with the following information:

**PROJECT IDENTIFICATION:**

STATE FISCAL YEAR	ATP	DIST	ROUTE SYSTEM	PROJECT NUMBER(S.P. #)	AGENCY	DESCRIPTION	MILES
2010	M	M	CMAQ	TRS-SMTC-10A	SMTC	Purchase of 10 buses for service expansion	0
2010	M	M	CMAQ	TRS-TCMT-10C	Met Council-MT	Purchase of 15 buses to support express service routes	0

PROG	TYPE OF WORK	PROP FUNDS	TOTAL \$	FHWA \$	AC \$	FTA \$	TH \$	OTHER \$
TR	Purchase Bus	CMAQ	\$5,457,000	\$4,365,600	\$0	\$0	\$0	\$1,091,400
TR	Purchase Bus	CMAQ	\$7,356,250	\$5,885,000	\$0	\$0	\$0	\$1,471,250

**PROJECT BACKGROUND:**

1. Briefly describe why amendment is needed (e.g., project in previous TIP but not completed; illustrative project and funds now available; discretionary funds received; inadvertently not included in TIP).

The projects were in the previous TIP but were not completed in 2010. The projects are requested to be reassigned to shift fleet expansion purchase from 25 buses to four (4) light rail vehicles (LRVs).

Southwest Transit Fleet Expansion (TRS-SMTC-10A)

*Request: Reassign funds associated with project to light rail vehicle acquisition project described below.*

The buses requested by SouthWest Transit are no longer needed due to lower than expected available operating funds for service expansion. The proposed change is supported by SouthWest Transit.

Metropolitan Transportation Services Fleet Expansion (TRS-TCMT-10C)

*Request: Reassign funds associated with project to light rail vehicle acquisition project described below.*

The buses requested by Metropolitan Transportation Services are no longer needed due to lower than expected available operating funds for service expansion.

Proposed Revised Project Scope- Four Light Rail Vehicles (\$13,600,000 total project)

*Request: Allocate project federal CMAQ funding (\$10,250,600) to purchase four light rail vehicles. Local match will be provided by "Other" funding in the amount of \$3,349,400. This represents an increase of \$786,750 above the previous identified match total.*

The proposed purchase of light rail transit vehicles is consistent with these projects' initial scope to expand regional transit fleet in the 7-County region. The request reassigns the fleet expansion mode from bus to light rail.

2. How is Fiscal Constraint Maintained as required by 23 CFR 450.216 (check all that apply)?

- New Money \_\_\_\_\_
- Anticipated Advance Construction \_\_\_\_\_
- ATP or MPO or Mn/DOT Adjustment by deferral of   X   other projects<sup>1</sup>

DATE OF ATP CONCURRENCE OR N/A: N/A

DATE OF MPO ADOPTION OR N/A: N/A

**AIR QUALITY CONFORMITY:**

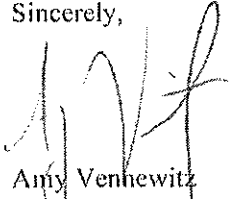
- Subject to conformity determination ..... \_\_\_\_\_
- Exempt from regional level analysis\* .....   X
- Exempt from project level analysis\* ..... \_\_\_\_\_
- Exempt by virtue of interagency consultation\* ..... \_\_\_\_\_
- N/A (not in a nonattainment or maintenance area)..... \_\_\_\_\_

\*Exempt Project Category #   T-10 (Vehicle Purchase)    
Per Section 93.126 of the Conformity Rules

<sup>1</sup> Change to the scope, and therefore the cost, of a previously approved project.

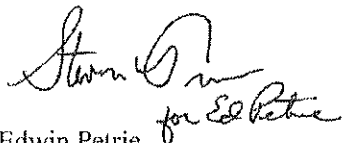
We are requesting approval of these TIP amendments at this time. If you have any questions, please call me at (612) 349-7624. Metro Transit staff will be available for questions at your July 7<sup>th</sup> meeting.

Sincerely,



Amy Venhewitz  
Deputy Director, MTS

Sincerely,



Edwin Petrie  
Director of Finance, Metro Transit

cc: Pat Bursaw, Mn/DOT  
Marv Lunceford, Mn/DOT  
Sherry Narusiewicz, Mn/DOT  
Brian Lamb, Metro Transit  
Mary Gustafson, Metro Transit  
John Levin, Metro Transit  
Arlene McCarthy, Metropolitan Council  
Tom Weaver, Metropolitan Council

## Transportation Advisory Board

of the Metropolitan Council of the Twin Cities

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**TO:** Transportation Advisory Board

**FROM:** Kevin Roggenbuck, Transportation Coordinator

**DATE:** July 19, 2010

**RE:** TAB Action Transmittal 2010-44 - Vehicle Mode Reassignment Request: Options for TAB consideration.

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This memo and the attached letter from Metropolitan Council Chair Peter Bell are provided as supplemental information to TAB Action Transmittal 2010-44, which is on the agenda for both the TAB Programming Committee and full TAB meetings on July 21, 2010.

On July 14, TAB Executive Committee members Bill Hargis, Jim Hovland and Russ Stark met with Metropolitan Council Chair Peter Bell, Metropolitan Council Regional Administrator Tom Weaver and Metropolitan Transportation Services Director Arlene McCarthy. The group discussed the Metropolitan Council's request to reassign CMAQ funding awarded to two transit bus purchases in the 2005 regional solicitation to the purchase of LRT vehicles for Hiawatha next year. Chair Bell made some important points at the meeting that the group agreed should be drafted into a letter and provided to the TAB for discussion at their July 21 meetings. Chair Bell's letter is attached to this memo.

In deciding how to reallocate these CMAQ funds, the TAB can follow established policy and not reallocate these funds as requested by the Met Council or it can decide to reallocate the funds through a new policy or a one-time policy exception. The group asked staff to provide options for the TAB to consider. Four options are listed below, although the Board is not limited to just these four.

### Options.

1. Continue to apply the adopted policy of reallocating federal funds from dropped local projects in the following regional solicitation. The CMAQ funding for the two bus purchase projects would be dropped from the TIP and the CMAQ funds would be added to the 2011 regional solicitation.
2. Treat the request like a project scope change and allow the CMAQ award to MTS (\$5.885 M) to be changed to Hiawatha LRT vehicle purchase. The other bus purchase (\$4.365 M) would be dropped from the TIP and the CMAQ funds would be added to the 2011 regional solicitation.
3. Develop a new regional policy on the reallocation of federal funds from local projects that are dropped from the TIP. The new policy would allow the CMAQ funds from the two bus purchases to be reallocated to the Hiawatha LRT vehicle purchase or any other CMAQ-eligible transit project that can be ready for authorization in program year 2011.
4. Allow reallocation of the CMAQ funds from the two bus purchases for Hiawatha LRT vehicle purchase and develop new regional policy on the reallocation of federal funds from local projects that are dropped from the TIP.

July 15, 2010

Mayor Bill Hargis, Chair  
Transportation Advisory Board  
390 Robert Street North  
St. Paul, MN 55101

Dear Mayor Hargis,

I am writing to request that the TAB approve the Council's request to reassign two CMAQ bus expansion grants to light rail vehicle (LRV) expansion. The Council recognizes that this approval would be an exception and policy deviation to TAB's funding allocation process.

One exception is that the reassignment would allocate two grants from the 2005 Regional Solicitation to one corridor, Hiawatha LRT. The second is that the total amount of the two grants (\$10.25M in federal funds) exceeds the 2005 Regional Solicitation's \$5.5M federal cap per project. For both exceptions, I would appreciate TAB's consideration of the broad beneficial impact on regional transit that this reassignment would provide. Today, on average daily, one in every eight transit riders in the region is on Hiawatha LRT. This 12% transit rider share is partially reflected in the Hiawatha park-and-ride user origins map which demonstrates that those riders would otherwise use several regional transportation corridors for their trip if not on LRT.

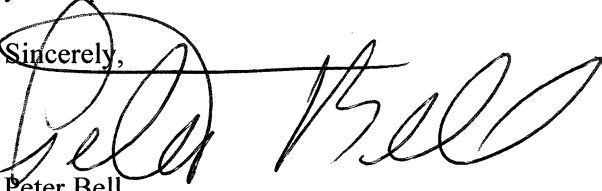
I appreciate that process exceptions must be carefully weighed and that they are more of a policy matter than technical in nature. Given the increasing uncertainty in transit funding and opportunities, as well as changing priorities due to positive and negative factors beyond the control of both the Council and TAB, it may be appropriate to work toward establishing a policy for exceptions.

The Council does not see this vehicle reassignment request as a change to the original scope which was to provide transit service expansion in the region. Neither CMAQ application was specific to a certain route or corridor. Rather, each proposed improving transit service in the metro area, with one focused on the southwest metro. The reassignment is consistent with the original grant requests in that it will provide a transit service expansion in the region. The difference is that the vehicle is an LRV rather than a bus, but the end result remains increasing transit capacity where demand warrants.

TAB's action would also allow for more cost-effective prices on LRVs for both Central and Hiawatha as well as take advantage of the CCLRT procurement opportunity. The Council will take action on awarding that LRV procurement on August 25, 2010 for a September notice-to-proceed.

Again, I appreciate TAB's willingness to consider the Council's request. Do not hesitate to contact me if you require further information.

Sincerely,

  
Peter Bell  
Chair