

Transportation Advisory Board
of the Metropolitan Council of the Twin Cities

ACTION TRANSMITTAL

No. 2011-40

DATE: April 14, 2011
TO: Transportation Advisory Board
FROM: Technical Advisory Committee
SUBJECT: TDM Funding Recommendation

MOTION: That the TAB approve the Metropolitan Council's TDM Funding Recommendation for the use of \$7,000,000 in CMAQ funds in 2011 and 2012 and to require that the Metropolitan Council involve the technical committees of the TAB in its distribution of competitive funding as it comes available.

BACKGROUND AND PURPOSE OF ACTION: Prior to the 2007 Solicitation (for projects funded by Federal Fiscal Year 2011-2012 dollars), MTS staff submitted an application for CMAQ funds to detail the activities and agencies that would receive funding through the TDM program. During that time, the maximum CMAQ award for any single project was \$5.5 million. Beginning with the 2007 Solicitation, the TDM program was no longer required to submit an application and the set aside from CMAQ funding for the program was raised to the new maximum grant award of \$7 million. As a result of this change in policy, the TAC Funding and Programming Committee requested that Metropolitan Council evaluate the TDM program and report back on a process for distributing the additional funding. The recommended process is attached. The 2011 funding would be used to fund existing TDM activities, and the 2012 funding would be used to support existing activities plus \$350,000 in new activities that will be initiated. Metropolitan Council staff will bring forward a TIP amendment for any new projects as necessary and will involve the membership of the Funding & Programming Committee on the distribution of the extra funds in 2012. Additional background material is attached.

ROUTING

TO	ACTION REQUESTED	DATE COMPLETED
TAC Funding & Programming Committee	Review & Recommend	March 17, 2011
Technical Advisory Committee	Review & Recommend	April 6, 2011
TAB Programming Committee	Review & Recommend	
Transportation Advisory Board	Review & Approve	

March 11, 2011

Karl Keel, Chair
TAC Funding and Programming Committee
Metropolitan Council
390 Robert Street North
St. Paul, MN 55101

RE: 2011-2012 Travel Demand Management (TDM) CMAQ Funding Recommendation
Project Numbers: TDM-2011 and TDM -2012

Dear Mr. Keel:

In the 2007 Regional Solicitation, \$7 million in CMAQ funds was set aside for 2011-2012 TDM activities. Met Council's Metropolitan Transportation Services (MTS) division now requests that CMAQ funds under projects TDM-2011 and TDM-2012 be distributed in the following manner:

Project	2011 CMAQ Amount*	2012 CMAQ Amount*	Local Match	Total
Ongoing TDM Activities	\$3,500,000	\$3,150,000	\$1,662,500	\$8,312,500
New TDM Activities	-	\$350,000	\$87,500	\$437,500

*Annual CMAQ allocations show only funds available by federal fiscal year and do not reflect individual TMO budgets which are being converted to a calendar year cycle; the proposed allocations are budget neutral through the bi-annual funding cycle.

PROJECT BACKGROUND:

Travel Demand Management (TDM) is a collection of strategies that strives to make the most efficient use of the transportation system by increasing person-carrying capacity. Historically, a program of TDM activities in the region have been funded through the CMAQ program by setting aside a portion of funds that would otherwise be available competitively through the Regional Solicitation. This is because TDM projects, while valuable in supporting the efficient use of the transportation system, do not tend to compete well for funds under the transit expansion or traffic control measure categories established by TAB.

Prior to the 2007 Solicitation (for projects funded by Federal Fiscal Year 2011-2012 dollars), MTS staff submitted an application for CMAQ funds to detail the activities and agencies that would receive funding through the TDM program. During that time, the maximum CMAQ award for any

single project was \$5.5 million. Beginning with the 2007 Solicitation, the TDM program was no longer required to submit an application and the set aside from CMAQ funding for the program was raised to the new maximum grant award of \$7 million. As a result of this change in policy, the TAC Funding and Programming Committee requested that Metropolitan Council evaluate the TDM program and report back on a process for distributing the additional funding.

In 2010, MTS staff, with help from a national TDM consultant, led the regional TDM Evaluation and Implementation Study. The Study concluded with several recommendations related to CMAQ funding for the TDM program, including:

- MTS will begin a new role in leading an ongoing evaluation of the regional TDM program and providing periodic recommendations to TAB for the allocation of CMAQ funding for TDM.
- TAB and MTS will develop a funding cycle for TDM CMAQ funds that acknowledges the shorter implementation timelines for TDM activities relative to larger construction projects.
- MTS and Metro Transit will work to streamline the sub-recipient process of providing funding for local TDM partners.

The TDM Evaluation and Implementation Study was completed in late 2010. At that time, MTS began developing a process for evaluating the regional TDM program and establishing new methods for tracking the use of CMAQ funds. It quickly became clear that new processes for tracking and evaluating the program would take some time to develop and implement without negatively affecting the ongoing operations of current TDM funding recipients. In addition, MTS identified significant funding timing gaps related to CMAQ program budgeting, especially with respect to the potential for adding new projects.

Therefore, this 2011-2012 MTS staff recommendation incorporates a solution to the timeline issues that:

- (1) Moves funding decisions up to approximately one year in advance of actual expenditures to provide more assurance to TDM providers that they will not need to advance projects with local funds while the CMAQ funding moves through an approval process,
- (2) Aligns CMAQ funding with calendar year budgets used by existing TDM providers,
- (3) Provides a more realistic timeline for developing performance measures and a process for selecting new projects for CMAQ funding under the TDM program,

- (4) Recognizes uncertainty in federal funding in the face of a new transportation authorization bill by scheduling expenditures for the year after federal appropriation.

This recommendation establishes approximate funding amounts for the 2011-2012 CMAQ funding cycle for the regional TDM program. The \$6.65 million recommended for ongoing TDM activities is more than what will be required for the two-year cycle because of the funding timing gap issue referenced above. Federal fiscal year 2011 funds will be the primary source used to fill the gap, thus the amount recommended for 2011 is higher than the 2012 allocation. Despite this one-time shift in the annual allocation of funds, ongoing funding for TDM activities for actual operations will remain at current levels throughout the funding cycle.

MTS will bring the recommended new TDM activities through the TAB process after projects are identified and selected. Given the limited funds available for new TDM activities, a formal solicitation process during this funding cycle is not recommended. New TDM activities will be solicited within the existing program to minimize staff time needed to administer a formal solicitation. Staff will use this as a "trial run" for future solicitations in determining how best to evaluate new project proposals. A formal process will be developed and coordinated through the Funding and Programming Committee for the 2013-2014 CMAQ funding cycle.

Sincerely,

Steven Elmer, AICP
Planning Analyst
Metropolitan Transportation Services

Cc: Kevin Roggenbuck
Bill Hargis, TAB Chair
Arlene McCarthy
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Melissa Madison, I-494 Corridor TMO
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