



April 5, 2006

To: Metropolitan Policy Committee
From: Paul Thompson
Subject: Item 4.g: Status of Programming STP-U Funds

Action Recommended: None. Information only.

Background

At the July 14, 2005 joint meeting of the MPC and the Metropolitan Planning Organization's (MPO) Citizen Advisory Committee (CAC) staff presented an ambitious schedule for prioritizing and programming the MPO's FY07-09 Surface Transportation Program – Urban (STP-U) funds and updating the current FY05-07 Metropolitan Transportation Improvement Program (MTIP) to a new FY06-09 MTIP. MPC provided direction on the schedule and process which can be summarized as follows:

- Program twenty percent of anticipated FY07 STP-U funds for FY07 Modernization projects with MPC action no later than November 10, 2005.
- Recommend revisions to the STP-U evaluation criteria and process, with particular focus on achieving more equitable scoring across modes.
- If possible, attempt to achieve all of the goals outlined in the schedule, resulting in the programming of all FY07-09 STP-U funds in an updated FY06-09 MTIP with MPC action no later than November 10, 2005.

Between the July and August 2005 MPC meetings, MPO and partner jurisdiction staff reviewed the STP-U evaluation criteria and process used in other MPO areas, conducted several meetings on the topic, discussed the goals associated with revision of the STP-U evaluation criteria and process, and considered the time required to achieve those goals. As a result, at the August 2005 MPC meeting staff and the MPO's Transportation Planning Committee (TPC) presented a proposal for a revised schedule and process, which included the following three primary recommendations:

1. Program 20 percent of available STP-U funds for Modernization and Project Development projects in FY07 with MPC action no later than November 10, 2005.
2. For all three fiscal years (FY07-09), program 10 percent of available STP-U funds for Transportation Demand Management (TDM) and related activities through the Transportation Options (TO) program and 20 percent of available STP-U funds for Planning activities with MPC action no later than November 10, 2005.
3. Review and recommend revisions to the STP-U prioritization evaluation criteria and process, focusing first on the criteria for evaluating Preservation projects. Recommendations for revisions will be presented in a timely manner in order to allow for the programming of STP-U funds for FY07-09 Preservation projects and FY08-09 Modernization and Project Development projects in spring 2006.

In addition to the above, staff and TPC discussed and supported the following details:

- FY07-09 STP-U funding for TDM/TO activities will not require a competitive application (historically, there has only been one application for these funds). The Transportation Options program shall submit a plan detailing the activities that will be funded with the annual programming of STP-U funds. Both the TPC and the MPC shall review and provide direction on that plan.
- Applications for STP-U funding for Project Development activities shall be considered in the Modernization category instead of the Planning category. The Planning category shall continue to fund work in support of the federally-required MPO's regional planning activities.

At the August 2005 MPC meeting, discussion centered on the evaluation criteria for determining the MPO's highest priorities for the use of the relatively small amount of STP-U funds available to the MPO each fiscal year. It was noted that use of the STP-U funds, particularly for modernization and preservation projects, involved relatively high monetary and time costs for the required process, and thus could be a relatively inefficient source of funds for smaller projects.

Continued support for the MPO's operational and non-project-specific planning activities in the Planning category was evident, as was support for the Transportation Demand Management/Transportation Options (TDM/TO) activities funded by STP-U dollars. MPC's discussion of the evaluation of competing priorities focused primarily on the Modernization and Preservation categories, with the primary issues being:

- Regional versus local priorities
- Equitable evaluation of applications for funding across modes

- Equitable evaluation, and the relative priority, of large and small projects

MPC was further apprised of the ongoing work to develop the new MTIP, including the proposed programming of FY07 STP-U funds in the Modernization and TDM categories, at their meeting on September 15, 2005. Subsequently, STP-U funds have been programmed in the FY05-07 MTIP for FY07 Modernization and TDM activities. In the Planning category, the total requests for funding included in the applications far exceeded the 20 percent target. As a result, programming of the Planning funds was postponed.

Status Report Update

Over the past several months, in the absence of an MTIP for FY08-09, staff has continued to discuss the STP-U evaluation process and criteria for programming STP-U funds for those years and beyond. Staff also continues to work with the federal authorities to understand the requirements and guidance resulting from the new federal SAFETEA-LU transportation legislation.

The primary goal of restructuring the STP-U process and criteria is to provide flexibility for local jurisdictions to advance projects reflecting local priorities that meet Regional Plan and policy goals. Put another way, the MPO's STP-U programming process should fund the *region's* highest priorities out of the individual local jurisdiction's priorities that they choose to advance through the MPO's process.

As was observed by MPC members at their August, 2005 meeting, there is "no 'right' set of criteria; it depend[s] on what the MPC want[s] to give weight to." Staff and TPC has reviewed several evaluation processes and sets of criteria used by other MPO's in Oregon and throughout the country, and has found that there is quite a range of options, no doubt reflecting the observation.

TPC staff are currently working on a set of elements for a proposal for an overhaul of the STP-U evaluation criteria and process. The major elements under discussion include:

- Maintain the 10 percent annual funding target for TDM/TO activities
- Establish 25 percent annual funding target for Planning activities
- Target 65 percent of annual STP-U funding for Preservation, Modernization and Project Development activities
- Limit each local jurisdiction to a maximum number of funding applications (3?) for each fiscal year
- Look for opportunities to combine funding across multiple fiscal years to fund large projects that are regional priorities

- Flexibility of evaluation
 - For each 2-4 year STP-U programming cycle, identify at the MPO Policy Board level the regional priorities for the cycle, consistent with Regional Transportation Plan (RTP) policies
 - For example, current regional priorities might be characterized as:
 - Maintain and preserve the existing system
 - Address congestion and improve regional mobility
 - Establish pass/fail criteria for applications (see attached example, an excerpt of the Salem MPO STP-U evaluation criteria and methodology)
 - Establish a second set of flexible subjective evaluation criteria that address the programming cycle's priorities (see attached Salem example)
 - Staff/TPC propose evaluation criteria, MPC reviews and approves
 - Funding applications are submitted by local jurisdictions, reviewed for eligibility against the pass/fail criteria by staff, and then subjectively ranked by staff/TPC on the evaluation criteria to develop a recommendation for MPC
 - MPC reviews TPC proposal, engages in discussion of applications in light of approved regional priorities for the funding cycle and the evaluation criteria, and approves programming of funds

Next Steps and Timeline

A staff working group is meeting weekly to develop a detailed proposal for the MPO's new STP-U evaluation methodology. TPC will review the draft proposal on April 27. The draft will then appear in the May MPC and CAC packets, requesting discussion and feedback. Staff anticipates bringing a final proposal for the evaluation methodology, as well as a recommendation for programming FY07 STP-U funds for Planning activities, to the June MPC meeting.

Attachments: Attachment 1 – Excerpt from Salem, Oregon MPO project selection methodology

ATTACHMENT 1

EXCERPTS FROM SALEM, OREGON MPO PROJECT SELECTION METHODOLOGY

[Bracketed text is added by Central Lane MPO staff for explanatory purposes.]

Setting these priorities involves: a) considering both local and regional needs; b) recognizing that the TIP must address deficiencies associated with both short-term, small scale improvements as well as major, multi-year, long-range projects; and c) allocating investments among the various modes of transportation.

The process to establish regional transportation investment priorities has been developed by the affected jurisdictions in the SKATS MPO area and is implemented through the decisions of the SKATS Policy Committee. This process represents an important consensus among the jurisdictions in the SKATS MPO area concerning the identification and implementation of priority transportation improvements.

Within the framework of the overall priorities established in the adopted RTSP [*RTP*], a range of criteria have been historically used . . . These criteria are reviewed by the SKATS TAC and Policy Committee each time the TIP is adopted.

As part of the project selection process, the following criteria are considered in a two-tiered process. The first tier is a set of mandatory criteria subject to a Pass/Fail test; the second tier consists of a set of more subjective criteria that are applied to projects that survive the first tier evaluation.

Tier One (Mandatory Criteria)

- Consistency with the RTSP [*RTP*], ODOT and local TSPs
- Affordability within the parameters of financial constraint and available funding
- Obligational ability [*readiness*]
- Sufficiency of funding for completion of the project or specified phase
- Availability of matching funds
- Air quality impacts
- CMS considerations [*congestion management system*]

Tier Two (Subjective Criteria)

- Severity of the problem
- Near-term need
- Modal diversification
- Geographic distribution
- Safety issues
- Perceived cost/benefit outcomes
- Freight issues
- Economic development considerations and opportunities
- Relative overall priority among other candidate projects

The selection of projects takes into consideration the improvement's overall importance, its cost relative to its benefits and the types and amounts of funds available, its eligibility for the various sources of funds, and the total amount of funds available to the SKATS MPO area.