

July 3, 2003

To: Metropolitan Policy Committee

From: Tom Schwetz

Subject: Item 4a: Proposed STP-U Project Evaluation Criteria and Process for Draft TIP Update

Overview

TIP Requirements

The MPO is required, under federal regulations, to develop a transportation improvement program (TIP) in cooperation with the State and public transit operators. Specific requirements and conditions, as specified in the regulations, include:

- An update every two years compatible with the STIP development schedule
- An air quality conformity determination
- Reasonable opportunity for public comment in accordance with federal regulations
- A program period of at least 3 years
- The TIP needs to be financially constrained by year and include a financial plan identifying projects that can be implemented using current revenue sources and projects requiring proposed additional sources.
- All projects using federal funds (except for certain safety and emergency relief projects) need to be included in the TIP
- Projects in the TIP need to be either in the regional plan or consistent with the plan;
- The approved TIP needs to be included in the STIP without modification.

This memo describes the proposed project evaluation process and criteria, and the schedule, specific to the funding allocation decisions that must be made for the local discretion funds (STP-U funds, described later in this memo) for the TIP Update taking place over the next several months.

Recap of TIP Update Schedule

At the June 2003 MPC meeting, agreement was reached on the schedule for the MPO's pending TIP Update. This schedule is shown in the table below.

Schedule for FY04-06 TIP Update		
TIP Update Task	Public Involvement ⁽¹⁾	MPC Action
1. Develop proposed set of STP-U funding allocation criteria and evaluation process for MPC Review and adoption	One month review period beginning July 10th , run display ad, hold public workshop on criteria and process during the week of July 21, MPC public hearing prior to action.	Review criteria and process at July 10th meeting, open month-long public review period. Adopt criteria and process at August 14th meeting
2. Apply new STP-U funding allocation criteria; establish proposed STP-U priorities; Draft TIP Update; Adopt TIP Update	One month public review period for draft TIP Update beginning September 11th ; run display ad on opportunity to comment on draft TIP; public workshop on TIP Update during the week of September 22; MPC public hearing prior to action on October 9th .	Open public review period for draft TIP at September 11th meeting, hold public hearing and adopt Draft TIP at October 9th meeting.

⁽¹⁾ Note that the public involvement process for future TIP Updates will be revised based on the work of the MPC Subcommittee.

Chronologically, the schedule will run as shown on the following page.

TIP UPDATE SCHEDULE

Task Name	Start	Finish	July		August		September		October	
			7/6	7/20	8/3	8/17	8/31	9/14	9/28	10/12
MPC Reviews Draft Criteria and Process	Thu 7/10/03	Thu 7/10/03								
Public Comment Period on Draft Criteria and Process	Thu 7/10/03	Thu 8/14/03	████████████████████							
Public Workshop on Draft Criteria and Process	Thu 7/24/03	Thu 7/24/03								
Public Hearing on Draft Criteria and Process	Thu 8/14/03	Thu 8/14/03								
MPC Adopts Criteria and Process	Thu 8/14/03	Thu 8/14/03								
TPC Staff Applies Adopted Criteria to Develop Draft Project Priorities and Funding Allocations	Thu 8/14/03	Thu 9/4/03			████████████████					
MPC Reviews Draft STP-U Project Priorities and Funding Allocations and Other Aspects of TIP Update	Thu 9/11/03	Thu 9/11/03								
Public Comment Period on Draft STP-U Project Priorities and Funding Allocations	Thu 9/11/03	Thu 10/9/03					████████████████████			
Public Workshop on Draft STP-U Project Priorities and Funding Allocations	Thu 9/25/03	Thu 9/25/03								
Public Hearing on Draft STP-U Project Priorities and Funding Allocations	Thu 10/9/03	Thu 10/9/03								
MPC Adopts TIP Update	Thu 10/9/03	Thu 10/9/03								

*Note: Public Workshop dates are target dates and are not yet final.

Evaluation Process for Allocation of STP-U Funds

Availability of STP-U Funds

As part of the transition to Transportation Management Area (TMA) status the Central Lane MPO is required to develop a process for allocating the MPO's Federal Surface Transportation Program Urban (STP-U) funds. STP-U funds are allocated and programmed for eligible projects at the discretion of the MPO, following federal guidelines. These federal funds must be matched with local funds or other non-federal funds at a minimum ratio of 10.27 percent of the total funding. (In other words, a project totaling \$100,000 would have a local match of \$10,270 and a federal STP-U component of \$89,730.)

For the three-year period of the FY04-06 TIP update the MPO anticipates receiving approximately \$8.2 million in STP-U funding. In addition, approximately \$1.2 million of FY03 STP-U funds remain unallocated in the local TIP and have carried over for allocation during this update.

During the previous TIP Update, and subsequent TIP amendments (including the amendments approved by MPC in June 2003), approximately \$1.9 million has already been allocated to four local projects in FY04. This results in approximately \$7.5 million in additional STP-U funds available for allocation during this Update. Federal regulations only allow programming of a certain percentage of available funds. This "ceiling" is set to allow for the possibility that the actual flow of revenues will not meet the budgeted amount. As year-to-year budgets and actual revenues are accounted for, ceilings are adjusted and may exceed 100 percent if a previous year's revenues exceeded the ceiling set for that year. To account for this limitation, staff recommends programming 90 percent of the potentially available STP-U funds during this Update. As the actual annual ceilings are set by federal regulation, TIP amendments can adjust the programming of funds to meet these ceilings. Thus, staff recommends that approximately \$6.75 million of STP-U funds be considered as available for programming during this Update.

Project Evaluation Process and Criteria

Transportation Planning Committee (TPC) staff developed the process described below. The staff group considers this proposal to be preliminary in nature, and anticipates that the discussion by MPC as well as the subsequent public review process and public workshop will determine the final process for STP-U funding decisions for this Update cycle.

Project proposals for STP-U funding will be submitted by the local member agencies of the MPO (Lane County, Lane Transit District, City of Coburg, City of Springfield, City of Eugene). The applicant submitting each proposal will be responsible for providing an initial evaluation based on the process described below. The Transportation Planning Committee (TPC) will then review and rank the proposals and incorporate the highest-ranking projects, subject to available

funding, in the draft TIP prior to submittal to MPC for their consideration and for public review and comment.

Following the public review period for the draft TIP (including a second public workshop), TPC will recommend appropriate changes to the draft TIP based on public input and initial feedback from MPC and forward its recommendations to MPC for the public hearing and subsequent adoption of the final TIP Update.

The TIP may be amended at any time, and is expected to undergo another full update within approximately 18 months (Spring 2005), as was indicated at the June meeting.

The remainder of this memo is organized into the following sections:

- Recommended project categories and preliminary funding targets
- Initial screening criteria--a checklist of items every proposal has to pass in order to be considered for STP-U funding
- Prioritizing factors--a set of measures to apply to each proposal, to establish a relative ranking of potential STP-U funded projects
- Scoring system for evaluation of proposals--preliminary suggestion for a system of points to help compare different project proposals, within each project category

Recommended project categories and preliminary funding targets

While accepting the need for a new process to help allocate STP-U funding, staff has recognized the inherent difficulty in comparing project proposals with one another, especially given the wide variety of project types that are eligible for these federal funds and the large backlog of needs. For example, any evaluation scheme that attempts to weigh the relative merits of a bikeway project, a resurfacing project on a major arterial, and funding of an ongoing TDM program, is likely to produce outcomes that are overly favorable to one or two types of projects while totally excluding other types. In order to help achieve a degree of balance among the competing project priorities staff is suggesting a process similar to the process used for establishing the statewide STIP priorities. In the STIP process, policy direction is established for major categories of need – for example, modernization, preservation, etc. Along these lines, staff is recommending an overall framework of four major project categories, and preliminary funding targets for each broad category, as follows:

1. System Preservation: Preserving the life and functionality of the existing transportation system is recognized as one of the highest priorities for all levels of government who share responsibility for the system. Again, this is a multi-modal issue. While local roadways have the greatest backlog of need and represent the foundation for all the other modes, there are also needs

related to off-street bicycle and pedestrian paths, and the ongoing preservation and vehicle replacement cycle of the transit system. Because of the fundamental importance and the current deep backlog of preservation needs, especially on the street system, staff recommends a preliminary target of 50 percent of the STP-U funding for 2004-2006 for allocation to system preservation.

2. System Modernization: The majority of previous STP-funded projects have consisted of examples such as reconstruction of major streets to bring them up to urban standards; construction of off-street bike paths; traffic operational improvements such as new signals or intersection reconstruction; and addition of transit enhancements such as passenger shelters, park and ride lots, and so forth. All of these examples could be considered "modernization" projects since they either provide a new facility, or upgrade and expand an existing one. While the large modernization projects on the state highway system will likely continue to require major funding by ODOT, there are numerous local agency projects in TransPlan that also fall within this broad category. Moreover, as in past TIPs the modernization category includes examples within all of the modes--roadway, transit, bike and pedestrian.

In order to address the highest-priority projects across the range of travel modes, staff recommends a preliminary target of 20 percent of STP-U funding in the 2004-2006 TIP for system modernization projects.

3. Transportation Planning and Project Development: This category includes two different types of activities. The first type is ongoing transportation planning in support of the overall metro-wide planning process and implementation of TransPlan. A recent TIP amendment provides STP-U funding to support the MPO work plan for fiscal year 2004. STP-U funds are likely to be requested by local agencies to support their individual transportation planning efforts.

The second kind of planning activity that can be supported with STP-U funds is more specific project-related planning for those projects included in TransPlan that require extensive project development. Examples would include preliminary scoping of BRT routes or developing alternatives for interchange improvements. (This category would not include detailed engineering or preparation of final construction plans. That type of project engineering is generally included in the overall scope of projects that fall within the two categories above.)

In order to ensure a base level of ongoing metro-area transportation planning activity as well as some added support for project-level planning on the larger, more complex projects, staff recommends a preliminary target of 20 percent

of STP-U funding in fiscal years 2004-2006 for transportation planning and project development.

4. Transportation Demand Management (TDM): The major source of funding for the MPO's ongoing TDM program during the past decade has been STP-local funding. With the transition to TMA status, the MPO will be expected to allocate a portion of the MPO's STP-U funds to TDM rather than rely on statewide funding through the STIP. Further, as one of the three essential legs of the transportation triangle, TDM needs a base level of funding to sustain a minimal program, and to begin very incremental expansion above the existing levels of TDM in the community. Examples of TDM projects include Commuter Vanpools to and from Salem and Corvallis, the Gateway Transportation Management Area Program, and the LTD Group Pass Program.

To implement a regional TDM program, as described in TransPlan, staff recommends a preliminary target of 10 percent of STP-U funding in fiscal years 2004-2006 to be allocated to TDM programs.

Recap of project categories and proposed targets:

• System Preservation	50 percent, or ~\$3.375 million
Roadway	
Transit	
Bike/Pedestrian	
• System Modernization	20 percent, or ~\$1.35 million
Roadway	
Transit	
Bike/Pedestrian	
• Planning & Project Development	20 percent, or ~\$1.35 million
• TDM	10 percent, or ~\$675,000
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Total	100 percent of STP-U funds, or ~\$6.75 million over the full 3-year TIP horizon

By establishing this framework of major project categories and assigning preliminary spending targets to each category, project proposals can be compared with other proposals within each category, using the factors described in the next section.

Initial screening or eligibility criteria

A proposal must meet all three of the following criteria to be considered for STP-U funding in the time frame of the TIP update:

1. Included in, or consistent with, the 20-year financially constrained Regional Transportation Plan (TransPlan). The project must be either:

- Included on the 20-year financially constrained project list (e.g. a specific street, bike path, or transit project), or capable of being added to the list by amending the Plan within the TIP time frame;

or

- Included within a broader category of projects or planning and program actions described in the Plan (e.g. pavement preservation projects, planning activities, TDM programs, etc).

2. Eligible for STP-U funding based on federal guidelines. The project or program must meet the criteria of TEA-21 (see attached excerpt of federal guidelines for STP-U funding). Most projects within the Central Lane MPO are likely to fit one of the following categories:

- Transportation improvement projects for any surface transportation mode (streets, bridges, bike facilities, sidewalks, transit facilities, traffic operational improvements, etc.)--most of these kinds of projects could also be described as "modernization" projects
- Capital preservation projects such as street overlays and reconstruction *(Note: If the project includes improvement or preservation of a street or road, it must be a collector or arterial. Local streets are not eligible for STP-U funding.)*
- Ongoing or one-time programs such as TDM and transportation planning programs needed to help implement the policies, programs, and projects of the adopted Plan.

3. Capable of being implemented within the TIP time frame. Projects should be capable of being implemented during the fiscal year for which they are proposed in the TIP. At a minimum, the federal STP-U funding for a project must be obligated (i.e. officially encumbered through state and federal processes) no later than the end of the designated fiscal year.

Factors to consider in prioritizing projects for STP-U funding

Projects and program proposals will be evaluated for relative priority based on consideration of the following three factors:

1. The ability of the proposal to leverage other public or private funding.

Examples might include other federal funds, local matching funds beyond the required match amount, provision of project right-of-way, or provision of private funding from developers or other private sources.

2. The extent to which the proposal addresses one or more of the adopted TransPlan policies. Each proposed project will be assessed for the degree to which it responds to one or more of the adopted policies in TransPlan. Some of the policies are likely to be more useful than others for the process of evaluating potential projects to receive STP-U funds – for example:

- Policies which provide overall, strategic guidance for one side of the Transportation Triangle--such as Land Use Policy #1: Nodal Development; Transportation Demand Management (TDM) Policy #1: TDM Program Development; and Transportation System Improvements (TSI) Policy #1: Transportation Infrastructure Protection and Management.
- Policies which emphasize the importance of moving forward with implementation for particular modes or program areas--such as TSI Transit Policy #2: Bus Rapid Transit; and TSI Bicycle Policy #4: Priority Bikeways.
- Finance Policies, which form the "base" on which the Transportation Triangle rests, and particularly those finance policies which focus on allocation of specific resources – such as Finance Policy #3: Prioritization of State and Federal Revenue; and Finance Policy #5: Short-term Project Priorities.

Many other TransPlan policies may also be relevant to particular projects, while some of the policies, though important for other purposes, may not be directly useful for this exercise of allocating STP-U funds (see copy of TransPlan policies attached).

3. The extent to which the proposal addresses one or more of the adopted TransPlan Alternative Transportation Planning Rule (TPR) Performance Measures.

During the TransPlan adoption process, a set of Alternative TPR Performance Measures was developed and incorporated as a key component of the plan. These measures focus on aspects of plan performance judged most likely to have a positive impact on future reductions in vehicle miles of travel per capita. Each proposed project will be assessed for the degree to which it responds to specific alternative performance measures (see copy of alternative measures attached).

Scoring system for evaluation of proposals

Various methods can be used to rate and compare the relative merits of proposed projects for STP-U funding, using the criteria discussed above. The two main options are some form of purely relative scoring such as High, Medium, or Low ratings for each criterion; or a point system that assigns a numeric score for each project's rating under each of the criteria. Based on discussions to date, staff would suggest the use of a simple point system, with the following preliminary ranges for each of the prioritizing factors:

1. Priority Factor 1, Leverage: A score of up to 20 points is suggested, in order to recognize the value of additional funding beyond the minimum match requirement without giving this factor too large a weight in comparison to the policies or performance measures. Points would be assigned to each project based on how much local or "other," non-STP-U funding is available for the project above the minimum match requirement of approximately 10 percent. For example:

- 10 percent match is provided – no extra points, since this much local match is required for any STP-U project
- 20 percent match – 5 points
- 30 percent match – 10 points
- 40 percent match – 15 points
- 50 percent match – 20 points (recommended upper limit for this measure)

2. Priority Factor 2, TransPlan Policies: A score of up to 50 points is suggested, in view of the importance of using the adopted policies in the plan for guiding decisions on funding priorities. Points would be assigned to each project based on how many TransPlan policies the project directly addresses. For example:

- 7 points for each policy that would be directly impacted by the project in a positive manner
- No more than two policies (14 points) would be counted within the same topic heading (i.e. Land Use, TDM, TSI, Roadway, Transit, Bicycle, Pedestrian, Goods Movement, Other Modes, Finance)
- Maximum of 50 points for this factor

3. Priority Factor 3, TransPlan Alternative TPR Performance Measures: A score of up to 30 points is suggested, based on the significance of the alternative measures within the overall scope of plan performance and monitoring. Since the alternative measures focus on a narrower range of actions and outcomes than the comprehensive set of concerns addressed by

the policies, this factor is not given as much weight as Priority Factor 2, Policies. Points would be assigned to each project based on how many alternative measures the project directly addresses. For example:

- 6 points for each alternative measure the project helps to advance
- Maximum of 30 points for this factor

The maximum possible total score summed across all three priority factors for any project would be 100 points.

Using this point system, each proposal would be scored and then its total point value would be compared to other project proposals within the same project category. The point values would be a major tool for evaluating and ranking projects within each category, but final adjustments would be expected to occur based on factors such as mode balance and a sense of equity among the partner jurisdictions over the time frame of the entire TIP.

Action Requested: Review and discuss proposed criteria and evaluation process for allocation of MPO STP-U funds. Open Public Review Period for TIP Criteria and Process

Attachments:

Attachment 1: Federal Guidelines for STP-U Funding

Attachment 2: Consolidated List of TransPlan Policies

Attachment 3: TransPlan Alternative TPR Performance Measures

Last Saved: July 3, 2003