

BEFORE THE COUNCIL OF THE
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF ENDORSING A) RESOLUTION NO. 91-1379
POSITION ON THE SURFACE TRANS-)
PORTATION ACT UPDATE OF 1991) Introduced by
) David Knowles, Chair
) Joint Policy Advisory
) Committee on Transportation

WHEREAS, The United States Congress will be considering adoption of the Surface Transportation Act of 1991; and

WHEREAS, Major restructuring of federal transportation funding programs is anticipated; and

WHEREAS, Implementation of needed transportation improvements in the Portland metropolitan area will be significantly impacted by the new Surface Transportation Act; and

WHEREAS, ODOT has developed a proposed statewide position on the interests to be reflected in the new Surface Transportation Act which accomplishes most of the Portland region's long-range objectives although it does not fully set aside funds intended for urban areas; and

WHEREAS, The Joint Policy Advisory Committee on Transportation has recommended adoption of this position; now, therefore

BE IT RESOLVED,

That the Council of the Metropolitan Service District:

Endorses the state position paper on the Surface Transportation Act Update as reflected in Exhibit A.

ADOPTED by the Council of the Metropolitan Service District this 24th day of January, 1991.



Jim Gardner, Deputy Presiding Officer

GOVERNMENTAL AFFAIRS COMMITTEE REPORT

RESOLUTION NO. 91-1379, ENDORSING A POSITION ON THE SURFACE
TRANSPORTATION ACT UPDATE OF 1991.

Date: January 18, 1991

Presented by: Councilor Devlin

Committee Recommendation: At its January 17, 1991 meeting the Governmental Affairs Committee voted unanimously to recommend Council adoption of Resolution No. 91-1379. Voting were Councilors Devlin, Collier, and DeJardin. Councilors Hansen and Knowles were absent.

Committee Discussion/Issues: Councilor Devlin explained that the role of the Governmental Affairs Committee in reviewing this Resolution was to determine whether it was in conflict with other federal legislative items of the District. The substantive issues will be reviewed by the Transportation & Planning Committee.

Andy Cotugno briefly explained that the Resolution endorses the position on the Surface Transportation Act reauthorization that represents Oregon's position on the issue. JPACT has endorsed this position.

There is one potential point of inconsistency: the position paper does not speak to the possibility of separating highway funds into urban and rural pots, with more flexibility given to the urban funds to allow alternatives such as transit. ODOT does not support this position, which NARC does support. Metro thus finds itself in a slightly awkward position on this issue.

Councilor Devlin asked whether the Resolution affected the \$15,000 budgeted to help lobby on this issue. Mr. Cotugno said that he did not think the issue was resolved, and would require further analysis.

Resolution No. 91-1379
Exhibit A

D R A F T

**OREGON'S POSITION ON
SURFACE TRANSPORTATION
ASSISTANCE ACT**

OREGON DEPARTMENT OF TRANSPORTATION

December, 1990

INTRODUCTION

Congress this year will consider the reauthorization of federal highway and transit programs. Although budget constraints may prevent it, this year's reauthorization has been seen to be a major program restructuring, reflecting the impending completion of the Interstate System among other factors.

Oregon has much at stake in this legislation. It is important, therefore, the state determine what are the most critical elements to it and marshal its efforts toward enacting a favorable piece of legislation.

Recognizing the importance of this legislation and the need for Oregon to develop a comprehensive, statewide position, Oregon Transportation Commission Chairman Michael Hollern formed a task force to develop statewide priorities for the new reauthorization bill. Chairman Hollern invited participants representing varied interests throughout the state and different modes of transportation. Those invited to participate were: Metro's Joint Policy Advisory Committee on Transportation (JPACT); Oregon Business Council; Oregon Public Ports Association; Oregon Transit Association; League of Oregon Cities; Association of Oregon Counties; Chair, Senate Transportation Committee; and Chair, House Transportation Committee.

The task force met twice during the month of December, 1990, to formulate the Oregon position. The following document represents the State of Oregon position and priorities on the new Surface Transportation Assistance Act (STAA) as identified by the task force.

1. UMTA Section 3

The federal funding source for the Westside light rail transit line (LRT) is the "new start" component of the UMTA, Section 3 Program. Other possible extensions of Portland's MAX System will seek funding from this same source.

Funding levels for Section 3 have declined by over 35 percent since 1983, while prices have risen over 20 percent. Competition for these funds has intensified as well. There are now 69 new starts in various stages of development. The estimated cost of those projects in at least the "alternatives analysis" stage of the EIS process exceeds \$13 billion. The "new start" program is being replenished at a rate of about \$420 million per year. It is important, then, that this program remain sufficiently funded and accessible for Oregon projects.

One, a "grandfather" clause needs to be included in the highway/transit reauthorization act to ensure the 75/25 match ratio for which the Westside has been developed is maintained. It is likely that Congress in this legislation will increase the local match requirement for future new starts to 50/50. The Westside can be protected by exempting projects having full funding agreements, letters of intent or letters of commitment from the revised match ratios.

An associated concern, best mentioned here, is retention of the Interstate Transfer (FAIX) program which still contains funding credits for a transit project in the I-205 corridor (\$17 million) and other transportation projects in the Portland region.

Two, federal funding should be increased for new starts in recognition of both lost purchasing power and increased demand for fixed guideway solutions to urban transportation problems. A number of cities are recognizing, as Portland has, the important role LRT and other fixed guideway transit must play in solving urban transportation problems.

Smaller urban districts seeking to use Section 3 for bus fleet expansion or replacement will have a particularly difficult time competing for funds. Rogue Valley Transportation District (RVTD), for instance, needs to replace its 23 bus fleet. RVTD receives \$338,000 in Section 9 (FY '91 funds). Standard diesel buses cost about \$190,000 each. So, RVTD's Section 9 apportionment is just enough to replace two buses a year, if it is all used for capital outlay. As a practical matter, RVTD fleet replacement requires a small Section 3 grant.

Three, efforts to switch the funding source for Section 3 from the Mass Transit Account of the Highway Trust Fund to the General Fund should be opposed. More susceptible to budget cuts, General Fund support for UMTA programs has declined by over half since the mid-1980's, even though all states and transit districts receive funds from this source. Switching Section 3 to the General Fund, while other UMTA programs are funded from the Trust Fund, would reduce political support for General Fund revenues to a limited number of cities.

2. Interstate Preservation

Preservation of the Interstate System (IS) must be the top priority of the Federal-aid Highway Program. The 42,800 mile system links every state and major urban area with standard, high-quality, limited access highways. One percent of the nation's highways, the Interstate System accommodates 21 percent of vehicle miles traveled.

Because of the Interstate System's importance to national mobility, interstate commerce, rural development and international trade, the system cannot be allowed to structurally or functionally deteriorate. The nation must protect its investment.

AASHTO has estimated that to meet current structural and functional needs requires an annual federal FAI-4R investment of \$6.38 billion. (This assumes a 90/10 federal/state match ratio in 1994 dollars.) To make all improvements required to meet identified structural deficiencies and to provide acceptable service levels in the face of future traffic growth, will require a \$15.03 billion annual FAI-4R investment.

Ensuring the Interstate System is adequately preserved will require additional federal funds. Proposals to fold the Interstate in with selected major arterial highways in a "Highway System of National Significance" (NHS), creates a special problem. The focusing of federal and state construction dollars on the Interstate System over the last several decades has created considerable demand in many states for off-Interstate improvements, particularly to highways providing access to the Interstate System. A non-dedicated funding source for FAI-4R, as the NHS program would be, may result in siphoning funds away from needed Interstate preservation.

Oregon supports, therefore, keeping the Interstate System as a distinct component of the NHS and having a higher federal match ratio (90/10) for 3R and operational improvements on this system. This lower state matching requirement should deter states from diverting funds to less essential investments.

3. Public Lands Compensation

Over 50 percent of Oregon is federally-owned land. Although sparsely populated, this land must be provided highway access for recreation and resource development. Twenty percent of the State Highway System is on federal land.

States and local governments with large federal land holdings face abnormally high per capita highway preservation costs due to supporting roads on tax-exempt public lands.

The Federal-aid Highway Program traditionally has compensated states with large public land holdings with additional funds and other provisions. This needs to be continued. There are three mechanisms for accomplishing it in the next highway/transit reauthorization bill.

One, the allocation formula for the NHS should include a factor for state land area, as well as factors reflecting highway system size and use. While beneficial to large states in general, land area better compensates states with large public land holdings than highway system size alone.

Two, sliding scale provisions which permit a reduction in state matching requirements for states with large federal land holdings should be retained. These provisions should apply to both the NHS and Urban/Rural programs administered by FHWA.

Three, the Federal Lands Highway Program, which is used for roads on parks, forest lands and indian reservations, should be retained. Similarly, retention of the Public Lands Program should be sought. Currently this is a \$40 million/year set aside for improvements to highways which, due to their location within federal lands and away from population centers, have difficulty competing for other federal aid funds against highways having higher traffic volumes. The program works on a discretionary/application basis, but over time the distribution of funds reflect a state's share of federal land holdings.

4. UMTA Sections 9, 18 and 16(b)(2)

UMTA Sections 9 and 18 provide operating and capital assistance to urban and rural transit providers respectively. Supported by the General Fund, these programs (particularly Section 9) have seen major losses in federal funds in recent years.

This trend should be reversed. As federal funds have declined, costs have risen. The Section 18 capital program in Oregon for the 1991-1993 biennium is projected at \$618,500, the smallest it has ever been. A standard, 35 foot, diesel bus currently sells for \$190,000; a 15-passenger van for \$20,000--a 40 percent increase over 1980 prices. This funding/price squeeze has created a large backlog of unfunded capital investment in Oregon's small city transit districts.

In addition to reducing funding, the federal government also is trying to limit funding to capital projects only. (Currently, Section 9 operating assistance is "capped".)

This will hurt Oregon's transit districts. Ballot Measure 5 will cause districts like Salem to lose property tax revenue. Because Measure 5 permits capital improvement bond levies over the \$10 per thousand limit, making it relatively easier to raise capital funds locally, federal operating assistance will become more important.

General Fund support for transit, therefore, should be increased and operating assistance should be retained as a legitimate use of federal funds.

The UMTA 16(b)(2) program funds the purchase of vehicles providing transportation for the elderly and handicapped. Although less susceptible than other UMTA programs to recent budget cuts, applications for vehicle replacement in this program consistently exceed revenues by two or three times. Again, program demand coupled with lost purchasing power are at odds with a continually shrinking federal transit program.

5. Bridge Program

One out of every five Oregon highway bridges over 20 feet in length is structurally or functionally deficient. Nationally, 40 percent of highway bridges have deteriorated enough to require traffic restrictions, or are functionally inadequate for the type of traffic presently using them.

The magnitude of the bridge deficiency problem and the critical importance of bridges to the nation's highway system require bridge rehabilitation and replacement continue as federal priorities. The retention of a distinct bridge program, which allocates funds for bridges both on and off the federal-aid system and provides discretionary funds for larger projects, is necessary to provide the greatest assurance highway bridge deficiencies are corrected.

The presence of a separate bridge program which allocates moneys to on-system and off-system bridges and provides discretionary funds for larger projects eliminates the need for a bridge deficiency factor in the NHS allocation formula, as proposed by some eastern states. The recommended minimum value for discretionary projects should be \$10 million for NHS projects and \$5 million for off-system projects. Otherwise, too many Oregon bridges would not qualify for funding.

FHWA currently proposes to administratively replace its bridge sufficiency rating regulation which determines each state's relative share of deficient bridges and, thereby,

serves as the basis for allocating bridge funds among states. Initial review of the proposed regulation suggests the introduction of a bias favoring East Coast or rapidly urbanizing states having more bridges underdesigned for the functional class of road they serve. Further, the regulation would enable far fewer off-system bridges to qualify for funding. Since 85 percent of Oregon bridges are in rural areas and 42 percent are off-system, these changes could adversely affect federal bridge funds coming to Oregon.

Upon final determination of these effects, a legislative remedy may be appropriate.

6. Federal Match Ratios

USDOT is proposing to increase nonfederal matching requirements for most highway and transit program elements. The match ratio for the NHS is to be 75/25 and 60/40 for the urban/rural flexible program. UMTA programs also would change; Sections 18, 9 and 3 would drop to 60/40 with rail new starts at 50/50.

This reflects the declining contribution of the federal government to surface transportation, coupled with the desire of USDOT to retain policy leadership. Increasing matching requirements as federal funding continues to decline, however, creates certain problems.

First, a greater percentage of transportation projects will have to comply with federal requirements and standards than otherwise would be necessary. In a period of inadequate infrastructure investment, this is an unnecessary and costly inefficiency.

Second, inordinate amounts of state and local money will chase federal dollars, biasing investment priorities and rewarding wealthy states in competition for discretionary funds.

Third, local governments already have difficulty matching federal funds within highway obligation constraints. Higher matching ratios will exacerbate this problem.

Consequently, federal matching requirements should not be increased. The solution to both a shrinking federal role and inadequate investment levels is increased federal highway and transit funding.

7. Match Ratio Equity

Typically, there are a variety of ways of meeting transportation objectives. In a given urban corridor, options might include adding capacity to an existing highway, increasing bus service supported by additional park and ride lots, improving parallel streets and local circulation networks, or constructing an LRT line.

The current draft USDOT legislation proposes different match ratios for each alternate funding source which could be applied toward one of these options. As described above, the lowest nonfederal match would be for freeway improvements and the highest for LRT. Improvements to adjacent streets and increased bus service also would have higher matching requirements than freeway expansion.

This difference in match ratios can be expected to bias investment decisions. A superior approach would be a consistent 75 percent federal share across all federal highway and transit programs with the exception of funding for Interstate preservation (see above). Funding for capacity expansion of the Interstate System, however, should require the same state match as other programs, 25 percent.

8. Urban Corridor Planning and Funding

FHWA has proposed requiring the development of a multimodal "congestion management system" as a component of the urban transportation planning process in areas over 200,000 population.

Congestion levels and locations would be identified for both current and future conditions on the NHS. A system for monitoring changes in congestion would be established. Strategies for

dealing with congestion on the NHS, including both operational improvements and demand reduction, then would be developed. Major capacity expansions of the NHS only should be considered after exhausting more cost effective solutions and finding them inadequate for handling future traffic at acceptable service levels.

This type of comprehensive, multimodal approach will be necessary if congestion is to be kept at acceptable levels on the NHS. Unfortunately, FHWA seems unwilling to take the next logical step, which is to allow NHS funds to be used for improvements on parallel streets or to increase transit service. The FHWA approach, therefore, would require the search for cost effective solutions, but limit the expenditure of funds to capital projects on the NHS route itself or to limited operational improvements on or immediately adjacent to the NHS route.

Instead, states could develop and adopt NHS "Investment Strategies" for their urbanized areas based upon FHWA's proposed congestion management system. These strategies would have to include all NHS corridors within an urban area to be in compliance with adopted regional land use and transportation plans and be supportive of local clean air objectives. They should have both long and short range components demonstrating the cost-effectiveness of proposed solutions in meeting interstate travel objectives and maintaining service levels on the NHS within the urbanized area.

Upon FHWA approval, states could apply Federal-aid NHS funds for the purposes set forth in the strategies, including increased transit service or improvements to parallel arterials.

9. Land Use Planning Incentives

Solutions to traffic congestion and the provision of adequate, affordable mobility for urban residents ultimately must be derived from sound land use planning. Continuation of today's urban development patterns and the transportation systems "supportive" of these patterns, have been shown in California, among other places, to lead inexorably to gridlock, a reduction in quality of life and a heavy economic cost on society. A problem is created which becomes very difficult to correct.

The solution lies in land use configurations and densities which avoid travel patterns and volumes which cannot be served effectively. Federal transportation programs should offer incentives to urban governments to undertake the type of planning and land use activities conducive to efficient urban transportation. This is particularly important for transit capital projects which are used to induce, as well as support higher density developments. The next highway/transit reauthorization act should support stronger urban land use and transportation planning. One, the act should strengthen the role of metropolitan planning organizations to ensure a regionwide approach by requiring the adoption of long-range land use and transportation plans containing defined urban boundaries.

Two, the cost effectiveness evaluation criteria for UMTA, Section 3 "new starts" should include the adoption of a land use plan which requires minimum densities for property adjacent to fixed guideways and sets forth the actions necessary to achieve those densities.

Three, the "new start" criteria also should be modified to require UMTA consideration of certain factors, including air quality, energy conservation, joint development opportunities, reduced auto reliance and the forestalling of highway construction, in determining whether to fund a project. Further, projects demonstrating these characteristics should require less nonfederal match.

Four, joint development projects, which enhance transit operational self-sufficiency through inducing ridership and the generation of lease revenues, should be encouraged by making such projects eligible for UMTA grants. Again, reduced matching requirements for jurisdictions supporting these developments with higher densities, parking restrictions, and other mechanisms should be available.

10. Scenic Highways

The growth in tourism and recreational driving will place unique demands on particular highways. In Oregon, U.S. 101 is one such highway.

The Coast is the most traveled tourist destination in the state and is experiencing steady growth in visitor traffic. This growth is fueling the expansion of travel-related business activity in coastal urban areas, additional tourist-related development and growth in highway traffic volumes for both urban and rural areas. Coupled with this are significant increases in the number of recreational vehicles, bicycles and tour buses, which must share the highway with auto and truck traffic, and an aging driving population which can benefit from appropriate signing and highway design features.

Traditional planning is not adequate to meet these diverse transportation demands while preserving and enhancing the environmental and aesthetic qualities of scenic corridors like the Oregon coast.

Oregon has initiated a special scenic corridor planning effort for the Coast. The federal government should support such efforts, enabling them to be multistate in character and sufficiently comprehensive to incorporate needed local land use, environmental protection, access control and urban design changes critical for managing complementary development. This can be accomplished through a scenic highway planning and development program for the Pacific Coast Highway corridor that could serve as a model for other significant scenic/recreational routes throughout the nation.

STAFF REPORT

CONSIDERATION OF RESOLUTION NO. 91-1379 FOR THE PURPOSE
OF ENDORSING A POSITION ON THE SURFACE TRANSPORTATION ACT
UPDATE OF 1991

Date: January 7, 1991

Presented by: Andrew C. Cotugno

PROPOSED ACTION

Adopt Resolution No. 91-1379 endorsing the statewide position paper on issues relating to the adoption of the Surface Transportation Act of 1991 by the U.S. Congress. The position paper was developed by ODOT with the input and participation of affected transportation organizations statewide, including Metro.

FACTUAL BACKGROUND AND ANALYSIS

The Surface Transportation Act (STA) provides the framework for federal investment in highway and transit improvements, defining program categories, requirements and limitations, funding level and local match requirements.

The current STA expires on September 30, 1991 and a new one must be adopted by the U.S. Congress prior to that time for federal funding to continue. A new act is considered every 4-6 years. The current act is consistent with the program emphasis of the past 40 years, centered on building the Interstate system. The new act promises to be significantly changed from the past program.

Key elements of the Federal Highway Administration (FHWA) and Urban Mass Transportation Administration (UMTA) proposals are as follows:

FHWA

Highways of National Significance
Urban Flexible Program
Rural Flexible Program
Bridge Program

UMTA

Discretionary Grant Program
- Rail Modernization
- New Rail Starts
- Bus Capital Improvements
Large Urban Area Formula Funding
Small Urban and Rural Area Formula Funding

Attachment A provides a more detailed explanation and evaluation of the FHWA and UMTA proposals together with a series of principles of

interest approved by TPAC, JPACT and the Metro Intergovernmental Relations Committee.

Metro's input and participation in the development of the ODOT position paper was based upon achieving these principles. All of these principles are reflected in the position paper with the exception of the proposal to separate urban and rural program aspects of the program designed to fund Highways of National Significance.

Establishment of funding clearly designated to urban areas is still of interest to ensure implementation of the Regional Transportation Plan but is not recommended as a federal position at this time. Successful adoption of the proposed series of positions in the new Surface Transportation Act would make very significant progress in this direction. As such, unified support for a statewide position is recommended.

EXECUTIVE OFFICER'S RECOMMENDATION

The Executive Officer recommends approval of Resolution No. 91-1379.



METRO

2000 S.W. First Avenue
Portland, OR 97201-5398
503/221-1646

Memorandum

ATTACHMENT A

Date: October 29, 1990
To: JPACT
From: Andrew C. Cotugno, Transportation Director
Re: Surface Transportation Act Reauthorization

FHWA and UMTA have released legislative proposals for their respective components of the Surface Transportation Act. These are in the process of review by the Office of the Secretary of Transportation and the Office of Management and Budget. A Draft bill is expected to be submitted to Congress in February, 1991.

Attached is an overview of the key elements of the FHWA and UMTA proposals (more details are available upon request), together with an evaluation of the implication of the proposal to urban areas and a recommendation for adopting a position.

ODOT has initiated an effort to establish a statewide position through the participation of statewide interest groups.

JPACT IS REQUESTED TO REVIEW THIS PROPOSED POSITION AND PROVIDE GUIDANCE ON THESE ISSUES IN ORDER TO EFFECTIVELY PARTICIPATE IN THE STATEWIDE EFFORT. IN DECEMBER/JANUARY, AFTER THE ODOT EFFORT IS COMPLETED, A FORMAL POSITION WILL BE SUBMITTED TO JPACT FOR ADOPTION.

ACC:lmk

Attachment
CC: TPAC

FHWA Legislative Proposal Highlights

A. NHS Program

1. A National Highway System (NHS) category is proposed, representing a consolidation of the previous categories for "Interstate" and the "major" "Primary" routes (3.5 percent of the total public road miles). 50-70 percent of highway funding would be distributed through this program.

	<u>Current STA</u>	<u>Proposed STA</u>
Interstate	\$3.15 b.	\$0 b.
Interstate-4R.	2.815	0
Primary.	2.325	0
NHS.	<u>0</u>	<u>8.65</u>
	\$8.29 b.	\$8.65 b.

2. NHS funding will be distributed to the states. The states will select improvements on the NHS routes in cooperation with local officials through the MPO's.
3. Fund flexibility for alternatives to upgrading the NHS route will be limited to operational improvements to parallel arterials, HOV lanes on the NHS route, and park-and-ride lots.
4. Match ratio will be 90 percent for operational and rehabilitation-type improvements; 75 percent for other capital improvements; 60 percent for start-up costs of traffic management and control systems; 35 percent on toll facilities.

By comparison, the basic existing federal share is 90 percent for Interstate and 75 percent for Primary. Both the new and the old STA increase these federal shares if the state contains a large amount of federal lands. In Oregon, the revised shares are currently 92 percent and 88 percent, respectively, and would be higher than the basic rates under the new STA.

5. The Interstate system will be retained and signed for the motorist. NHS funds can be used to build or upgrade additional routes which can be signed as Interstate routes if they meet Interstate standards and connect with the Interstate system.
6. Use of NHS funds on beltways or bypasses in areas over 200,000 population will be for improvements designed to ultimately provide for multi-lane divided highways with separate lanes for through traffic and with access limited to interchanges with other NHS routes.

7. NHS funding would be used for high-speed, intercity rail studies, use of highway rights-of-way and highway design modifications.
8. Set-aside within the NHS category will be created for discretionary funding of high cost, large scale, access-controlled projects on the Interstate system or routes directly connected to the Interstate system. Funding will be paid back as a loan through future years appropriation.
9. Funds will be distributed 70 percent on the basis of fuel consumption and 30 percent total public road mileage. By comparison, current Interstate-4R funds are distributed on the basis of Interstate lane miles (55%) and Interstate vehicle miles traveled (45%); current Primary funds are distributed on the basis of rural population (22%), urban population (33%), rural area (22%) and rural mail delivery routes (22%).

The effect is to shift the distribution away from one which emphasizes the geographic size of the state to one which emphasizes the population size of the state (at Oregon's detriment).

B. Urban Program

1. An "Urban/Rural Program" is proposed representing a consolidation of the "minor" portion of the "Primary" system, the FAU system plus all other Collector routes not currently on the FAU system and, in the rural areas, the FAS system.
2. Funding for the Urban/Rural program would be more than double the existing FAU/FAS level.

	<u>Current STA</u>	<u>Proposed STA</u>
FAU	\$0.75 b.	\$0 b.
FAS	0.6	0
Urban/Rural	<u>0</u>	<u>3.3</u>
	\$1.35 b.	\$3.3 b.

3. Flexibility for use on transit allowed (although transit improvements on NHS routes not clear).
4. Federal project approvals and inspections would be replaced with overall program approval. EIS requirements would still apply.
5. 60/40 match ratio.

6. Funding distributed to each state based upon what they paid in; funds available until spent.

C. Bridge Program

1. Revised formula approach for funding distribution to states would remain with NHS, off-system and other (i.e., FAU system and FAS system) set-asides; set-aside shares not defined; formula basis unclear.
2. "Discretionary" Bridge program expanded to all facilities except off-system (i.e., allows FAU bridges).
3. Minimum threshold for Discretionary funding -- \$10 million for NHS and \$5 million for other routes.
4. Discretionary funding requires toll feasibility analysis; criteria not defined.
5. 75/25 match ratio.

D. Additional Requirements

1. Pavement Management System required for NHS system by the states.
2. Bridge Management System required for NHS and all other systems for which bridge funds will be used (i.e., all bridges).
3. Congestion Management Plan required in urban areas greater than 200,000 population by the states in cooperation with MPO's.
4. Safety Management System required for the NHS system by the states.

UMTA Program Highlights

1. Revised overall program funding level as follows:

	<u>Current STA</u>	<u>Proposed STA</u>
General Fund	\$2.3 b.	\$1.8-1.48 b.
Gas Tax.	<u>1.4</u>	<u>2.2-3.2</u>
	\$3.7 b.	\$4.0-4.68 b.

This increase is accomplished through a draw-down of the trust fund surplus rather than a gas tax increase.

2. Funding for discretionary versus formula programs is proposed to be reversed with discretionary funded from the General Fund rather than the gas tax (as provided by the current STA) and vice versa. This provides greater assurance for formula funds, responds to the objections of some rural states that they pay gas taxes but never receive discretionary funding and leaves New Starts exposed to future budget cuts because of the General Fund source of revenue.
3. Changes Rail Modernization program from current distribution to eight old rail cities to all rail cities.
4. Funding for New Starts = \$500 million per year without separate category for Washington, D.C. Metro (current = \$400 million plus \$100 million Washington, D.C. Metro).
5. Urban program equivalent to current urban Section 9 plus Rail Modernization; Rural program equivalent to current Section 9 (small city), Section 18 (rural) and Section 16(b)(2) (private, nonprofit). Section 16(b)(2) program in urban areas unclear.
6. Changes the federal share from 75 percent to 60 percent.
7. Eliminates use of Section 9 funding for operating assistance but allows an expanded definition of "Materials and Supplies" under the capital program.
8. Allows flexibility to use transit formula for highways.
9. Retains current recipients in areas over 200,000 population; distributes funds through states to areas under 200,000.

ACC:lmk
 FHWALEG.OL
 10-24-90

Evaluation of Legislative Proposals

According to the U.S. Department of Transportation report to Congress, "The Status of the National's Highways and Bridges: Conditions and Performance," 40 percent of the needs nationwide are for Modernization improvements in the metropolitan areas. In addition, 16 percent are for Interstate Rehabilitation, a portion of which are in the metropolitan areas. The FHWA/UMTA legislative proposals do not ensure these needs will be met nor that an equitable share of the funds will be targeted to the metropolitan areas. Furthermore, the proposals provide insufficient flexibility and will inherently bias funding decisions against projects that can most cost-effectively meet urban mobility objectives.

The FHWA/UMTA proposals continue the past trend of disinvesting in the urban areas, emphasizing intercity highway improvements and skewing funding that does flow to urban areas toward major highway improvements. Particular concerns are as follows:

A. Urban Mobility Not Adequately addressed:

1. The major funding categories to meet Urban Mobility objectives are either through NHS program or UMTA-New Starts program. The NHS program will receive 50-70 percent of all the FHWA funding (@ \$8+ billion) while the New Starts program will continue at a meager \$.5 billion.
 - a. NHS provides bias toward major highways without adequate flexibility for alternatives involving upgrading parallel arterials, bus service expansion, rail construction or demand management even if these will more cost-effectively meet NHS congestion objectives.
 - b. New Start funding inadequate to meet legitimate demand for New Start facilities. The overall funding level is increased \$100 million/year but will also include Washington, D.C. Metro. In addition, shifting the New Start program from the gas tax to the General Fund puts this funding level in jeopardy.
 - c. NHS funding to states for both urban and intercity improvements reinforce bias for intercity improvements at the expense of urban mobility improvements. Since the Rural NHS is intended to connect all urban areas of population greater than 10,000, urban vs. rural competition will be significant.

- d. Level of NHS funding intended for urban areas not necessarily targeted to urban areas. The level of funding is based upon the overall NHS needs (urban and rural) but the distribution is not targeted.
 - e. Match ratio bias in favor of NHS improvements (75/25) rather than urban arterials (60/40) or New Starts (60/40).
2. The Urban program (FHWA and UMTA) which is intended to meet the balance of the urban system needs is insufficient to meet urban needs. "Urban" funding would be spread across a larger system. FAU system would be expanded with more large scale facilities shifted from the FAP system and added smaller facilities (all Collector routes).
 3. Added requirements that urban areas implement Congestion Management Plans are not accompanied with resources and flexibility to meet requirements.
 4. The FHWA/UMTA programs should be restructured to ensure a balanced approach to meeting key national objectives affecting:
 - a. Urban/suburban growth and gridlock
 - b. Urban air quality
 - c. International economic competitiveness

B. Intercity Improvements Partially Satisfied

1. The philosophy of NHS for intercity connections appears acceptable (involving connecting all urban areas of 10,000 population or greater) but should not be the priority at the expense of urban mobility.
2. An artificial mileage cap (150,000 miles) could limit intended function of NHS, but all mileage levels under consideration (120,000 to 180,000) represent a significant increase over the Interstate system (44,000 miles).
3. Preservation of the Interstate system could be jeopardized by shifting funds to Preservation and Modernization on a much larger NHS system.

Recommendation

A. Principles

1. Urban areas should be assured funding through a formula approach to the greatest extent possible.

2. A federal Discretionary program for NHS and New Starts should be provided to supplement formula programs for large scale, high-cost projects.
3. Funding available to urban areas should be sufficiently flexible to meet objectives through the most cost-effective alternative available. Modal bias resulting from funding availability, match ratios or difference in administrative requirements should be eliminated.
4. Comprehensive Congestion Management requirements should be a joint responsibility of the state and urban area, including the state Department of Transportation, MPO, cities, counties and transit operators, and should be the primary basis for targeting funds to urban mobility needs. Congestion management requirements should apply to UMTA programs in addition to FHWA.

B. Proposed Changes to FHWA/UMTA Proposals

1. Designate NHS system in urban areas only for the purpose of defining a congestion management requirement for facilities of national significance (NHS routes into and through urban areas) rather than for targeting funds for NHS improvements.
2. Standardize match ratios at 75/25.
3. Increase funding for New Start program with reliable trust fund dollars.
4. Retain "New Starts" and NHS "Discretionary" programs for high-cost, large scale projects.
5. Maintain Bridge program.

C. Alternatives for Distributing Funds to Meet Urban Mobility Objectives

Alternative 1

- . Maintain "NHS" and "Urban" categories as currently proposed.
- . Suballocate urban portion of "NHS" funds to urban areas.
- . Allow use of the urban NHS allocation for preservation projects on the NHS system identified by the state.
- . Allow use of the urban NHS allocation for actions identified by the state and the region in the Congestion

Management Plan to meet level-of-service objectives on the NHS system. Allow sufficient flexibility to fund highway, transit, arterial or demand management improvements that most cost-effectively benefit the NHS route.

- Suballocate FHWA "Urban" funds and UMTA "Urban" funds to each urban area to meet mobility objectives off the NHS system. Allow use of highway funds for transit; transit funds for highways.

Alternative 2

- Maintain an Interstate-Preservation category to be administered by the state in both urban and rural areas.
- Merge the funding intended for NHS "Urban" Modernization with the FHWA "Urban" program and the UMTA "Urban" program into a single category with suballocations to each urban area.
- Allow first priority use of the consolidated "Urban" funding program for cost-effective actions identified by the state and the region in the Congestion Management Plan to meet level-of-service objectives on the NHS system.
- Allow use of the consolidated "Urban" funding program on mobility improvements off the NHS system if reasonable progress on the NHS system can be demonstrated.

1991 SURFACE TRANSPORTATION ACT UPDATE PROGRAM OPTIONS

CURRENT S.T.A.

URBAN:	FAI/FAI-4R	FAP	FAU	HBR	UMTA Sec. 9	New Starts
RURAL:			FAS		Sec. 18	
MATCH RATIO	92/8	88/12	88/12	80/20	75/25	75/25

FHWA/UMTA PROPOSAL

URBAN:	NHS	FHWA-URBAN	HBR	UMTA-URBAN	New Starts
RURAL:		FHWA-RURAL		UMTA-RURAL	
MATCH RATIO	75/25	60/40	75/25	60/40	60/40

JPACT-ALTERNATIVE 1

URBAN:	NHS-URBAN	FHWA-URBAN	HBR	UMTA-URBAN	New Starts
RURAL:	NHS-RURAL	FHWA-RURAL		UMTA-RURAL	
MATCH RATIO	75/25	75/25	75/25	75/25	75/25

JPACT-ALTERNATIVE 2

URBAN:	FAI-3R	FHWA-URBAN	HBR	UMTA-URBAN	New Starts
RURAL:		FHWA-RURAL		UMTA-RURAL	
MATCH RATIO	75/25	75/25	75/25	75/25	75/25

Agenda Item No. 6.4
Meeting Date: January 24, 1991

TRANSPORTATION and PLANNING COMMITTEE REPORT

RESOLUTION NO. 91-1379,
ENDORING A POSITION
on the SURFACE TRANSPORTATION ACT UPDATE of 1991

Date: January 23, 1991 Presented by: Councilor Devlin

COMMITTEE RECOMMENDATION

At its January 22, 1991 meeting, the Transportation and Planning Committee voted unanimously (Bauer, Devlin, Gardner, McLain, and Van Bergen) to recommend Council adopt Resolution No. 91-1379.

BACKGROUND

Resolution No. 91-1379 endorses a uniform statewide position paper on issues relating to the adoption of the federal Surface Transportation Act of 1991.

ODOT developed the position paper with the input and participation of affected transportation organizations statewide, including JPACT.

JPACT, at its January 17, 1991 meeting, recommended approval of Resolution No. 91-1379.

The Governmental Affairs Committee, at its January 17, 1991 meeting, voted unanimously to recommend Council adopt Resolution 91-1379.

COMMITTEE DISCUSSION/ISSUES

Staff reviewed the position paper, emphasizing several topics of special importance to the Metro region: UMTA Section 3 ("grandfather" Westside LRT), Federal Match Ratios, and Match Ratio Equity.

Councilor Devlin raised the issues reported from the Governmental Affairs Committee's discussion: rural and (more flexible) urban "pots" of funding, as advocated by NARC, and the lobbying budget.