

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING THE )	RESOLUTION NO. 15-4649
2015-18 METROPOLITAN )	
TRANSPORTATION IMPROVEMENT )	
PROGRAM (MTIP) TO INCLUDE THE )	
AMTRAK CASCADES PASSENGER RAIL )	Introduced by: "Chief Operating Officer
SERVICE OPERATIONS AND )	Martha Bennett in concurrence with
MAINTENANCE COSTS PROJECT )	Council President Tom Hughes"

WHEREAS, the Metropolitan Transportation Improvement Program (MTIP) prioritizes projects from the Regional Transportation Plan to receive transportation related funding; and

WHEREAS, the Joint Policy Advisory Committee on Transportation (JPACT) and the Metro Council approved the 2015-18 MTIP on July 31, 2014; and

WHEREAS, JPACT and the Metro Council must approve any subsequent amendments to add new projects or substantially modify existing projects in the MTIP; and

WHEREAS, the ODOT Amtrak Cascades passenger rail service provides travelers an essential rail transportation option from southern Oregon to Vancouver, British Columbia; and

WHEREAS, the Amtrak Cascades service provides numerous transportation benefits including vehicle congestion reduction, competitive pricing, support to local economies, and supports greenhouse gas emission reduction objectives; and

WHEREAS, the Amtrak Cascades service has experienced significant operating and maintenance cost increases that have exceeded available revenue sources creating a critical funding gap; and

WHEREAS, Oregon Legislature has approved \$10.4 million from the General Fund to help reduce the funding shortfall; and

WHEREAS, ODOT has pursued a funding opportunity with FHWA to secure additional state Congestion Mitigation Air Quality (CMAQ) funds to help reduce the funding gap; and

WHEREAS, FHWA has approved ODOT's request for CMAQ to support the Amtrak Cascades operations and maintenance needs; and

WHEREAS, ODOT will apply the awarded total \$8,588,799 of State CMAQ towards the Amtrak Cascades service operations and maintenance requirements during the federal years of 2016 and 2017; and

WHEREAS, the additional CMAQ will be a significant contribution that can be applied to the existing funding gap shortfall and together with the General Fund allocation will reduce the funding gap by over eighty-eight percent; and

WHEREAS, the additional CMAQ funding will help prevent a reduction or elimination of existing Amtrak Cascades passenger rail services; and

WHEREAS, the application of the CMAQ towards the Amtrak Cascades service operations and maintenance areas will have no impact on vehicle capacity and are therefore exempt from needing to demonstrate conformity with the air quality emissions budget; and

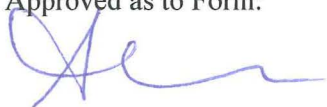
WHEREAS, the Metro Joint Policy Advisory Committee on Transportation recommended approval on October 8, 2015; now therefore

BE IT RESOLVED that the Metro Council hereby adopts the recommendation of JPACT to formally amend the 2015-18 MTIP to include Amtrak Cascades Passenger Rail Service Operations and Maintenance Costs project.

ADOPTED by the Metro Council this 15<sup>th</sup> day of October 2015.

  
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Tom Hughes, Council President

Approved as to Form:

  
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Alison R. Kean, Metro Attorney

**Exhibit A to Resolution No. 15-4649**

**2015-18 Metropolitan Transportation Improvement Plan Chapter 5 Tables Amendment**

**Action:** Amend MTIP to include the Amtrak Cascades Passenger Rail Services Operations and Maintenance Costs Project

**Existing programming:** None – New project

**Amended programming:**

Project Name	Project Description	ODOT Key #	Lead Agency	Estimated Total Project Cost (all phases, all years)	Project Phase	Fund Type	Program Year	Federal Funding	Minimum Local (State) Match	Other Funds	Total Funding
Amtrak Cascades Service Operations and Maintenance Costs Project	Operations and maintenance costs for Amtrak Cascades Passenger Rail Service in the Portland Metro area	TBD	ODOT	\$9,571,826	Other	CMAQ - State	2016	\$8,588,799	\$983,027		\$9,571,826

**Notes:**

1. \$10.4 million was previously allocated from the General Fund to support the funding shortfall during FY 2015. It is not included as the current federal year is now 2016. The MTIP will reflect only the unobligated federal and match for the shortfall.
2. The estimated total funding shortfall over the 2015-2016 timeframe is \$22.6 million.
3. “Other” = A special phase designation for unique projects where the programmed funding represents an implementation phase for the project, but does not fit the regular Preliminary Engineering, Right-of-Way Acquisition, or Construction phases used for roadway improvement projects.

## STAFF REPORT

### FOR THE PURPOSE OF AMENDING THE 2015-18 METROPOLITAN TRANSPORTATION IMPROVEMENT PROGRAM (MTIP) TO INCLUDE THE AMTRAK CASCADES PASSENGER RAIL SERVICE OPERATIONS AND MAINTENANCE COSTS PROJECT

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Date: September 28, 2015

Prepared by: Ken Lobeck, 503-797-1785

#### BACKGROUND:

##### The MPO and the MTIP:

The Metropolitan Transportation Improvement Program (MTIP) is the federally mandated four-year schedule of expenditures of federal transportation funds as well as significant state and local funds in the Portland metropolitan region. The MTIP represents the first-four year implementation document of the long range Regional Transportation Plan (RTP). Development, management, updates, and amendments to the MTIP are the responsibility of the Metropolitan Planning Organization (MPO). The process of adding, removing, updating, or amending projects and their corresponding funding in the MTIP is called “programming”. Guidance governing the process to complete required project programming in the MTIP originates from 23 CFR Part 450, Section 324. The MPO is tasked to complete the periodic full update and needed amendments to the MTIP in accordance 23 CFR Part 450. Additional supplemental programming guidance is also developed between FHWA/FTA, and the MPO over time when programming clarifications are needed. Overall, the approved MTIP provides the following:

- The MTIP provides a financial four-year snapshot of how federal transportation funding is committed to specific projects, and their phases.
- The MTIP includes state and local funding that is committed as matching funds against the federal funds, or to regionally significant transportation projects in the region that may require federal approvals to implement.
- The MTIP provides the regional transportation investment picture and goals identified in the long-range RTP during the RTP’s first four years.
- The MTIP provides accountability of the federal transportation funding ensuring that the funds are used for their intended eligibility for the identified projects, phases, and project scope elements.
- The MTIP is the official document validating that the MPO and region has adhered to the programming rules of financial constraint reflecting that the fund programming does not exceed the annual fund apportionments or specific allocations.
- The MTIP provides the picture of unobligated federal funds allowing project lead agencies the ability to obligate and expend their awarded or allocated federal transportation funding.
- The MTIP through its complex programming process provides a confirmation that the region’s conformity finding achieved in the RTP is still correctly maintained ensuring that the region can continue receiving federal transportation funds.
- Metro as the MTIP manager acts as the conduit to complete required MTIP programming actions for agencies receiving federal transportation not managed directly by Metro, ensuring they can obligate and expend their funding in timely fashion.
- In air quality nonattainment and maintenance areas (and to a lesser degree in attainment areas), the MTIP is the source validation document as part of the NEPA record of decision (ROD) process ensuring the conformity requirements were completed, and the estimated project costs as stated in the environmental document are consistent with MTIP programming.

### Metro's Management Role with the MTIP:

As the MPO, Metro has the responsibility to correctly develop and maintain the MTIP in accordance with all federal related programming regulations and guidelines. Without Metro's efforts to correctly develop, update, manage, and maintain the MTIP, the financial constraint finding, the conformity finding, or both could be revoked. If this were to occur, all agencies that receive federal transportation funding in the Metro region would not be able obligate and expend the awarded funding. Work to complete NEPA environmental documents for federally funded or federalized projects would stop. Project "Notice to Proceed (NTPs)" also could be halted until the financial constraint or conformity issue was resolved. Finally, under extreme situations, FHWA or FTA can revoke an MPO's or a specific agency's (as the direct recipient of federal transportation funds) ability to receive future federal transportation funding.

### MTIP Formal and Administrative Amendments:

Approximately every three years, the MTIP receives a full update that includes system network re-modeling for conformity requirements. The MTIP update provides the next four-year "snap-shot" of how funding committed to the transportation system will be expended. A full MTIP update may occur in conjunction with the MPO's RTP update or separately as a formal amendment to the RTP. The next full MTIP update will occur in conjunction with the development of the 2018 RTP. In between MTIP updates, Metro as the MPO is authorized by FHWA and FTA to complete required project amendments to the MTIP. There are two types of MTIP amendments Metro is authorized to complete: Administrative and Formal Amendments.

### MTIP Administrative and Formal Amendments:

Metro's 2015-2018 MTIP, Chapter 6, Table 6.1 outlines the differences between Administrative and Formal amendments that staff uses as a guide to complete the required programming actions. The short summary of Administrative and Formal MTIP amendments is as follows:

Administrative amendments involve minor "administrative-type" changes to projects that clearly demonstrate that no impact to financial constraint or the conformity finding is occurring as a result of the programming changed. Examples of changes allowed within administrative amendments include a minor description change to clarify project scope elements, a change to the lead agency that will obligate and expend the funds, and shifting funding between the project phases if the change is kept within the same programmed year. Since administrative amendments have no impact upon the existing financial constraint and conformity findings, they do not require FHWA approval and formal resolution/approval from Metro Council. Administrative amendments are approved by ODOT acting as the delegated approval arm on behalf of FHWA/FTA.

As the name suggests, Formal MTIP amendments require additional approval steps, documentation, plus formal resolution and approval by JPACT, and Metro Council. Formal amendments also require approval from FHWA/FTA. Formal amendments do not impact the conformity finding or financial constraint. However, Formal amendments must demonstrate through the documentation process and approval process that the conformity finding and financial constraint are maintained correctly. Table 6.1 in the MTIP outlines examples and exceptions between Administrative and Formal amendments. An example is a new preservation project on the Interstate Highway system where the funding exceeds \$5 million dollars. The Administrative or Formal threshold for this project category is \$5 million. If a new project was requested to be added to the MTIP, and the total project cost in this example were \$6.5 million, and on the Interstate Highway system, then a Formal amendment is required to add the project to the MTIP per Table 6.1.

In the specific case of ODOT's new Amtrak Cascades Service project that is seeking approval to be added to the MTIP as part of this agenda item, the MTIP Table 6.1 was used as the basis to determine if the project could be added to the MTIP via an Administrative or Formal amendment. Guidance stated in Table 6.1 generally requires new projects to be added via a Formal amendment. Once possible exception exists in the guidance that staff reviewed which states: "Other ODOT operations projects (programmatic maintenance or updates to signs, illumination, rock falls, etc.) – total project costs less than \$2 million dollars" which requires approval by Metro resolution. Since the Amtrak Cascades Services total project cost being programmed exceeds the \$2 million threshold, it must be added to the MTIP via a Formal amendment.

The funding for ODOT's Amtrak Cascades Service project as described in the following paragraphs are Congestion Mitigation Air Quality (CMAQ) federal funds. They are State CMAQ funds outside of Metro's CMAQ apportionment. They are separate from Metro's RFFA program. FHWA and ODOT coordinated the required approvals for ODOT to acquire the additional obligation authority to receive the unexpended CMAQ capacity for the project. As the MPO, Metro's role was to work with ODOT to confirm the eligibility of the State CMAQ for the Amtrak Cascades Service project. Metro is now acting as a conduit to assist ODOT complete the required MTIP programming. The following provides additional details about the State CMAQ approved for the Amtrak Cascades Service Operations and Maintenance Support project.

#### *ODOT's State Rail Program:*

ODOT's State Rail Program represents and advocates for customers of railroads, both passenger and freight, to ensure a safe, efficient and reliable rail transportation system. The State Rail Program includes the Passenger Rail Program. The Passenger Rail Program is responsible for the planning and development of Oregon's growing passenger rail service which includes the operation of the Amtrak Cascades Service. ODOT partners with Washington State's Department of Transportation (WSDOT) and Amtrak to provide the Amtrak Cascades service from Eugene to Vancouver, British Columbia via Portland and Seattle. Two daily roundtrip trains serve Eugene, Albany, Salem, Oregon City, and Portland. Four daily roundtrips connect Portland and Seattle with two daily roundtrips between Seattle and Vancouver, British Columbia.

The Amtrak Cascades service is one of the nation's highest ridership passenger rail services. In 2013, 215,096 people used Amtrak Cascades trains and supporting buses between Eugene and Portland. The Amtrak Cascades service has enjoyed increasing ridership since the service began in 1994. 2013's ridership represented a 45.3 percent increase since 2007, and a 255 percent increase since 1995.

Passenger rail service offers travelers an option from their vehicle and includes several benefits:

- It reduces congestion on roadways.
- Passenger rail is competitively priced, reliable, and a safe alternative to the automobile.
- It supports the economies of the origin and destination cities, including providing opportunities for tourism.
- It supports greenhouse gas emission reduction objectives.

As of 2014, challenges emerged for the Amtrak Cascades service. Beginning in January, 2014, Oregon updated its schedules to offer better connections for the Willamette Valley passenger rail users with the goal of supporting continued ridership growth. However, ridership declined during 2014 instead of increasing. Several factors contributed to the decline including the elimination of one late morning train

that departed Eugene, the Bolt Bus entered service as a direct competitor to the Amtrak Cascade service, on-time performance dropped, and gas prices have fallen. ODOT and WSDOT are working together reverse the trend and increase ridership.

Passenger rail service can't support itself on ticket sales and requires some level of supplemental support. ODOT has funded the service through revenues generated from custom license plate fees, and funds from the Transportation Operations Fund (TOF). However, these sources presently are no longer sufficient to cover the costs of the trains. Additionally, the costs to operate and maintain the Amtrak Cascades service have increased over time as well. This has produced a gap between revenues and costs. ODOT has identified five key factors that continue to increase the gap between revenues and costs. They include the following:

- *Shifting costs to states:* As a result of the passage in 2008 of the Passenger Rail Investment and Improvement Act (PRIIA), short-distance (i.e. routes under 750 miles in length) intercity passenger rail costs were shifted to the states effective as of October 1, 2013. This added millions of dollars in costs that ODOT had to include in their biennial passenger rail budget.
- *Increased costs:* From 2009 to 2013, Amtrak's operating costs have risen 36 percent even before the added costs from PRIIA took effect.
- *Custom plate fees:* In 2009, the Legislature doubled the custom license plate fee anticipating the result would double the revenue ODOT received. However, demand for custom license plates has not reach the projected levels resulting in lower revenues.
- *New ticket revenue sharing methodology:* A recent change in how Oregon and Washington share the ticket revenue resulted in Washington receiving more revenues. While the revenue division change is considered fair, it increased ODOT's out-of-pocket costs.
- *Costs of train ownership:* Until 2013, service in Oregon was provided using trains owned by Washington and Amtrak. The impact was that Washington was subsidizing Oregon. Washington will soon increase the number of trains between Portland and Seattle and will need their trains to serve this portion of the corridor. ODOT utilized ARRA funding to purchase two new train sets that went into service in 2013. While the procurement ensures ODOT does not have to cancel service in Oregon when Washington reallocates their trains, it also requires ODOT to incur the maintenance costs.

The Oregon Transportation Commission (OTC) received an informational update from ODOT about the passenger rail service and the funding shortfall during their July 2015 meeting. ODOT detailed the cost increases the Amtrak Cascade service has experienced since 2013, and strategies to increase ridership were presented to the OTC.

In the 2015-2017 Budget Narrative, Rail Division Policy Package #160, Passenger Rail Funding summary, the total funding shortfall has been identified at approximately \$22.6 million over the period. The Oregon Legislature approved \$10.4 million from the General Fund during March 2015 to help address the shortfall.

Recently, ODOT received an opportunity to utilize available unexpended capacity of Congestion Mitigation Air Quality (CMAQ) improvement funds. The available State CMAQ does not impact the existing apportionment to the Metro region, or decreases our existing annual allocation. ODOT has applied and received approval from FHWA for a total of \$8,588,799 of State CMAQ to be used in

support of operations and maintenance needs for the Amtrak Cascades service. Adding the required 10.27% match, the CMAQ/match total equals \$9,571,827 that can be applied to the shortfall.

The General Fund approval of \$10,408,710 plus the State CMAQ/match of \$9,571,821 provides ODOT a total of \$19,980,536 for the funding shortfall. The approximate \$20 million provides about 88.4% of the needed funding for the shortfall. ODOT is examining additional potential funding sources to cover the remaining balance.

The additional CMAQ for ODOT does not impact Metro's annual CMAQ apportionment. There is no reduction to Metro's CMAQ allocation as a result of ODOT receiving the additional CMAQ funding. When programmed in the MTIP, the CMAQ will be identified with the fund code "CMAQ-State" to separate it from and avoid confusion with Metro's CMAQ funded projects. As part of the eligibility review for MTIP programming, the MTIP financial constraint requirement has been maintained.

Federal air quality regulations as outlined in Title 40 Code of Federal Regulation 93.126, Table 2, exempt the project from having to perform air quality analysis due to the fact that the work has no impact upon vehicle emissions, and no change to rail services is occurring.

Staff will complete the MTIP programming action upon final approval from the Metro Council and coordinate with ODOT Region 1 to ensure the project is also added to the STIP. The programming summary is shown in Exhibit A to the Resolution 15-4649.

#### **ANALYSIS/INFORMATION**

1. **Known Opposition:** None known at this time.
2. **Legal Antecedents:** Amends the 2015-2018 Metropolitan Transportation Improvement Program adopted by Metro Council Resolution 14-4532 on July 31, 2014 (For The Purpose of Adopting the Metropolitan Transportation Improvement Program for the Portland Metropolitan Area).
3. **Anticipated Effects:** Enables the projects to obligate and expend awarded federal funds.
4. **Budget Impacts:** None

#### **RECOMMENDED ACTION:**

TPAC recommends the approval of Resolution 15-4649. (TPAC approval date: September 25, 2015)