

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ADOPTING THE 2018-)	RESOLUTION NO. 16-4702
2021 METROPOLITAN TRANSPORTATION)	
IMPROVEMENT PROGRAM AND 2019-2021)	Introduced by Chief Operating Officer Martha
REGIONAL FLEXIBLE FUNDS ALLOCATION)	Bennett in concurrence with Council
POLICY STATEMENT FOR THE PORTLAND)	President Tom Hughes
METROPOLITAN AREA)	

WHEREAS, the Metropolitan Transportation Improvement Program (MTIP), which reports on the performance and programming of all federal transportation funds to be spent in the Portland metropolitan region, must be periodically updated in compliance with federal regulations; and

WHEREAS, the updated MTIP addresses the performance and programming of the Portland metropolitan region’s transportation investments for federal fiscal years 2018 through 2021; and

WHEREAS, Metro has worked with partners, the Oregon Department of Transportation (ODOT), the South Metro Area Regional Transit (SMART); and the Tri-County Metropolitan Transportation District (TriMet) to develop a coordination agreement for updating the 2018-2021 MTIP; and

WHEREAS, the regional flexible fund allocation (RFFA) is one element of the 2018-2021 MTIP; and

WHEREAS, the Metro Council and Joint Policy Advisory Committee on Transportation (JPACT) are authorized per Code of Federal Regulations Title 23Section 450.324 to allocate these funds to projects and programs in the metropolitan region and preceding the allocation, have developed a policy statement defining how the region should consider investments for federal fiscal years 2019-2021 for the regional flexible funds; and

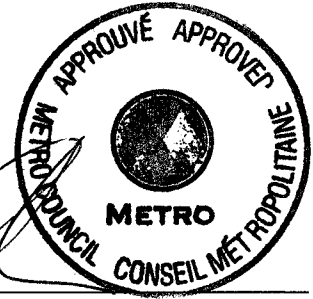
WHEREAS, input has been sought and received from stakeholders on how the regional flexible funds can best be utilized to provide benefits to the region’s residents; and

WHEREAS, JPACT has used this input to develop the MTIP and RFFA policy statement; and

WHEREAS, a public process has provided an opportunity to comment on the proposed RFFA policy direction; now therefore,

BE IT RESOLVED that the Metro Council adopt the 2018-2021 Metropolitan Transportation Improvement Program and 2019-2021 Regional Flexible Funds Allocation policy statement.

ADOPTED by the Metro Council this 16th day of June 2016.



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Tom Hughes, Council President

Approved as to Form:

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Alison R. Kean, Metro Attorney

**MAKING A
GREAT
PLACE**



**2018-21 Metropolitan
Transportation Improvement
Program & 2019-21 Regional
Flexible Funds Allocation
Policy Report**

About Metro

Clean air and clean water do not stop at city limits or county lines. Neither does the need for jobs, a thriving economy, and sustainable transportation and living choices for people and businesses in the region. Voters have asked Metro to help with the challenges and opportunities that affect the 25 cities and three counties in the Portland metropolitan area.

A regional approach simply makes sense when it comes to providing services, operating venues and making decisions about how the region grows. Metro works with communities to support a resilient economy, keep nature close by and respond to a changing climate. Together we're making a great place, now and for generations to come.

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EXECUTIVE SUMMARY

As the Portland region prepares to make another round of transportation funding decisions, it has been presented with major opportunities to make significant investments to improve conditions for all users. With Congress' passage of the Fixing America's Surface Transportation (FAST) Act in late 2015, the region has at its disposal new federal programs as well as a five-year funding commitment. In addition, the Governor and state legislature have indicated that a new transportation funding bill will be considered in the 2017 session. And, encouraged by successful efforts in other parts of the country, regional leaders are considering the possibility of asking voters to approve a local funding measure as well.

Given these opportunities, the discussions leading up to adoption of this regional funding policy direction have centered on how the flexible funds can be used in a manner that puts the region in a strong position to compete for and leverage these additional sources of revenue. The choices laid out in this policy document collectively represent a way the region can develop multi-modal projects that will address some of the major system bottlenecks, follow through on the region's commitment to reduce greenhouse gas emissions, continue developing the transit network, improve safety for users of all ages, and provide more travel choices to the public.

In order to take advantage of these opportunities, it is important for regional decision-makers to think strategically about how best to invest our flexible funds. Building on the region's past history of successfully working in partnership to bond these funds to generate significant up-front funding for transit system development, there is also the opportunity to consider a similar approach to do development work on a package of major projects in order to have a pipeline of specific projects that are ready to leverage these new funding opportunities. And, this can be done while continuing the region's commitment to building a multi-modal transportation system that benefits everyone.

1.0 INTRODUCTION

The Metropolitan Transportation Improvement Program (MTIP) serves as the federally required schedule of transportation investments administered by Metro, ODOT, TriMet and SMART. The MTIP also monitors implementation of federal and regional policies for the Portland metropolitan region during a four-year cycle.

The MTIP is comprised of three major components: the transportation funding allocations administered by the state department of transportation (ODOT), transit agencies (SMART and TriMet), and the metropolitan planning organization (Metro). Additionally, the MTIP also includes state and local transportation programming which affects the regional transportation system. Metro's transportation funding process is known as the Regional Flexible Funds Allocation (RFFA). As the region prepares to prioritize transportation projects and program activities to receive regional flexible funds available in the federal fiscal years 2019 through 2021, this report provides the Joint Policy Advisory Committee on Transportation (JPACT) and the Metro Council's policy direction for the allocation of the regional flexible funds and the coordination activities to develop the MTIP.

The process for updating these policies began by engaging regional stakeholders, technical advisory committees, elected officials, and Metro Council members. Metro staff used the TPAC and JPACT meetings as well as supplementary policy workshops to discuss and define: 1) expected coordination activities between the MPO, state department of transportation, and transit partners on the funding allocation processes; and 2) provide policy direction to allocate the estimated **\$130.38 million**¹ available in regional flexible funds for federal fiscal years 2019-2021.

The approach to allocating regional flexible funds proposed in this report is intended to develop a collaborative method for supporting transportation investments that achieve the region's vision and goals for the transportation system, as defined by the Regional Transportation Plan. The Plan's vision and goals include reducing the region's greenhouse gas emissions, keeping neighborhoods safe, supporting sustainable economic growth, and making the most of the existing investments our region has already made in public infrastructure.

2.0 REGIONAL SIX DESIRED OUTCOMES

In 2008, Metro Council and MPAC adopted Six Desired Outcomes² to form the framework of a performance-based approach for policy and investment decisions. Those outcomes are:

- **Vibrant communities:** People live and work in vibrant communities where they can choose to walk for pleasure and to meet their everyday needs.
- **Economic prosperity:** Current and future residents benefit from the region's sustained economic competitiveness and prosperity.
- **Safe and reliable transportation:** People have safe and reliable transportation choices that enhance their quality of life.
- **Leadership on climate change:** The region is a leader in minimizing contributions to global warming.
- **Clean air and water:** Current and future generations enjoy clean air, clean water and healthy ecosystems.
- **Equity:** Equity exists relative to the benefits and burdens of growth and change to the region's communities.

The Six Desired Outcomes shape the way in which all regional plans and policies reflect and orient towards achieving the desired outcomes.

3.0 REGIONAL TRANSPORTATION SYSTEM PERFORMANCE TARGETS

In 2014, the region adopted the Regional Transportation Plan (RTP), which serves as the blueprint for the transportation system for the next 25 years. The RTP includes policies for

¹ Funding availability estimates subject to final confirmation from ODOT.

² Metro Resolution 08-3940

the development of the transportation system and the list of transportation priority investments to implement the blueprint. The Six Desired Outcomes are incorporated as part of the RTP vision and blueprint and as a result they shaped and guided the development of RTP performance targets to measure progress towards the goals. The ten performance targets are shown below in Table 1.

Table 1: 2014 Regional Transportation Plan Performance Targets

Economy	Safety – By 2040, reduce the number of fatal and severe injury crashes for pedestrians, bicyclists, and motor vehicle occupants each by 50% compared to 2007 - 2011 average.
	Congestion – By 2040, reduce vehicle hours of delay (VHD) per person by 10 percent compared to 2010.
	Freight reliability – By 2040, reduce vehicle hours of delay per truck trip by 10 percent compared to 2010.
Environment	Climate change – By 2040, reduce transportation-related greenhouse gas emissions per capita below 2010 levels.
	Active transportation – By 2040, triple walking, biking and transit mode shares compared to 2010 modeled mode shares.
	Basic infrastructure – By 2040, increase by 50% the miles of sidewalk, bikeways, and trails compared to the regional networks in 2010.
	Clean air – By 2040, ensure zero percent population exposure to at-risk levels of air pollution.
	Travel – By 2040, reduce vehicle miles traveled per person by 10 percent compared to 2010.
Equity	Affordability – By 2040, reduce the average household combined cost of housing and transportation by 25 percent compared to 2010.
	Access to daily needs – By 2040, increase by 50 percent the number of essential destinations accessible within 30 minutes by bicycling and public transit for low-income, minority, senior and disabled populations compared to 2005. ³

4.0 REGIONAL TRANSPORTATION FINANCE APPROACH

In May 2009, JPACT developed an approach to direct how the transportation needs of the region are to be addressed by existing or potential funding sources. The funding source approach to address the region’s transportation needs was updated by staff for the 2018-21 policy report to reflect administrative or process changes to certain sources (i.e. consolidation of certain federal fund sources under federal transportation funding reauthorizations (MAP-21 and FAST acts), restructuring of ODOT allocation programs). This

³ Added with adoption of the 2014 RTP.

approach is shown in Table 2 and provides a starting point for the various funding programs or sources that are addressed in the MTIP and State Transportation Improvement Program (STIP). The approach identifies funding mechanisms agencies use and a regional strategy for sources to be pursued to address unmet needs of the different elements of transportation system in the region. The approach has been utilized in the development of RFFA policies since the 2010-2013 cycle.

Table 2: Existing Regional Transportation Finance Approach (updated to reflect changes in federal, state, and regional policy)

Transportation Project/ Activity Type	Existing Funding Sources	Strategy for Sources of Additional Funding
Local/Arterial street reconstruction/maintenance	<ul style="list-style-type: none"> • State pass through • Street utility fees 	<ul style="list-style-type: none"> • Increases in state gas tax or VRF • New street utility fees or equivalent
Active Transportation (includes bicycle, pedestrian, and small on-street transit capital improvements like bus shelters)	<ul style="list-style-type: none"> • Regional Flexible Funds • Connect Oregon • ODOT Region 1 competitive allocation – dedicated • Local contributions • Development (Frontage, Impact Fees, SDC’s) 	<ul style="list-style-type: none"> • New federal program • State Urban Trail fund • New local funds
Highway preservation	<ul style="list-style-type: none"> • Interstate Maintenance • State gas & weight/mile tax • ODOT Region 1 preservation, maintenance, and operations allocation program • NHPP 	<ul style="list-style-type: none"> • Increases in state gas tax or VRF • New street utility fees or equivalent
Transit Operations	<ul style="list-style-type: none"> • Employer tax • Passenger fares • Section 5307 • Section 5310 	<ul style="list-style-type: none"> • Employer tax rate • New funding mechanism • Passenger fare increases
Arterial Expansion	<ul style="list-style-type: none"> • Development (Frontage, Impact Fees, SDC’s) • Urban Renewal • ODOT Region 1 competitive allocation program • Regional Flexible Funds⁴ • TIGER • Local contributions 	<ul style="list-style-type: none"> • SDC rate increases • Regionally raised revenue • Increase in state gas tax or VRF

⁴ Limited to arterial freight facilities for ITS, small capital projects, and project development.

Transportation Project/ Activity Type	Existing Funding Sources	Strategy for Sources of Additional Funding
Highway expansion	<ul style="list-style-type: none"> • ODOT Region 1 competitive allocation program • NHPP • National Freight Program • Modernization Program • Fed/state earmarks 	<ul style="list-style-type: none"> • More from existing sources • Pricing/tolling • Increase in state gas tax or equivalent • Regionally raised revenue
HCT expansion	<ul style="list-style-type: none"> • Federal New Starts • Federal Small Starts • State lottery • Regional Flexible Funds • TriMet General Fund • Local contributions 	<ul style="list-style-type: none"> • More from existing sources
TSMO/Travel Options	<ul style="list-style-type: none"> • State operations • Regional Flexible Funds • TIGER 	<ul style="list-style-type: none"> • Regional VRF or equivalent
Land Use – TOD	<ul style="list-style-type: none"> • Regional Flexible Funds 	<ul style="list-style-type: none"> • Strategy under development

5.0 2018-2021 METROPOLITAN TRANSPORTATION IMPROVEMENT PROGRAM COORDINATION POLICY

Federal policy language in the United States Code (USC) of Federal Regulations⁵ direct metropolitan planning organizations (MPOs), state departments of transportation (DOT), and transit agencies to work in cooperation with each other when using federal transportation funding to make investments in the region. These rules state:

“For each metropolitan area in the State, the STIP shall be developed in cooperation with the MPO designated for the metropolitan area. Each metropolitan transportation improvement program (TIP) shall be included without change in the STIP, directly or by reference, after approval of the TIP by the MPO and the Governor.”⁶

And,

“The MPO, in cooperation with the State(s) and any affected public transportation operator(s), shall develop a TIP for the metropolitan planning area.”⁷

⁵ Title 23 Highways, Chapter I Federal Highway Administration, Department of Transportation, Part 450 Planning Assistance and Standards.

⁶ §450.216 Development and content of the statewide transportation improvement program (STIP).

⁷ §450.324 Development and content of the transportation improvement program (TIP).

These rules, commonly referred to as the “Three C’s” (comprehensive, cooperative, and continuing) are intended to ensure required federal transportation planning and funding processes support shared local and federal goals. The “Three C’s” serve an important role because in each metropolitan region there is usually more than one entity which plans for the transportation network and has discretion over the allocation of federal transportation funding. For the Portland metropolitan region, the MTIP, as a federally required document, must be developed collaboratively with partners. Key partners of Metro involved with the development of the MTIP include ODOT, as the state department of transportation, TriMet and SMART as the region’s two transit operators. The MTIP has two main functions: 1) to serve as a tool to implement regional policies and ultimately federal policies addressing the federal planning factors; and 2) to demonstrate transportation investments comply with federal directives.

Therefore, in order to monitor and ensure the MTIP is implementing adopted regional policies across all federal transportation investments and meeting federal mandates, the entities which allocate federal transportation funding come to agreement on coordination activities to ensure the MTIP functions are being met. The agreement becomes the MTIP coordination policy and its development is facilitated by Metro, as the MPO. The policy is updated at the beginning of each new MTIP cycle.

As Metro prepares for the 2018-2021 MTIP cycle, a set of process and coordination activities have been identified at the outset to ensure cooperation between partners in developing the MTIP. Many of these policies have been developed over multiple cycles and continue to be modified or expanded to reflect changes in federal regulations and guidance.

The following section further describes the 2018-2021 MTIP coordination policy, which is categorized under regional policy implementation and federal administrative compliance.

Regional policy implementation

One of the main purposes of the MTIP is to implement adopted regional policies outlined in the Regional Transportation Plan (RTP). The RTP, as the blueprint for the region’s long-range transportation vision of the future, is required to embody federal planning requirements. As a tool to implement regional transportation policies, the MTIP includes: 1) a detailed list of transportation investments to be made in the next four years; and 2) narratives by Metro, ODOT, TriMet and SMART which demonstrate how the transportation investments make progress towards regional policies and comply with federal mandates.

For the 2018-2021 MTIP coordination policy, Metro, ODOT, TriMet and SMART are conducting four funding allocation decision processes. These processes are the main focus of identifying how transportation investments are implementing regional policies. At the early stages of 2018-2021 MTIP process, Metro hosted a set of policy workshops with ODOT, TriMet, and SMART as well as local partners and interested stakeholders to gather input on activities and ways in which the entities can be better coordinated. Based on the feedback and input, a set of general coordination activities and protocols have been developed as a means for each process to provide opportunities for decision-makers,

particularly JPACT and the Metro Council, to check in on the processes and weigh in on behalf of the region's transportation priorities.

Demonstration of federal compliance

Another key function of the MTIP is to demonstrate to federal oversight agencies that the regions' program of transportation investments is in compliance with applicable regulations and guidance. Therefore, as part of the development of each new MTIP, sections are devoted to describing how the funding allocation decision-making process and the overall package of transportation investments in the MTIP are compliant with federal regulations. Several of the federal regulations are specifically directed for the MTIP to address, while others are overarching federal compliance mandates across all federal programs. The follow list identifies the topic areas in which the MTIP documents federal compliance.

- Financial constraint of the funding decisions and overall package of investments
- Consideration of the following in funding decisions:
 - Congestion management process and strategies
 - Adequately operating and maintaining the transportation system
 - Transportation access and mobility needs of underserved communities
 - Implementation of air quality transportation control measures
- Environmental justice benefits and burdens of investments
- Title VI of the Civil Rights Act of 1964
- Air quality emissions impacts
- The process and technical considerations used to prioritize and make investment decisions
- The public involvement process to support the investment decision making, In particular identify the opportunities for meaningful public involvement to underserved communities
- How investments advance RTP implementation

2018-2021 MTIP coordination policy implementation

The implementation of the MTIP coordination policy and the specific details of coordination activities are documented and agreed upon by Metro, ODOT, TriMet, and SMART in the 2018-2021 MTIP charter. The 2018-2021 MTIP charter outlines the funding allocation process schedules, the specific coordination activities which will be conducted, and states the roles and expectations of each partner in the developing the 2018-2021 MTIP document and participation in funding allocation processes. The 2018-2021 MTIP charter was signed and placed into effect in January 2016 to allow partners to move forward with implementing coordination activities as the funding allocation processes are underway.

The charter is identified in the federally required planning agreement between Metro, ODOT, TriMet and SMART as a tool to identify specific coordination activities on large planning activities such as the development of an MTIP. The planning agreement outlines the overall roles and responsibilities of the four agencies in carrying out the federal

transportation planning program and the 2018-21 MTIP charter has been developed consistent with the planning agreement.

6.0 REGIONAL FLEXIBLE FUND ALLOCATION OBJECTIVES

The following objectives define how the RFFA process should be conducted and what outcomes should be achieved with the overall allocation process.

1. Select projects from throughout the region; however, consistent with federal rules, there is no sub-allocation formula or commitment to a particular distribution of funds to any sub-area of the region.
2. Honor previous funding commitments made by JPACT and the Metro Council.
3. Address air quality requirements by ensuring air quality Transportation Control Measures (TCMs) for pedestrian and bicycle improvements are met and that an adequate pool of CMAQ-eligible projects is available for funding.
4. Achieve multiple transportation policy objectives.
5. Allow use of funding for project development and local match of large-scale projects (greater than \$10 million) that compete well in addressing policy objectives when there is a strong potential to leverage other sources of discretionary funding.
6. Encourage the application of projects that efficiently and cost-effectively make use of federal funds.
7. Recognize the difference in transportation infrastructure investment needs relative to an areas stage of development (developed, developing, undeveloped) consistent with RTP Table 2.2.
8. Identify project delivery performance issues that may impact ability to complete a project on time and on budget.
9. Ensure agencies have qualifications for leading federal aid transportation projects.
10. Identify opportunities for leveraging, coordinating, and collaboration.

7.0 2019-2021 REGIONAL FLEXIBLE FUNDS STRUCTURE

There is a projected total of **\$130.38 million**⁸ available for investments and projects in the 2019-2021 timeframe. Funding is allocated in two steps, described below.

NEW POLICY DIRECTION

Through a series of workshops conducted at the outset of the 2019-21 RFFA policy update process, several options for investment of flexible funds were identified. These options are reflective of new regional policy adopted since the prior flexible funds policy update as well

⁸ Funding availability estimates subject to final confirmation from ODOT.

as regionally identified issues. In order for the region to consider additional investments in Steps 1 and 2, JPACT directs staff and project sponsors to develop specific funding proposals to further define these policy options. Funding proposals will be considered and evaluated during the technical evaluation phase to be conducted during the summer and fall of 2016. These optional new investments are described below as New Policy Direction #s 1-5.

If Steps 1 & 2 funding levels from the 2016-18 RFFA cycle are continued at the same amounts (inflation adjusted), the remaining funding capacity in 2019-21 after meeting previous commitments is estimated to be \$17.43 million. This additional capacity alone is not sufficient to accommodate all new policy proposals, so several approaches were considered to accommodate various scenarios:

- a. Limit new policy investments to the estimated remaining revenues of \$17.43 million, divided according to regional priority, recognizing that not all of the proposals can be funded at maximum amounts described below with this approach
- b. Fund the project development proposal from the Step 2 funding capacity as it is already an eligible activity within Step 2

STEP 1.A. BOND COMMITMENTS FOR REGIONAL HIGH CAPACITY TRANSIT

Regional flexible funds have been used to help construct the region's high-capacity transit system. Since 1998, TriMet has issued bonds to pay for capital costs of high-capacity transit line construction, based on a regional commitment of flexible funds to repay the bonded debt. The repayment schedule for the existing bond commitment is \$16 million annually until 2027, thus the total existing amount in the three years covered in the 2019-21 RFFA committed to bond repayment is \$48 million.

New policy direction #1 – Increase to bond commitment for transit

The region has the opportunity to bond an additional amount of flexible funds to continue investing in the region's high-capacity transit (HCT) network. Bond proceeds will enable the region to help fund project planning and capital construction costs for the Powell-Division and Southwest Corridor transit investments. A HCT funding proposal submitted for evaluation should show projected return on bonding investment, estimated payoff schedule and ongoing commitment of regional funds, and projection of additional funding sources to be leveraged by a commitment of regional funds. By showing local commitment of its flexible funds, the region will be well-positioned to qualify for additional federal as well as other funding sources. This policy option would direct a commitment of an additional \$15.43 million (\$5.14 million annually) from the 2019-21 RFFA, to provide:

- \$25 million for the final design and construction of the Powell-Division high capacity transit bus project
- \$80 million to the Southwest Corridor project for planning, design, engineering and construction

Metro and TriMet have agreed that, as the planning and design of the Southwest Corridor and Powell-Division projects moves forward, opportunities to incorporate cost-effective pedestrian and bicycle connections between station areas and adjacent neighborhoods and schools, particularly Title I schools, will be identified and that, to the extent consistent with federal project eligibility and funding limitations, will seek to integrate such meritorious elements into the project design.

TriMet has indicated that in order to maintain project schedules and timelines, there is a desire for the region to make a decision on a funding commitment prior to the regular RFFA scheduled decision point in January 2017. A funding proposal as described above will be submitted by TriMet prior to finalization of an IGA defining the bonding agreement between Metro and TriMet.

High-capacity transit bond commitment

Existing commitment	\$48.00 million
New commitment	\$15.43 million ⁹
TOTAL	\$63.43 million

STEP 1.B. PROJECT DEVELOPMENT BOND

New policy direction #5 – Project development

In response to new funding opportunities at the federal, state, regional and local levels, JPACT established a new bond commitment in the 2019-21 RFFA cycle for the purpose of project development.

JPACT recommends that \$3.78 million of Step 2 funding be used to develop a selected package of improvements to address regional active transportation needs, and freeway interchanges or arterials that are identified as significant system deficiencies, particularly in the areas of safety and freight delay.

For projects coordinated with freeway mainline and associated interchange elements, flexible funds will be invested as a part of a multi-agency approach to addressing multiple transportation issues around the mainline facilities, and would focus on the multi-modal portions of these projects that are on the regional arterial network adjacent to the freeway interchange, following policy direction established by the Regional Transportation Funding Approach (found in Section 4.0 of this document).

Regional flexible funds are to be used in a manner consistent with Section 4.0 of this policy report, the Regional Transportation Finance Approach that targets these funds to the connecting arterial portions of freeway interchange projects and Active Transportation projects. Bonding \$3.78 million of the flexible funds will create \$12 million in bond revenue

⁹ \$15.43 million is the total additional amount of funding committed to the high-capacity transit bond in the 2019-21 RFFA cycle. Future RFFA cycles will have a higher level of bond repayment commitment. See Table 3 for a complete bond repayment schedule and estimated amounts.

for a regional freight and Active Transportation project development program to advance a package of multi-modal and multi-facility projects that can leverage discretionary federal resources, support a 2017 legislative transportation funding effort and a 2018 regional transportation funding initiative. Bond revenue will be allocated in the following manner:

- \$10 million to be allocated to support arterial and related improvements associated with efforts already initiated by ODOT to develop projects to address three major regional bottlenecks; I-205 Abernethy Bridge, I-5/I-84 at the Rose Quarter, and Hwy 217 improvements
- \$2 million to be allocated to support project development and capital investment for active transportation projects, including Safe Routes to School for Title 1 schools, regional trails and other regionally significant active transportation facilities. It is required that before project development can proceed, candidate projects must be approved by JPACT.

The region intends to use the project development and regional transit bonding allocations to position the region to win federal, state and local transportation funding increases. This is intended to be an ongoing effort that not only will address the three named ODOT projects, but will be a foundation for addressing the funding needs of further priority projects in the Regional Transportation Plan.

Prior to final funding allocations, proposals that further define the specifics of each project will be submitted by project sponsors and evaluated by the RFFA project selection work group, as indicated in Table 4.

Project Development Bond Commitment

Arterial/related improvements on bottlenecks	\$1.89 million
Active Transportation	\$1.89 million
TOTAL	\$3.78 million¹⁰

¹⁰ \$3.78 million is the total additional amount of funding committed to the project development bond in the 2019-21 RFFA cycle. Future RFFA cycles will have differing level of bond repayment commitment. See Table 3 for a complete bond repayment schedule and amounts.

Table 3: Regional bond commitment repayment schedule (millions)

	Existing transit bond commitment	New transit bond commitment	New project development bond commitment	Total bond commitment
2019	\$16	\$5.14	\$1.26	\$22.40
2020	\$16	\$5.14	\$1.26	\$22.40
2021	\$16	\$5.14	\$1.26	\$22.40
2022	\$16	\$6.10	\$1.26	\$23.36
2023	\$16	\$6.10	\$1.26	\$23.36
2024	\$16	\$6.10	\$1.26	\$23.36
2025	\$16	\$6.10	\$1.26	\$23.36
2026	\$16	\$6.10	\$1.26	\$23.36
2027	\$16	\$6.10	\$1.26	\$23.36
2028		\$17.69	\$1.26	\$18.95
2029		\$17.69	\$1.26	\$18.95
2030		\$17.69	\$1.26	\$18.95
2031		\$17.69	\$1.26	\$18.95
2032		\$17.69	\$1.26	\$18.95
2033		\$17.69	\$1.26	\$18.95
2034		\$17.69	\$1.26	\$18.95

STEP 1.C. REGION-WIDE PROGRAM INVESTMENTS

Region-wide programs have been defined over time by their regional scope, program administration, and policy coordination and a consistent allocation of regional flexible funds to support them. In previous cycles, the allocation of funding to these programs was competed in Step 1 of the process, prior to the allocation of funds to local projects.

Funding targets are set for the existing region-wide programs in this cycle based on their historical allocation levels plus a 3 percent inflationary increase to address program costs and purchasing power. The region-wide programs will be reviewed prior to the final funding decision scheduled for the fall of 2016. The review will provide the following information about each program:

- Program description – description of the program purpose and its major activities.
- Regional Funding Strategy Context – description of why the program is appropriate for regional flexible funding (see Table 2: RTP Finance Approach chart).
- Directly related RTP performance targets –description of how the program helps the region meet performance targets in the RTP.
- Program strategic plan or recent planning work completed to date – description of how the strategic plan helps set priorities for implementation.

- Program performance to date – description of specific accomplishments of the program.
- Additional opportunities – description of priorities or activities the program would pursue given additional resources.

New policy direction #2 – Increase to RTO for Safe Routes to School

One of the needs identified through the stakeholder input process is the development of a regional Safe Routes to School (SRTS) funding program to support outreach and education activities in schools and communities. JPACT directed that regional activities and awarding grants to these programs will be funded through an additional allocation to the Regional Travel Options (RTO) program. The RTO program currently awards flexible funds through a grantmaking process. The policy proposal should define the elements necessary to create and sustain SRTS programs throughout the region, including local infrastructure needs identification, local program planning and technical assistance, local program funding, and a regional coordination role¹¹. New funding commitment is \$1.5 million (\$500K/yr).

New policy direction #3 – Increase to RTO for Climate Smart Strategies

The short list of Climate Smart Actions adopted through the Climate Smart Strategy policy identifies effective investments and activities the region can undertake in the 2015-16 timeframe to immediately begin following through on our regional commitment to reduce greenhouse gas emissions. One of these identified actions is to increase the regional funding commitment to the Regional Travel Options (RTO) program. JPACT directed that the policy proposal will define how an increased investment in the RTO program can assist and encourage more people to walk, bicycle, rideshare or take transit. An additional \$250,000 (\$83.3K/yr) will be directed towards grants to local government and community-based organizations to assist and encourage more people to walk, bicycle, rideshare or take transit.

New policy direction #4 – Increase to TSMO for Climate Smart Strategies

The short list of Climate Smart Actions adopted through the Climate Smart Strategy policy identifies effective investments and activities the region can undertake in the 2015-16 timeframe to immediately begin following through on our regional commitment to reduce greenhouse gas emissions. One of these identified actions is to increase the regional funding commitment to the Transportation Systems Management and Operations (TSMO) program. JPACT directed that the policy proposal will define how an increased investment in the TSMO program can result in technological improvements that smooth traffic flow and improve on-time performance and reliability. An additional \$250,000 (\$83.3K/yr) will be directed towards technological improvements that smooth traffic flow and improve on-time performance and reliability.

¹¹ The intent is for Metro to make grants and manage the SRTS program activities using existing staff capacity through the RTO program. The technical assistance and regional coordination roles are to be contracted out to a third-party provider.

Region-wide Program Funding Targets

Transit Oriented Development	\$9.87 million
TSMO/ITS	\$4.99 million
Additional TSMO/ITS – Climate Smart Strategies	\$0.25 million
Regional Travel Options	\$7.54 million
Additional RTO – Climate Smart Strategies	\$0.25 million
Additional RTO – Safe Routes to School	\$1.50 million
Regional MPO Planning (In-Lieu of Dues)	\$3.96 million
Corridor & Systems Planning	\$1.66 million
TOTAL	\$30.02 million¹²

STEP 2. COMMUNITY INVESTMENT FUND PROJECT FOCUS AREAS

The project focus areas established by JPACT during the 2014-15 RFFA for Step 2 were Active Transportation/Complete Streets and Regional Freight Investments. Funds for these projects targeted to a 75/25 percent split of Step 2 funding respectively. The 2019-21 RFFA cycle will continue to use the 2014-15 RFFA approach to investing in projects by focusing funds in order achieve greater regional impact.

JPACT and the Metro Council are continuing support for these project focus areas to create a more strategic approach to allocating funds, including:

- A topically or geographically focused impact rather than an array of disconnected projects
- Achieves appreciable impacts on implementing a regional scale strategy given funding amount available
- Addresses specific outcomes utilizing the Regional Transportation Plan Performance Targets
- Prioritizes catalytic investments (leveraging large benefits or new funding)
- Positions the region to take advantage of federal and state funding opportunities as they arise

In the development of the 2014-15 RFFA, a task force was created to advise JPACT and TPAC on project focus area needs, priorities and project prioritization factors and developed direction for the project focus areas. This policy construct will continue in the 2019-21 RFFA but with some modifications identified below to respond to recent policy development work and input received as a part of this policy update process.

As described in Step 1.B., for the 2019-21 RFFA cycle, JPACT has directed that \$3.78 million of Step 2 funding be used to develop a selected package of active transportation

¹² Target amount reflects a three percent increase from 2016-18 funding levels, maintaining the purchasing power of these steps.

improvements, and freeway interchanges or arterials that are identified as significant system deficiencies, particularly in the areas of safety and freight delay.

With the goal of maximizing the use and flexibility of these funds, the region's partner agencies agree to seek to use all available mechanisms to de-federalize Step 2 capital project funds.

As a result of this policy direction, the total purchasing power for Step 2 projects has been reduced to the target levels indicated below.

Project Focus Area Funding Targets

Regional Freight Investments	\$7.34 million
Active Transportation/Complete Streets	\$25.81 million
TOTAL	\$33.15 million

REGIONAL FREIGHT INVESTMENTS

Recommended approach for developing projects

For this project focus area, the task force recommended an approach of allocating funds for two components: construction type projects and planning/strategy development type projects. Eligible project types and criteria that will be utilized to scope and prioritize potential projects are described below.

Construction focus

Capital improvements will focus on:

- System management, such as Intelligent Transportation Systems (ITS), on arterial freight routes. This could include upgrading traffic signal equipment and timing or provide travel information to inform freight trip decisions.
- Small capital projects (e.g. spot widening or installation of mountable curbs to accommodate large truck turning movements). Technical measures should be developed that assess the regional impacts of nominated projects such as improving access to regionally significant industrial land or safe movements to/on the regional freight network to ensure a regional interest is served by the project.

Planning/strategy development focus

Project development for specific arterial freight routes would evaluate key barriers to the development of a green economy and freight movement and recommend operations and design improvements to address the barrier.

Funds may also be set aside to develop regional strategies. These are areas that need further analysis and a policy development process to achieve a regional consensus on how to move forward on the issue.

Criteria for scoping and prioritization of Regional Freight Investments projects

Relative priority	Criteria
Highest	Can leverage (or prepare projects for) new or competitive funds
	Reduces freight vehicle delay
	Project increases freight access to: <ul style="list-style-type: none"> • Industrial lands • Employment centers & local businesses • Rail facilities for regional shippers
	Projects that help green the economy and offer economic opportunities for EJ/underserved communities ¹³
Higher	Improves safety by removing conflicts with active transportation or other modes, and/or provides adequate mitigation for any potential conflicts
	Reduces air toxics or particulate matter
	Reduces impacts to EJ communities (e.g., reduced noise, land use conflict, emissions)
	Increases freight reliability
Priority	May not get funding otherwise
	Reduces need for highway expansion
	Addresses issues and improves connectivity among multiple freight modes

ACTIVE TRANSPORTATION & COMPLETE STREETS

Recommended approach for developing projects

For this project focus area, the task force recommended an approach of selecting travel corridor/areas and identifying project elements that would address the most critical barriers to completing non-auto trips in the corridor/area or a concentrated portion of the corridor/area. Examples of barriers could be the lack of direct pedestrian or bicycle facilities to key destinations in the corridor, inability to safely cross streets to access destinations, or lack of access to transit stop improvements.

To implement this approach with available funding, the following parameters will be utilized:

¹³ Greening the economy means creating a low-carbon, resource-efficient and socially inclusive economy.

- improvements will be concentrated geographically in a travel corridor/area or portion thereof,
- project design will consider guidance found in Chapter 9 of the Regional Active Transportation Plan,
- potentially merge portions of several planned projects and several project types (bicycle, trail, pedestrian, transit stops) into a unified corridor/area wide project,
- project development will be allowed as an eligible activity for funding to address project readiness issues or as part of a strategy to phase implementation of projects.

Criteria for scoping and prioritization of Active Transportation/Complete Streets projects

Relative Priority	Criteria
Highest	Project serves communities that have higher than average low-income, low-English proficiency, non-white, elderly and young, and persons with disabilities populations
	Utilizes current plans and data to demonstrate improvements to safety: <ul style="list-style-type: none"> • in identified high-crash areas • by removing conflicts with freight and other vehicles
	Improves access to and from priority destinations: <ul style="list-style-type: none"> • Mixed-use centers • Large employment areas (by # of jobs) • Essential services for EJ/underserved communities • Schools, including the extension of Safe Routes to Schools
	Serves high density or projected high growth areas
Higher	Project completes a gap or improves a deficiency in the regional Active Transportation network
	Increase in use/ridership by providing a good user experience (refer to Active Transportation design criteria)
	Completes the “last mile” connection between transit and employment sites/areas
Priority	Includes outreach/education/engagement component
	Can leverage (or prepare projects for) new or competitive funds
	Reduces need for highway expansion

8.0 PROCESS

Over the next few months, Metro will conduct an evaluation process through which the 2019-21 RFFA investments will be considered and selected. For Step 1 investments, proposals will be developed which provide detail on how flexible funds will be spent, and to show consistency with regional policy direction and JPACT/Metro Council intent.

Step 2 project proposals will be selected through a competitive process, using input from:

1. technical evaluation
2. public comment, and
3. indicated sub-regional priorities.¹⁴

There will be an assessment of Step 2 project readiness to evaluate whether projects can be delivered for cost estimated and ability to obligate the revenues in the 2019-21 timeframe. This assessment of project readiness will be made available for potential recommendation to update the project application or condition the award of funds.

There will be a technical analysis of the TPAC-recommended package of projects relative to the allocation objectives (Section 6.0) for consideration prior to JPACT recommendation to Metro Council. A similar analysis will be conducted on the JPACT recommendation prior to Metro Council adoption of a final package of RFFA project investments.

Staff will prepare a document subsequent to this policy report which describes this process in further detail. A general timeline and milestone listing is below in Table 4:

¹⁴ There are four identified sub-regions: City of Portland, plus the portions of Clackamas, Multnomah (cities outside Portland) and Washington counties within the urbanized area.

Table 4: RFFA project selection timeline and process

May 2016	Metro will convene a work group comprised of TPAC members to refine and prepare an evaluation methodology with which Step 1 and Step 2 project proposals will be evaluated and ranked.
June - August	Jurisdictions will prepare Step 1 and Step 2 project proposals and submit to Metro.
September	The work group will conduct a technical evaluation of the proposals.
October	The list of projects and their technical evaluative scores will be put out for a 30-day public comment period.
November	The list of projects, along with their technical scores and public comment, will be provided to the county coordinating committees and the City of Portland. Those entities will consider this input in their deliberations on indicating their priority projects.
December	A list of projects, including technical scores, public comment and indicated priority status (if applicable) will be forwarded to TPAC for their recommendation. The TPAC recommendation will be evaluated for responsiveness to the RFFA objectives (Policy Section 6.0) and made available for a public comment opportunity prior to an adoption action by JPACT.
January 2017	The JPACT recommendation will be evaluated for responsiveness to the RFFA objectives (Policy Section 6.0) and made available for Metro Council action.

STAFF REPORT

FOR THE PURPOSE OF ADOPTING THE 2018-2021 METROPOLITAN TRANSPORTATION IMPROVEMENT PROGRAM AND 2019-2021 REGIONAL FLEXIBLE FUNDS ALLOCATION POLICY STATEMENT FOR THE PORTLAND METROPOLITAN AREA

Date: June 6, 2016

Prepared by: Dan Kaempff

BACKGROUND

The Metropolitan Transportation Improvement Program (MTIP) is the federally-required policy document that describes how the four agencies in the region which directly receive federal transportation funding are selecting projects and working together to ensure a coordinated approach to achieve the region's vision and goals for the transportation system. The MTIP is comprised of three major components: the transportation funding allocations administered by the state department of transportation (ODOT), transit agencies (SMART and TriMet), and the metropolitan planning organization (Metro). Additionally, the MTIP also includes state and local transportation programming which affects the regional transportation system. The MTIP details the transportation investments made with these funds over a four-year timeframe. The MTIP being adopted in this cycle covers the federal fiscal years 2018 through 2021.

The implementation of the MTIP coordination policy and the specific details of coordination activities are documented and agreed upon by Metro, ODOT, TriMet, and SMART in the 2018-2021 MTIP charter. The 2018-2021 MTIP charter outlines the funding allocation process schedules, the specific coordination activities which will be conducted, and states the roles and expectations of each partner in the developing the 2018-2021 MTIP document and participation in funding allocation processes. The 2018-2021 MTIP charter was signed and placed into effect in January 2016 to allow partners to move forward with implementing coordination activities as the funding allocation processes are underway.

The identification and selection of projects receiving the federal funding allocated to Metro on behalf of the entire Portland region is known as the Regional Flexible Funds Allocation (RFFA). The flexible funds are an element of the funds programmed within the MTIP. The Metro region is preparing to prioritize transportation projects and program activities to receive regional flexible funds available in the federal fiscal years 2019 through 2021.

This policy report provides the Joint Policy Advisory Committee on Transportation (JPACT) and the Metro Council's policy direction for the coordination of the region's funding allocation processes, the development of the 2018-2021 MTIP, and defines the allocation of the regional flexible funds.

The process of identifying and updating the MTIP and RFFA policies began with a series of public workshops. The workshops engaged a broad cross-section of regional stakeholders to discuss the region's transportation needs in the context of newly adopted plans and policy. These conversations led to the development of a coordination agreement for the 2018-2021 MTIP as well as a series of funding policy themes, used to shape new policy options that identified ways the region could invest flexible funds in a manner consistent with these regional needs and opportunities:

- Planning of the region's next two high-capacity transit investments – Powell-Division and Southwest Corridor – has reached the point where a commitment of local funding is needed in order to prepare the region for a Federal Transit Administration funding request. Over past RFFA cycles, the region has bonded a portion of the flexible funds to provide an up-front funding commitment to transit projects. This has enabled the leveraging of federal, state and local funding required to complete these projects. The current bonding commitment is paying off the costs

incurred for the Green and Orange MAX lines serving Clackamas County, and the Portland Streetcar line extensions.

- The passage of a new federal transportation funding bill in 2015 – the Fixing America’s Surface Transportation (FAST) Act – created new sources of competitive funding specifically targeted at addressing freight bottlenecks and improving critical freight movements. Recognizing these new funding opportunities that exist at the federal level, policy makers have identified interest in raising new sources of transportation revenue at the state and regional levels. Following the example of similar successful efforts in other metro areas, development of a package of projects that address needs covering the entire spectrum of the surface transportation system and supported by a partnership of all levels of government, plus support from business and community groups, was seen to be a strategy that could help the region win support from voters to pass a ballot measure for a new source of transportation funding.
- A coalition of over 60 cities, school districts, neighborhood associations, businesses, business and community groups and other non-profit organizations, plus eight state representatives, helped identify and define the need for a regional investment in a Safe Routes to School program. The two components of Safe Routes to School are 1.) planning and educational programs in schools, and 2.) building the necessary infrastructure – sidewalks, bicycle facilities and safe street crossings.
- The Climate Smart Strategy, adopted in by the region in 2014, is the region’s response to a state mandate to develop and implement a strategy to reduce greenhouse gas emissions from cars and small trucks. The Strategy identified a short list of actions the region could take in the 2015-2016 timeframe to immediately take action on the recommendations, using existing resources such as the regional flexible funds.

Developing options for investment of the flexible funds consistent with these policy themes involved discussions with TPAC, JPACT, and Metro Council, as well as a public comment opportunity. This provided direction on allocating the estimated \$130.38 million available to the region from 2019-2021. Metro staff has used the TPAC and JPACT meeting discussions to produce this Policy Report. The approach to allocating regional flexible funds proposed in this report is intended to develop a more collaborative method for supporting transportation investments that keep our neighborhoods safe, support sustainable economic growth, reduce greenhouse gas emissions, and position the region to compete for potential additional sources of transportation funding at the federal, state and regional levels.

The region is continuing a two-step process for project prioritization and selection adopted in the 2014-15 RFFA process. Step 1 is the high-capacity transit bond commitment and regional program investments. Step 2 is the Community Investment Funds for Active Transportation/Complete Streets and Regional Freight Investments.

Metro and ODOT update the MTIP every two years to schedule funding for the following four-year period. The 2019-2021 RFFA process is a component of the four-year period of federal fiscal years 2018 through 2021. This update adjusts, as necessary, funds already allocated to projects in fiscal years 2016-2018 in the current approved MTIP. It will also allocate funds to new projects in the last three years (2016 through 2018) of the new MTIP.

The regional flexible funds available for the 2019-2021 allocation are composed of two types of federal transportation assistance, which come with differing restrictions.¹ The most flexible funds are Surface

¹ Passage of the Federal FAST Act in December 2015 resulted in several changes to previous funding programs that comprise the regional flexible funds. The former Surface Transportation Program is now called the STBGP and now incorporates the Transportation Alternatives program and its eligible expenditures as a subcomponent, rather than as a stand-alone program as was the case in the previous federal transportation bill, MAP-21.

Transportation Block Grant (STBG) program funds that may be used for virtually any transportation purpose identified in the financially constrained Regional Transportation Plan (RTP), short of building local residential streets. The second category of money is Congestion Mitigation/Air Quality (CMAQ) funds. CMAQ funds cannot be used to build new lanes for automobile travel. Also, projects that use CMAQ funds must demonstrate that some improvement of air quality will result from building or operating the project.

At this time, Metro and ODOT estimate that \$130.38 million is available to the region from 2019-2021. Should events occur which significantly impact this funding estimate, JPACT and Metro Council will revisit the funding commitments and allocations identified in this Policy Report and make any necessary adjustments to ensure the region will not over commit its funding obligations. TriMet will confirm funding availability with Metro prior to issuing revenue bonds identified in this Policy Report.

Project proposals for the two Community Investment project focus areas in Step 2 will be considered through a selection process consisting of:

- Technical evaluation
- Public comment
- Comments from county coordinating committees and City of Portland
- Evaluation to determine the entire package of projects fulfills the ten RFFA objectives²

Anticipated 2019-2021 Regional Flexible Funds	
Step 1 – Bond Commitments & Region Wide Programs <ul style="list-style-type: none"> • Transit bond payments • Project development bond payments • Transit Oriented Development • TSMO/ITS • Regional Travel Options • Regional MPO Planning (In-Lieu of Dues) • Corridor & Systems Planning 	\$63.43 million \$3.78 million \$9.87 million \$5.24 million \$9.29 million \$3.96 million \$1.66 million
Step 1 TOTAL	\$97.23 million
Step 2 – Community Investment Fund Projects <ul style="list-style-type: none"> • Regional Freight Investments • Active Transportation/Complete Streets 	\$7.34 million \$25.81 million
Step 2 TOTAL	\$33.15 million
GRAND TOTAL	\$130.38 million

² As defined in Section 6.0 of the MTIP-RFFA Policy Report

ANALYSIS/INFORMATION

1. **Known Opposition:** None known at this time.
2. **Legal Antecedents:** Updates the 2016-18 Regional Flexible Fund Allocation Policy Report, adopted by Metro Council Resolution 12-4383 on November 15, 2012 (FOR THE PURPOSE ADOPTING POLICY DIRECTION TO THE REGIONAL FLEXIBLE FUNDING ALLOCATION (RFFA) PROCESS FOR FEDERAL FISCAL YEARS 2016-18).
3. **Anticipated Effects:** Adoption of this resolution will provide the policy direction, program objectives and procedures that will be used during the 2019-2021 Regional Flexible Fund Allocation process to nominate, evaluate and select projects to receive federal transportation funds as described in Exhibit A of Resolution 16-4702.
4. **Budget Impacts:** There are no impacts for Metro's current budget. This resolution proposes policy for determining future allocations. The amounts are illustrative and rely on a continuation of funding at historic levels with modest inflationary increases of three percent. The proposal maintains Step 1 funding for MPO functions on the same proportion and requires the same 10.27 percent match from local participants. Final allocations will depend on available federal funding.

RECOMMENDED ACTION

Metro staff recommends the approval of Resolution No. 16-4702.