



MEMORANDUM

TO: Southwest Washington Regional Transportation Council Board of Directors
FROM: Matt Ransom, Executive Director
DATE: January 26, 2016 
SUBJECT: **Transportation Improvement Program – Regional Grant Process**

AT A GLANCE

This memorandum provides information on the regional grant programs, in order to provide RTC Board members with an overall understanding of the regional grant process. In addition, RTC staff is seeking RTC Board policy direction on funding strategies. RTC Board policy will direct RTAC staff in developing the grant process that will be brought back to the April RTC Board meeting for review.

BACKGROUND

At the January RTC Board meeting, RTC staff provided an overview of the regional grant process and requested Board input regarding the scope of the current Funding Strategies. At the end of this discussion, the Board requested that additional information be brought back to the February RTC Board meeting. This memorandum is intended to provide additional information to inform the RTC Board’s feedback on the regional grant selection process.

The primary objective of this memorandum is to provide a review of the following:

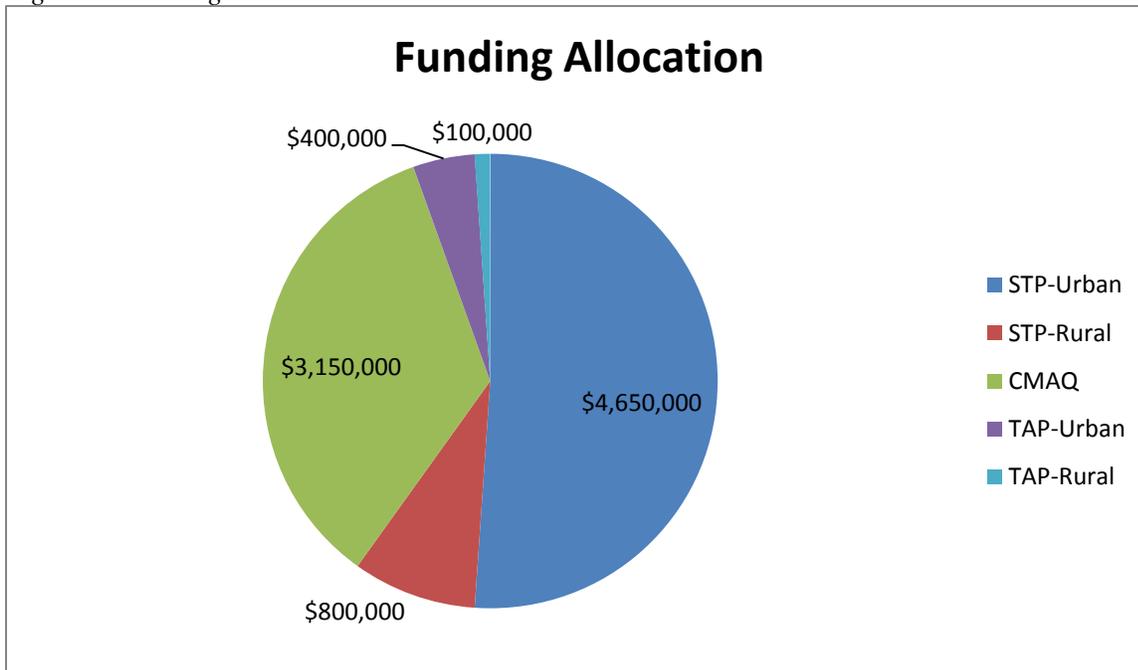
- 1) Description of the size and restrictions of the regional federal grant programs
- 2) Describe the past utilization of the grant programs
- 3) Describe the impact (leverage capacity) of the grant programs

This memorandum also reintroduces key policies (funding strategies) used within the region.

REVIEW OF REGIONAL GRANT PROGRAM

Through Washington State Department of Transportation (WSDOT), federal funds are allocated to Metropolitan Planning Organizations such as RTC for selecting projects that implement the Region Transportation Plan (RTP). RTC receives funds for the Surface Transportation Program (STP), Congestion Mitigation and Air Quality (CMAQ), and Transportation Alternatives Program (TAP). The STP and TAP funds are further delineated between urban and rural areas. Figure 1 displays the transportation Boundaries and Figure 2 shows the funding allocation. Generally, these federal funds must be spent on the federal-aid system which includes the arterial road system and require a 13.5% local match. The following is a description of the programs:

Figure 2: Funding Allocation



Surface Transportation Program (STP)

The Surface Transportation Program (STP) is the most flexible of all the Federal Highway Administration programs and can be used for a wide range of transportation improvements including auto, transit, bicycle, pedestrian, and planning projects.

The STP funds are allocated to RTC for the Clark County region based on population; with varying amounts being allocated to U.S. Census defined urban and rural areas. The amount varies based on annual apportionments, but RTC generally receives approximately \$5.45 million per year, of which \$4,650,000 is allocated to the Urban Area and \$800,000 is allocated to the Rural Area.

Congestion Mitigation and Air Quality (CMAQ)

The CMAQ program is used for projects and programs that improve air quality and reduce congestion. CMAQ projects must demonstrate an air quality improvement within the Vancouver Air Quality Maintenance Area. CMAQ funds can be used for transit, operations, and multi-modal improvements.

The CMAQ funds are allocated to RTC within Clark County for air quality improvements within the designated Vancouver Air Quality Maintenance area. The amount varies based on annual apportionments, but RTC generally receives approximately \$3.1 million per year.

Transportation Alternatives Program (TAP)

The TAP program is used for community improvements such as pedestrian and bicycle facilities, viewing areas, and safe routes to schools.

The TAP funds are allocated to RTC for the Clark, Skamania, and Klickitat County region based on population; with varying amounts being allocated to U.S. Census defined urban and rural areas. The amount varies based on annual apportionments, but RTC generally receives approximately \$0.5 million per year, of which \$400,000 is allocated to the Urban Area and \$100,000 is allocated to the Rural Area. Due to the small allocation, RTC selects projects every other year.

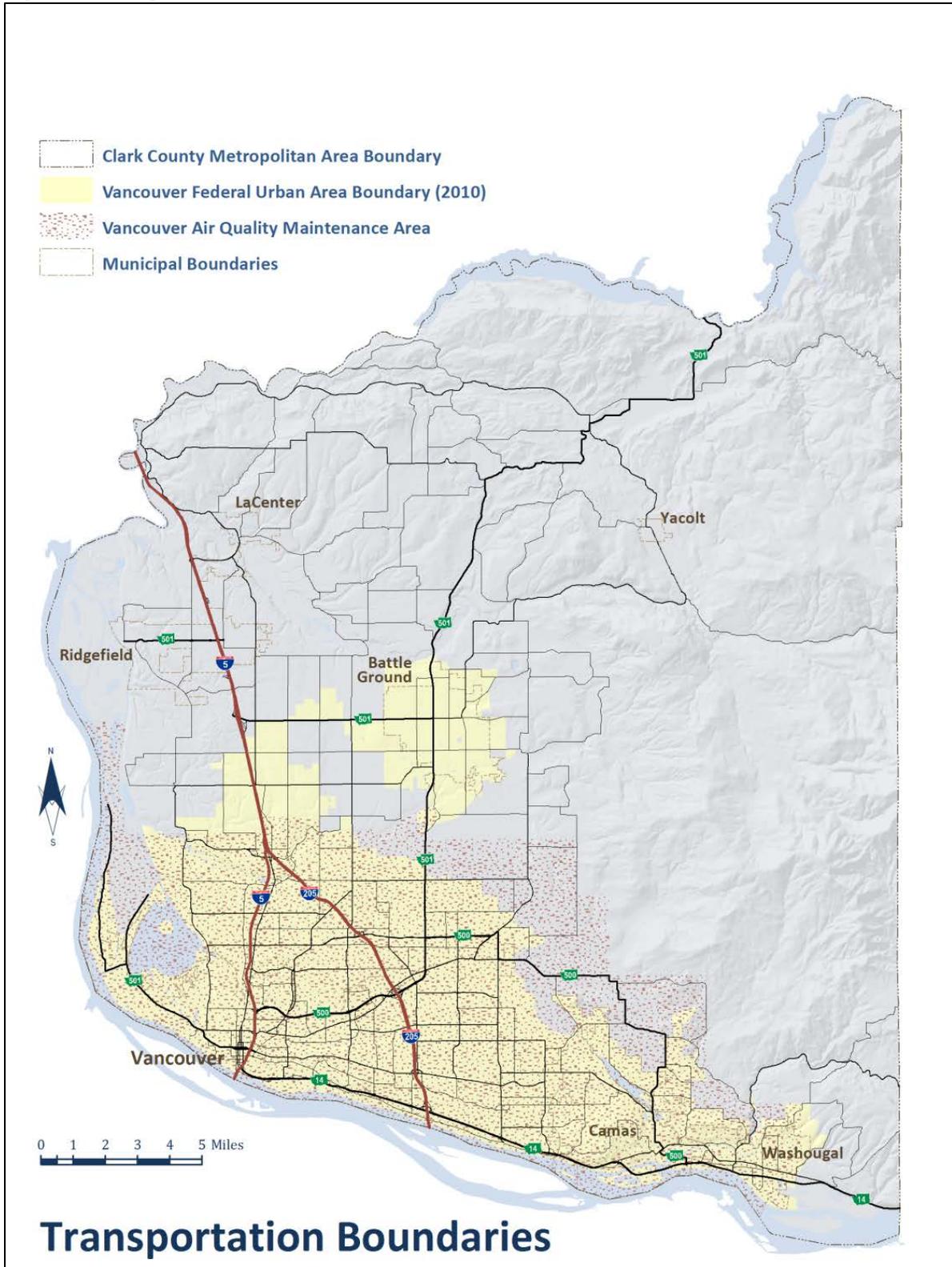
Summary of Grant Funds

Grant Program	Project Eligibility	Minimum Local Agency Matching Funds	Used for Maintenance / Repair Projects
STP	Most flexibility, funds nearly all projects types	13.5%	Yes
CMAQ	Limited to project types that demonstrate a measureable air quality benefit	13.5%	No
TAP	Limited to project types that improve alternative mode infrastructure and recreational facilities	13.5%	No

Grant Program Boundaries

The grant programs are restricted to specific geographic boundaries. These geographies are laid out in Federal law and are not subject to revision by the RTC Board. The primary distinctions among boundaries are differentiating urban vs rural zone within the STP program and the Vancouver Air Quality Maintenance Area. The majority of grant funds available for RTC distribution is within the STP-Urban and CMAQ programs. These are also the areas with the greatest relative need for multi-modal infrastructure investment. The following figure illustrates the grant program boundaries as defined by law.

Figure 1: Transportation Boundaries

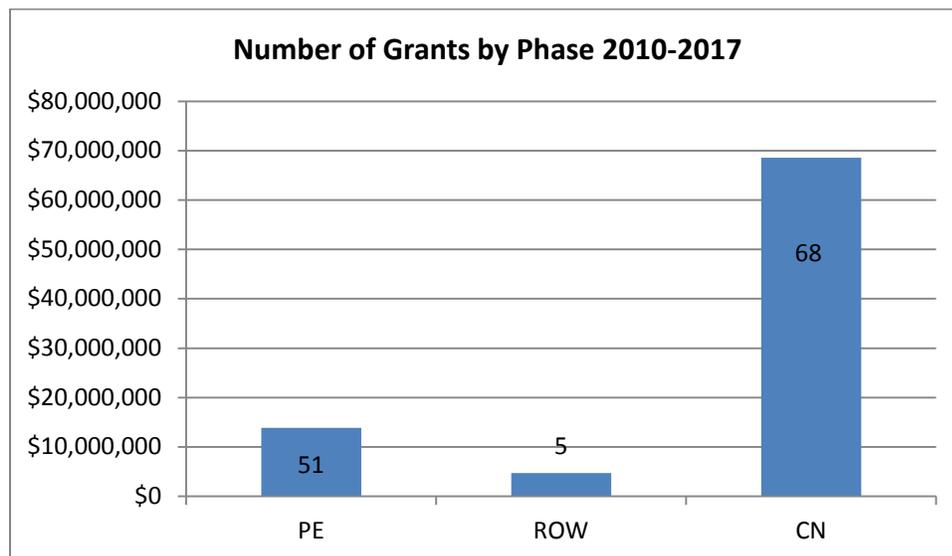


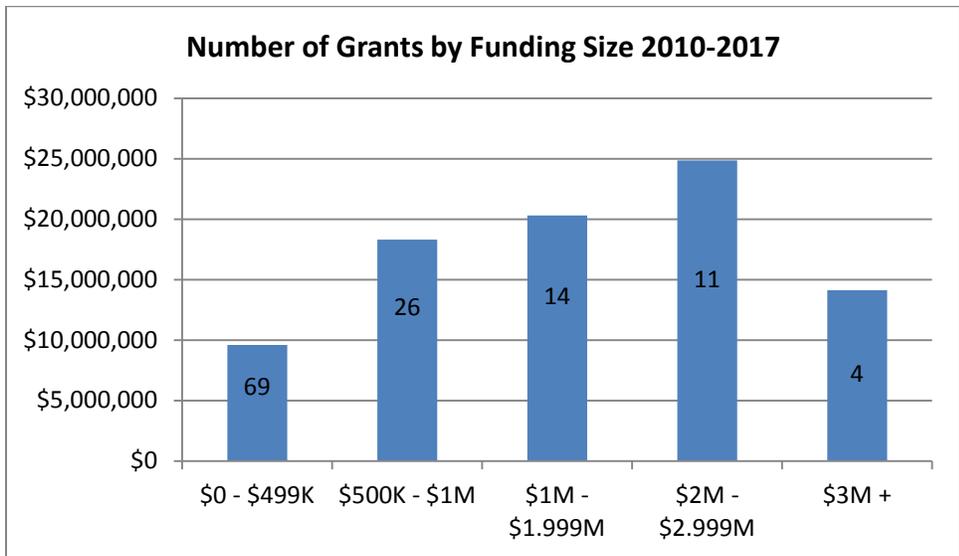
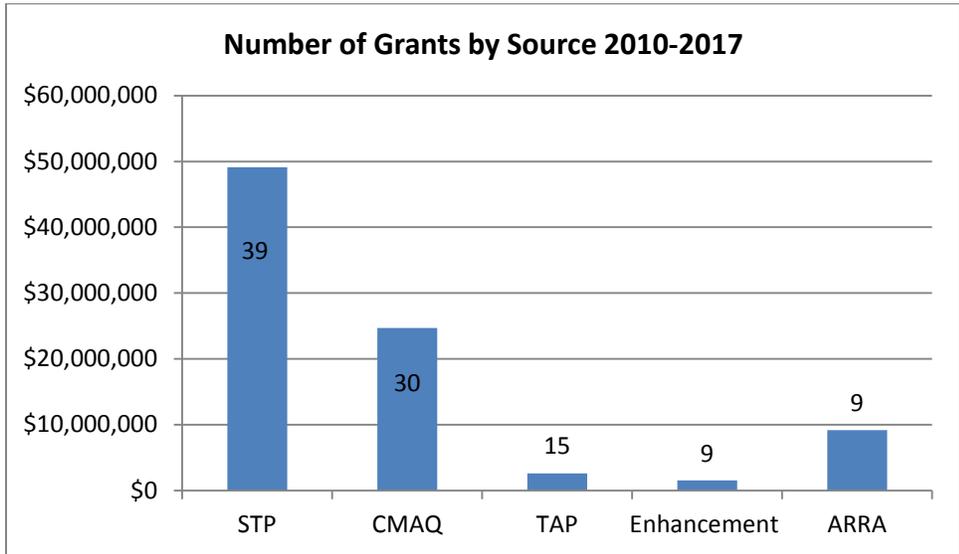
HISTORICAL USE OF GRANT FUNDS

Historical assessment of how the federal grant program funds have been utilized is instructive for evaluating the impact of the grant resources. The following analysis was completed for the regional grant programs awarded to local agencies for years 2010-2017. During this eight-year period, the total grant program infusion within the region was \$87,186,189. This represents the largest grant fund available for transportation infrastructure investment within the RTC region.

Summary Observations:

- Federal Program Grant Analysis: Years: 2010 – 2017
- Total Grants: \$87,186,189
- The majority of grant awards (68 of 124) and most of the grant funds (\$68,570,589) are committed to construction activities.
- A significant number of grants (51 of 124) were awarded for preliminary engineering, enabling project starts and creating future leverage opportunity.
- The ARRA fund program was a limited duration special grant program established during the Great Recession for immediate impact projects. Within the RTC region the majority of those funds were awarded to immediate pavement preservation projects.
- The majority of grant funds (in dollar terms) were awarded to arterial roadway projects. That is because most of these funds must be spent on arterial roadways and these types of improvements require significant capital from multiple sources.
- The majority of grant applications approved (95 of 124) are for grant requests less than 1 million dollars. This represents major investments in VAST projects in addition to applications for seed funding for preliminary engineering of arterial roadway projects.





GRANT PROGRAM IMPACT

The past policy emphasis of the federal grant program has influenced the program’s impact. The majority of grant funds have been used to construct projects, with further emphasis on implementation of all types of projects needed to build a multi-modal transportation system (ex. roadway, transit, VAST, pedestrian, bike, demand management). In all cases, the grant awards were contingent upon the local match contribution of local agencies. And in most cases the grant funds were used to leverage other funds: local funds and state or federal grant applications (where a local agency uses a variety of funds to build a project funding package). This demonstrates the “leverage” power of the federal grant program as envisioned by prior RTC Board policy.

Considering the scale (how big) the RTC grant program is relative to the regional 20-Year needs is instructive. The following figures represent the major investment areas needs over a 20-year horizon as documented in the RTP-2014.

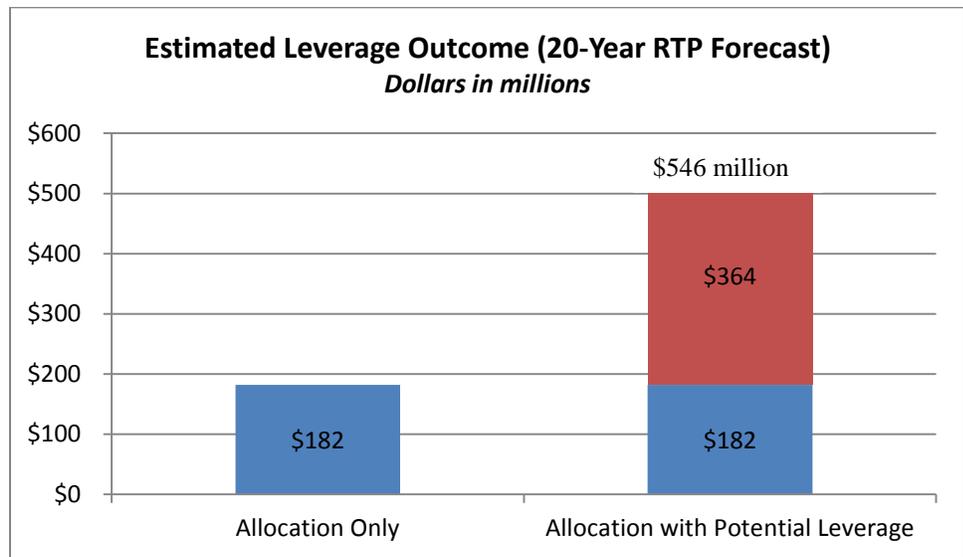
Regional Transportation Plan 20-year Estimates (2014)

System	Need	Grant Program Eligible
Regional System Improvements	\$1,779,191,883	Yes
Local System Improvements*	\$910,767,527	No
Maintenance / Preservation (regional and local)	\$4,877,402,855	Limited to Regional system

*The TAP program does allow limited projects types to be built on the “local” system.

Leverage Capacity of Federal Program

A key policy consideration for the distribution of the regional federal grants is how the money can be leveraged to create maximum impact across the region. Given the past program emphasis on allocating funds to create leverage and to build projects, the historical record of leverage capacity is robust. While each project funding formula is different, on average it is estimated that the regional grant program funds leverage 2-3 to 1. Meaning, for every dollar of regional federal funds allocated to a project, the local agency is able to secure an allocation up to 2-3 times that amount in other federal, state, or local funds. The leverage ratio means that the RTC grant program acts, in some manner, as a seed capital fund for local agencies to either start or complete major investment projects.



While historical patterns suggest high leverage of the program, the future leverage capacity of the regional federal program is dependent upon the type of project the regional funds are awarded to. For example, the majority grant awards in the 2010-2017 analysis were for capital “improvement” projects. It is likely that those federal funds were used to leverage “other” grant and local funds. Most federal and state grant programs and local Traffic Impact Fee funds are available and generally restricted to capital “improvement” projects. Conversely, fewer grant programs are available for general maintenance/preservation type projects. Therefore, the leverage capacity of grant funds is statistically lower for maintenance grants versus capital improvement focused grants.

As an example, of the three arterial projects within Clark County selected to receive TIB funding in November 2015, two are leveraging regional STP funds.

POLICY CONSIDERATIONS

Current Program - Funding Strategies

Since the need for transportation improvements exceed the available revenue, a competitive project selection process is conducted for the distribution of RTC’s regional federal funds. The overarching strategy is to implement the goals and policies of the Regional Transportation Plan. Specific funding strategies were developed to promote multi-modal outcomes and create agency leverage due to the limited grant funds available.

Prior RTC Boards’ created a policy framework in Funding Strategies, which has guided the overarching focus of the regional federal grant program. These policy strategies have been operationalized in the grant selection screening and point scoring criteria (directly or as a proxy). The current Funding Strategies for each program are listed as follows:

STP and CMAQ Strategies

Leverage other grant sources. One of the successes of the regional grant process lies in its flexibility; allowing local governments to create projects that fit their local needs and use regional federal funds to leverage other grants to complete priority projects.

Implement Transportation Management and Operations improvements. Transportation System Management and Operations strategies provide money-saving, multimodal solutions that relieve congestion and optimize infrastructure investments.

Build multimodal urban arterials. The urban areas of Clark County have grown rapidly, resulting in many urban areas being served by a rural character transportation system (ex. two-lane roadways with no sidewalks, bike lanes, street lights and storm drainage serving urbanized areas). Arterials built to urban standards provide an efficient, balanced, multi-modal regional transportation system that improve modal options, safety, reduce congestion, and support economic development.

No Preservation of transportation system. Local agencies have the primary responsibility for maintaining the transportation system and regional federal funds will not be used for maintenance or preservation projects.

TAP Strategies

Build bicycle and pedestrian projects. There is a strong need for stand-alone bicycle and pedestrian projects that improve the multi-modal travel experience and benefit local communities

Additional Policy Considerations – RTAC Sub-committee Review

In review and fine tuning of the existing regional federal grant program, RTC staff has assembled an agency review team comprised of members from the Regional Transportation Advisory Committee (RTAC). This review sub-committee has met 3 times since organization in October 2015, and will meet a fourth time on January 28, 2016. The scope of the review sub-committee is to examine the TIP program and process and make recommendations to the RTC Board. The following additional policy considerations have been raised by the RTAC review sub-committee and are listed here for Board awareness and input.

Other Strategies:

- Should a portion of the regional federal program be available for “maintenance/preservation” related projects (projects whose primary scope is maintenance)?
 - o *RTAC Sub-committee input:* A strong majority support that the regional funds “not” be utilized for maintenance projects. Reasons include: limited total funds available; maintenance is primarily a local responsibility; significant project improvement needs on the regional system; and greater leverage capacity for “improvement” projects compared to “maintenance”.
- Should a portion(s) of the regional federal program be set-aside (carved out) for modal or project type outcomes/goals?
 - o *RTAC Sub-committee input:* A majority do not support set-aside. A couple of members have suggested a set-aside goal for transit and multi-modal improvement projects. Other members are less keen on the set-aside goal approach. Additional factors that weigh into consideration include: Current program policy already allocates \$300,000 annually in CMAQ to supplement the TAP program for bicycle and pedestrian projects. Concerns of a set-aside goal include the financial impact of a set-aside within an already limited scope grant program and what projects might not be funded if a set-aside reduced the general pool of funds available.

CONCLUSION

At the February RTC Board meeting, Staff will seek RTC Board input regarding the current funding strategies and other policy issues. RTC Staff will continue to review the grant program details with the RTAC review sub-committee. The next briefing of the Board is scheduled for April 2016.