

IN CONSIDERATION OF RESOLUTION NO. 25-5511, FOR THE PURPOSE OF ALLOCATING APPROXIMATELY \$141.6 MILLION OF REGIONAL FLEXIBLE FUNDING FOR THE YEARS 2028-2030, PENDING ADOPTION OF THE 2027-2030 METROPOLITAN TRANSPORTATION IMPROVEMENT PROGRAM (MTIP)

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Date: July 8, 2025

Meeting Date: July 31, 2025

Department: Planning, Development & Research

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### **ISSUE STATEMENT**

As the metropolitan planning organization (MPO) for the urban area of the Portland region, Metro distributes federal transportation funds from programs: the Surface Transportation Block Grant Program (STBG), Transportation Alternatives (TA) set aside, and the Congestion Mitigation and Air Quality (CMAQ). The allocation of STBG and CMAQ are at the discretion of the Joint Policy Advisory Committee on Transportation (JPACT) and the Metro Council. The process of distributing these funds is known as the Regional Flexible Funds Allocation (RFFA) and is conducted on a three-year funding cycle. The Portland metropolitan region is forecasted to receive \$161 million from these programs in the federal fiscal years of 2028-2030. Today's vote on Resolution No. 25-5511 will allocate funding from these programs to a recommended list of investments.

### **ACTION REQUESTED**

Approve Resolution No. 25-5511, allocating funding to regional investments as recommended by JPACT, and detailed in Attachments.

### **IDENTIFIED POLICY OUTCOMES**

In July 2024, JPACT and Metro Council adopted Resolution 24-5415 which established the Program Direction for the 2028-2030 RFFA. This program direction establishes the process and criteria for the funding allocation, and follows policy established in the 2023 Regional Transportation Plan (RTP), adopted by JPACT and Metro Council in November 2023 (Ordinance 23-1496). Through that effort, five key regional funding priorities emerged:

- Equitable Transportation
- Safe System
- Climate Action and Resilience
- Mobility Options
- Thriving Economy

These goal areas and Metro's Designing Livable Streets and Trails guide (Metro; 3<sup>rd</sup> edition; October 2019) were carried forward as the policy outcomes for the 2028-2030 RFFA Step 2

process, recognizing the extensive public outreach effort and agreement among the region's stakeholders that led to identifying the goal areas and inclusion in the 2023 RTP.

The 2028-2030 RFFA Program Direction continues a two-step process for allocation of these regional funds. Step 1A identifies funding for repayment of bonds issued for regional transit system and other capital project development. Step 1B identifies funding for MPO planning and administration, systems and corridor planning, and continued investment in regionwide programs to carry out priorities identified through the 2023 RTP.

As part of the 2028-2030 Regional Flexible Fund Program Direction adoption, JPACT and the Metro Council directed staff to develop a new project bond proposal for regional consideration. The Program Direction provided the overarching purpose and principles for developing a new project bond proposal in parallel with the Step 2 allocation. Referred to as Step 1A.1 the new project bond proposal is outlined as part of Resolution 25-5510.

Step 2 is funding identified for local capital projects that improve the regional transportation system. Metro conducted a Step 2 project solicitation and evaluation process beginning in August 2024 and concluding in July 2025 with a JPACT-approved and recommended list of projects to receive funding. For the first time, Metro had the ability to offer local jurisdictions and parks districts application assistance to support the development Step 2 project applications through action taken by the Metro Council in adopting Resolution 24-5414 to allocate one-time Redistribution funding. A total of 24 Step 2 applications were received and 11 received application assistance. Six out of the ten recommended Step 2 awarded projects received assistance with the development of their applications.

The Step 2 project selection process included a technical analysis on the project proposals to determine their performance with regards to RTP goals and policy outcomes. This technical analysis measured the projects' potential benefits and outcomes in each of the five RTP goal areas and for construction applications, consideration of the project's known or intended design features. Each application received a project score and rating reflective of its merits.

### **POLICY QUESTION(S)**

Should the Metro Council approve the resolution and direct staff to move forward with allocating funding to the selected projects as recommended by JPACT?

### **POLICY OPTIONS FOR COUNCIL TO CONSIDER**

Policy options for Metro Council to consider include:

1. Approve the resolution thereby approving the funding allocations and project funding awards as outlined in Exhibit A, and conditions of approval as outlined in Exhibit B, or
2. Remand the resolution back to JPACT with direction on desired changes or conditions.

## **STAFF RECOMMENDATIONS**

Staff recommends Metro Council approval of Resolution 25-5511.

The package of projects funded through this resolution were selected by JPACT based on balancing across five different components:

- Meeting the 2028-30 RFFA Program Direction objectives, including advancing RTP goals, investing in projects across the region, and honoring prior commitments of Regional Flexible Funds, and leveraging other investments
- Project technical evaluation scores, based on the policy objectives outlined for the five 2023 RTP goal areas
- Public support, based on the results of the public comment project ratings
- Input from TPAC and JPACT on additional considerations for inclusion in shaping a Step 2 allocation package shared in their May 2025 meetings
- Identified priorities from each of the county coordinating committees and the City of Portland

Non-approval or a remand of the package of projects back to JPACT could result in a delay in adoption of the 2027-2030 Metropolitan Transportation Improvement Program (MTIP), due to be adopted by Metro Council in June 2026. The MTIP is the federal capital improvement program for the region and a delay in its adoption could result in the region being unable to spend federal funding until it is approved by the Federal Highway Administration and Federal Transit Administration.

## **STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION**

The 2028-2030 RFFA follows transportation policy direction established in the development of the 2023 RTP. Chapter 6 of the 2023 RTP provides detail on the region's investment priorities. Projects selected for Regional Flexible Funds are on the 2030 Constrained RTP project list, which identifies the highest priority projects to be funded in the first 10 years of the plan. The 2023 RTP project list focuses on making near-term progress on regional goals of – equitable transportation, safe system, climate action and resilience, mobility options and thriving economy.

### **How does this advance Metro's racial equity goals?**

Advancing equity is a primary policy objective for the Regional Flexible Fund Allocation. Equitable transportation was one of five goals and outcomes used in selecting projects. The projects selected were evaluated on the degree to which they eliminated transportation-related disparities and barriers, and improved access to community assets within 2023 RTP Equity Focus Areas. Equity Focus Areas are defined as communities where the rate of people of color, people in poverty and people with low English proficiency is greater than the regional average and double the density of one or more of these populations.

### **How does this advance Metro's climate action goals?**

Another of the primary policy objectives for the 2028-2030 RFFA is to advance the region's Climate Action and Resiliency policies as outlined as part of the 2023 RTP. Selected projects

were evaluated based in part on how they could help the region reduce greenhouse gas emissions and/or address extreme weather events. The projects funded through the 2028-2030 RFFA are focused on making bicycling and walking easier and safer, making accessing the region's transit system easier, helping buses move faster, and seismic resiliency of bridges.

### **Known Opposition/Support/Community Feedback**

Metro conducted a five-week public comment period between March 26 through April 30, 2025.

By the end of the comment period, Metro received around 1,700 comments on the 24 projects under consideration for funding via an online survey, public testimony, and emailed comments combined. This a significant turnout demonstrates community members are invested in the outcomes of the Step 2 allocation process.

The online survey asked participants to rate any number of the 24 projects on a scale of one to five, with five being "highly supportive" and one being "lesser support." Participants were also given the option to provide additional written comments on the projects. Of the respondents who rated projects, 75.1% took the extra time to provide written comments. In total, Metro received 1,683 project rating responses through the online survey and 1,265 in online written comments.

Across all projects, the average rating is 4.15 with 85% of the project rating responses receiving a four (4) or a five (5).

Overall, almost all the comments people provided through the online survey, emails, and letters supported specific projects. That said, 14.6% of the project rating responses gave a score of three (3) or less, indicating neutral to lesser support for a project.

Among the supportive written comments Metro received across the Step 2 applications, the common themes to emerge include:

- The impact of the project on transportation safety for all users, but with a particular focus on pedestrians
- The impact of the project on making more seamless connections for people traveling to and from places regardless the form of travel taken.

Among the concerned comments received across the Step 2 applications, the common theme to emerge include:

- The concern of prioritizing specific types of projects or using public funds on certain types of projects over other competing transportation needs.

### **Legal Antecedents**

This resolution allocates transportation funds in accordance with the federal transportation authorizing legislation (currently known as Infrastructure Investment and Jobs Act, or IIJA) as implemented through the Code of Federal Regulations Title 23, Part

450, Subparts A and C and relevant rules issued by the USDOT. The allocation process is intended to implement the 2028-2030 Regional Flexible Fund Allocation Program Direction as defined by Metro Resolution No. 24-5415, For the Purpose of Adopting the 2028-2030 Regional Flexible Funds Program Direction for the Portland Metropolitan Area, adopted July 11, 2024.

### **Anticipated Effects**

Adoption of this resolution would direct staff to program funding in the amounts specified to the identified transportation programs and projects into the upcoming 2027-2030 MTIP so they may become eligible to receive those federal transportation funds beginning in federal fiscal year 2028.

### **Financial Implications (current year and ongoing)**

Adoption of the resolution would commit federal grant funding for Metro Transportation Planning activities. These grants are administered on a cost reimbursement basis, requiring Metro to incur costs associated with the planning activities prior to receiving reimbursement thereby incurring carrying costs. Furthermore, the grants require a minimum match from Metro of 10.27% of total costs incurred. Funding for this allocation of grants will occur in Federal Fiscal Years 2028, 2029, and 2030. Federal Fiscal Year 2028 grant funds would typically be utilized by Metro in Metro Fiscal Year 2028-29 (July 1, 2028 – June 30, 2029). Federal Fiscal Year 2029 grant funds would typically be utilized by Metro in Metro Fiscal Year 2029-30 (July 1, 2029 – June 30, 2030). Federal Fiscal Year 2030 grant funds would typically be utilized by Metro in Metro Fiscal Year 2030-31 (July 1, 2030 – June 30, 2031). The Planning and Development Department is able to request advancing the allocation of these funds to an earlier year, however, if there is funding program capacity need and the budget capacity for local match is available.

The proposed allocation to MPO Planning would require Metro match of \$191,423 in Metro fiscal year 2028-29, \$197,165 in Metro fiscal year 2029-30 and \$203,080 in Metro fiscal year 2030-31 for transportation planning activities. Additionally, match would be required for the portion of the Regional Travel Options (RTO) program funding utilized for Metro-led expenditures. Approximately 30 percent of the RTO program funding is currently utilized for this purpose. Metro sometimes provides the local match requirement for Corridor Planning activities, though this requirement is often met by partner agency contributions to a corridor planning project.

## **BACKGROUND**

The Regional Flexible Fund Allocation represents the region's direct implementation of the priorities defined in the RTP. As the only transportation funding under the purview of the MPO as represented jointly by JPACT and Metro Council in their MPO oversight role, these funds have historically invested in elements of the transportation system that advance key policy objectives.

Every three years, the region undergoes a process to define the Program Direction by affirming the policy objectives, setting the allocation process, and select investments to be

funded with the Regional Flexible Funds. Since the 2012-2013 RFFA cycle, the region has followed a two-step approach to allocating these funds. This framework was adopted to ensure the region is investing in the system in accordance with RTP direction and the RFFA objectives. Step 1 provides funding for regional commitments to repay debts for bonding to support transit capital projects and project development (Step 1A), and continues investments in MPO, system, and corridor planning activities, as well as investing in region-wide programs (Step 2).

After meeting Step 1 funding commitments and action taken to commit to a new project bond outlined as part of Resolution 25-5510, the remainder of the funding comprises Step 2. This portion of funding is targeted to capital projects that support the region's five RTP investment priorities as detailed in the Identified Policy Outcomes section.

In July 2024, Metro Council, through Resolution 24-5415, adopted the 2028-2030 RFFA Program Direction. This action created the policy direction for investment of a forecasted total of \$150-\$153 million in federal transportation funds allocated to the region.

Following adoption of Resolution 24-5415, Metro conducted a call for project applications to be considered for allocation of Step 2 funding. For the first time, Metro was able to provide application assistance to smaller local jurisdictions. The project call opened in early September 2024 and applications were due in late November 2024.

Metro received a total of 24 project proposals through this project call. Subsequently, Metro led a technical analysis of the projects, focusing on how well they advance regional goals and outcomes as identified through the 2023 RTP and project delivery risk in the federal aid process. The technical evaluation measured the projects' potential benefits and outcomes in each of the five RTP goal areas and for construction applications, consideration of the project's known or intended design features. The risk assessment evaluated both project management and inherent challenges according to the project complexity. Each application received separate project score and rating reflective of its merits in advancing 2023 RTP goals as well as project delivery risks. Applicants were offered opportunities throughout the evaluation process to provide clarifications and sit down with Metro staff to discuss their evaluation scores. Final technical evaluation results were issued in mid-April 2025.

At the end of March 2025, a five-week public comment opportunity was held to gather input about the proposed projects from community members and stakeholders. The public comment included opportunities to engage via an online survey, through email and phone, as well as through a public testimony opportunity at the April 17<sup>th</sup> JPACT meeting. Shortly following the end of the public comment period, Metro staff issued a public comment report (included as Exhibit C and D) outlining the results of the comments received. With the technical evaluation scores, public comment, and consideration of the cycle's Program Direction objectives, county coordinating committees and the City of Portland provided further information on which projects they indicated were their priorities for Regional Flexible funding.

Subsequent to adoption of Resolution 24-5415, an updated revenue forecast in Spring 2025 revealed an additional \$10.5 million dollars available to allocate as part of the 2028-2030 Regional Flexible Fund due to actual revenues from the annual appropriations process being greater than forecasted. Metro staff proposed to use the increased amount of Regional Flexible Funds revenues to repay debt service for the initial years for the new project bond. The increased capacity unencumbers Regional Flexible Funds from Step 2 anticipated for bond debt allowing for an increase funding available from \$42 million to \$49 million to allocate to local capital projects. In total, the forecasted amount of federal funds to be awarded through the 2028-2030 RFFA increases to a total of \$161 million for Step 1A, Step 1B, Step 2, and the pending action on a new bonding commitment (Step 1A.1). JPACT did not oppose this approach for investment of the additional \$10.5 million.

Through a series of briefings with TPAC and JPACT over May and June 2025, the technical evaluation, public comment input, Program Direction objectives, additional considerations, and local priorities was used to develop an initial set of Step 2 allocation package options for discussion. With input on the initial options, Metro staff developed a Step 2 draft allocation package was put forward to JPACT for discussion at their June 26<sup>th</sup> meeting. JPACT feedback on the Step 2 draft allocation package were supportive and voiced an appreciation for the Step 2 allocation package balancing across multiple considerations while also placing investments throughout the region. Additionally, JPACT members were appreciative of the two Step 2 applicants in being willing to revise their Regional Flexible Funds request to get to a financially constrained Step 2 allocation package and provided feedback for continued support for the two Step 2 applications. Following the late June JPACT discussion, Metro staff put forward a recommendation for TPAC discussion at their July 11<sup>th</sup> meeting and their subsequent action to forward the recommendation to JPACT for consideration at their July 17<sup>th</sup> meeting.

The final JPACT-approved package of projects reflects a compromise between multiple sources of input to be considered. The funding package is a balance between policy technical ratings, coordinating committee and City of Portland priorities, public input and other process and policy objectives specified in the Program Direction.

The overall performance of these investments aligns with the regional performance-based and congestion management process, detailed in Appendices K and L of the 2023 RTP. The Step 1B programs and Step 2 projects selected for funding advance the region's system performance goals and objectives by investing in a variety of capital, programmatic, and planning activities which makes the region's communities more walkable, improving access to jobs, improving people's travel choices, reducing greenhouse gas emissions, and making the system safer, more reliable, and efficient. Many of the projects funded are either on or adjacent to roads on the regional congestion management network. The 2028-2030 RFFA makes system improvements through dedicating funding to demand and system management strategies, and supporting efficient land use decisions through investments in walking, bicycling, and transit.

## **ATTACHMENTS**

- Memorandum: 28-30 Regional Flexible Fund Step 2: Allocation Package and Legislative Materials