

Memo



Metro

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Date: Tuesday, November 29, 2022
To: Metro Council
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Subject: Attachment 1 – Carbon Reduction Program – Background Information

Introduction and Background

The new Carbon Reduction Program (CRP), created under the Bipartisan Infrastructure Law (BIL) will help states and Metropolitan Planning Organizations (MPOs) like Metro develop and implement carbon reduction strategies. States and MPOs can use the funds in CRP to reduce greenhouse gases from the transportation sector.

Carbon Reduction Program funds can be used for a wide range of projects designed to reduce greenhouse gas emissions from on-road transportation sources — from installing infrastructure to support the electrification of freight vehicles or personal cars, to constructing Bus Rapid Transit corridors, to facilitating micro-mobility, biking and walking. Under the CRP, states must also develop carbon reduction strategies in consultation with MPOs to identify projects and strategies tailored to reduce greenhouse gas emissions in their communities. On April 21, 2022, the US DOT announced [CRP guidance](#) that allows the allocation of formula funding over the next five years. More information about allocation and eligible uses of the funding are discussed below.

As an MPO, Metro is responsible for managing and allocating CRP funds in accordance with the 2018 Regional Transportation Plan (RTP), Climate Smart Strategy, and in coordination with Oregon Department of Transportation (ODOT). ODOT's also has an adopted climate plan, the Statewide Transportation Strategy (STS).

CRP Requirements – Carbon Reduction Plan

In the CRP guidance, states are required to work with MPOs to develop a climate strategy. This guidance states the following:

- Requires each State, in consultation with MPOs designated within the State, to develop a carbon reduction strategy not later than 2 years after enactment; and
 - update that strategy at least every four years; [§ 11403; 23 U.S.C. 175(d)(3)]
- Requires the carbon reduction strategy to support efforts and identify projects and strategies to support the reduction of transportation emissions; at the State's discretion, and
- Quantify the total carbon emissions from production, transport, and use of materials used in the construction of transportation facilities in the State; and
 - Be appropriate to the population density and context of the State, **including any MPO designated within the State.** [§ 11403; 23 U.S.C. 175(d)(2)]

Previous Planning in Oregon and the Portland Region to Reduce Greenhouse Gas Emissions

Metro and the Oregon Department of Transportation (ODOT) each have a history of climate planning and an established “carbon reduction strategy” to reduce greenhouse gas (GHG) emissions from the transportation sector. In 2007, the Oregon Legislature first set statewide climate [goals](#) to reduce GHG emissions to a least 10 percent below 1990 levels by 2020 and at least 75 percent below 1990 levels by 2050. More recently, Executive Order 20-04 set updated greenhouse gas emissions reduction goals that call for the State of Oregon to reduce its GHG emissions at least 45 percent below 1990 emissions levels by 2035 and at least 80 percent below 1990 levels by 2050. These updated goals are consistent with the reductions that climate scientists now believe are necessary to avoid catastrophic climate change impacts.

In 2009, the Oregon Legislature enacted HB 2001 directing Metro to develop and adopt a climate plan to reduce transportation-related GHG emissions from light duty vehicles. The Legislature further directed the Land Conservation and Development Commission (LCDC) to adopt GHG emissions reduction targets for light duty vehicles for all of Oregon’s metropolitan areas, although the Portland region was the only region with a mandated GHG reduction target. In 2010, the Oregon Legislature directed ODOT to work Metro and other metropolitan planning organizations, other state agencies and local governments to adopt a statewide transportation strategy for reducing GHG emissions aimed at achieving the goals adopted by the Legislature in 2007.

In 2014, the Joint Policy Advisory Committee on Transportation (JPACT) and the Metro Council adopted the [Climate Smart Strategy](#) with broad support from community, business and elected leaders. Approved by LCDC in 2015, the strategy was based on extensive stakeholder and public input, scenario planning and analysis. As part of the process, Metro conducted detailed modeling and analysis of various greenhouse gas scenarios and identified the types of transportation-related mitigation strategies that would have the greatest potential for reducing greenhouse gas emissions in the long term. This informed the Climate Smart Strategy that was ultimately adopted and continues to guide the region’s response to the climate crisis today.

The regional Climate Smart Strategy includes a set of policies, strategies and near-term actions to guide how the region moves forward to integrate reducing greenhouse gas emissions with ongoing efforts to create the future we want for our region. It is grounded in Metro’s land use goals and adopted 2040 Growth Plan. The Climate Smart Strategy includes a wide-range of strategies for reducing GHG emissions from light duty vehicles, many of which are not funded or are underfunded. The Climate Smart Strategy was updated in 2018 as part of the Regional Transportation Plan update and will be updated again in 2023 to ensure ongoing compliance with Oregon’s GHG reduction targets.

Oregon Carbon Reduction Strategy

ODOT is leading the state-wide effort on developing the required Carbon Reduction Plan. Rebranded as the Oregon Carbon Reduction Strategy, the document identifies strategies and priorities to guide investments under the federal Carbon Reduction Program to reduce transportation emissions. The strategies and priorities, developed in coordination with metropolitan planning organizations (MPOs) and other stakeholders, are based on the *Statewide Transportation Strategy, A 2050 Vision for Greenhouse Gas Emissions Reduction (STS)*, Oregon’s roadmap to meet its greenhouse gas reduction goals. The Oregon Carbon Reduction Strategy will be coordinated with state and regional partners, following federal law and guidance, and advance implementation of state, local and regional plans.

The Oregon Transportation Commission formally adopted the [Statewide Transportation Strategy \(STS\)](#) into the Oregon Transportation Plan in 2018.¹ The STS resulted from a state-level scenario planning effort that examined aspects of the transportation system, including the movement of people and goods, and identifies a combination of strategies to reduce GHG emissions from transportation. The STS identifies a variety of effective emissions reduction strategies at the statewide level in transportation systems, vehicle and fuel technologies, and compact urban land use patterns served by transit, walking and biking connections in the state's eight metropolitan areas. The STS satisfies the federal requirements that the state departments of transportation (DOTs) must have a climate reduction plan in order to access federal Carbon Reduction Program funds.

ODOT received a total of \$82.5 million amount of CRP funding.² This is in addition roughly \$52 million ODOT received for electric vehicles and charging infrastructure through BIL. The Oregon Transportation Commission further directed ODOT allocate \$50 million of flexible federal transportation funds to advance the deployment of electrification of the transportation system in May 2022. ODOT plans to allocate a portion of their Carbon Reduction Program funds to statewide priority areas, such as electrification, while also conducting a small competitive funding allocation to rural areas and small MPO projects and programs.

At this time, the Oregon Carbon Reduction Strategy proposes to focus on four priority areas – drawing from the Statewide Transportation Strategy – for Carbon Reduction Program Funds:

- Vehicles Fuel and Technology
- Transportation Options
 - o Transportation Demand Management
 - o Multi-modal improvements (e.g. active transportation, transit)
 - o Micromobility
- System Operations
- Pricing

The programs and projects which receive Carbon Reduction Program funds, whether by ODOT or by a MPO, are expected to be consistent with the four priority areas of the Oregon Carbon Reduction Strategy.

Portland Metro Area: Carbon Reduction Program Background Information

As an MPO, Metro has a direct sub-allocation of CRP funds for 5 federal fiscal years that is separate from ODOT's CRP funding. Similar to the Regional Flexible Funds, Metro, as the MPO, has discretion on the allocation of CRP funds as long as the funds are allocated to projects and programs which meet federal eligibility requirements and consistent with the state Carbon Reduction Strategy. Metro will strive to coordinate and leverage the Metro's CRP funding with the ODOT's CRP funding. The forecasted five-year total of CRP funding to Metro region over the life of the authorization bill is **\$18.84 million**, as shown in the chart below.

Metro's Sub-Allocation of CRP Funding and Annual Availability

FFY 2022	FFY 2023	FFY 2024	FFY 2025	FFY 2026
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¹ The Oregon Transportation Commission initially accepted the Statewide Transportation Strategy in 2013.

² This includes the mandatory sub-allocation of funds to MPOs across Oregon.

\$3,663,530	\$3,681,981	\$3,755,621	\$3,830,733	\$3,907,348
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As a new federal funding program, Metro must consider the potential lifespan of the Carbon Reduction Program. The Bipartisan Infrastructure Law (BIL) only authorized funding for five federal fiscal years. As a formula funding program, the chance of the funding program being continued in some form in the next federal transportation reauthorization increases. However, the topic of climate change is highly politicized in Congress and prior authorizations which included climate related provisions have been rescinded. There is reasonable risk the Carbon Reduction Program funding could be reduced or eliminated in the next transportation reauthorization. Therefore, Metro will only allocate funds for a five-year period and not make any funding assumptions beyond federal fiscal year 2026.

Carbon Reduction Program – Policy Framework for Funding Allocation

The Climate Smart Strategy identified the eight most-effective strategies for reducing greenhouse gas emissions in the greater Portland region. They are listed below in tiers in terms of higher effectiveness to lower in effectiveness, based on sensitivity testing analysis conducted and reflected in *Understanding Our Land Use and Transportation Choices Phase 1 Findings* (January 2012) as part of early work of the Climate Smart Strategy. Climate Smart will serve as the policy framework for allocation of Metro's funds – together with the Carbon Reduction Program guidance on eligible activities – it will be the basis for developing Metro's allocation process for Carbon Reduction Program.

The tables below show the Climate Smart Strategy investment areas compared to eligible Carbon Reduction Program activities that are [listed in the federal guidance](#). Additionally, the table identifies known existing funding sources/programs at the state or regional level, but does not show the overall need to complete each Climate Smart strategy in the region compared to the available funding.

Table 1. Climate Smart Strategies – Carbon Reduction Program Eligibility and Existing Funding Sources

Climate Smart Strategy – Investment Areas	Carbon Reduction Program Eligible Activities	Existing Funding Source (if any) (state or regional level)
Vehicles and Fuels	Electric vehicle infrastructure Electric bus infrastructure Projects that support alternative fuels	ODOT Electric Vehicle Program ODEQ Alternative Fuels Program ODOT Carbon Reduction Program Priority Area
Pricing	A project or strategy designed to support congestion pricing Analysis of how pricing can reduce demand (e.g. Metro Regional Congestion Pricing Study)	ODOT Tolling Program ODOT Road User Charge (OrGo) Program ODOT Carbon Reduction Program Priority Area
Community Design (walking and biking in centers)	N/A	2040 Planning Grants ODOT/DCLD TGM Grants ODOT/DLCD CFEC funding for local governments

Transit	Public transportation project Bus Rapid Transit planning and development Better Bus/Enhanced Transit Concept improvements Transit operations	ODOT State Transportation Improvement Fund (STIF) Metro RFFA Step 1 Bonded Funding (limited options) One-time CRRSSA (for Better Bus)
Active Transportation	Complete Streets Projects Bike & Pedestrian projects Micro-mobility (e.g. bike share, scooters)	Metro RFFA Step 2 Competitive Grant Program ODOT Carbon Reduction Program Priority Area
Travel Information and Incentives (RTO)	Transportation Demand Management Commuter Programs	Metro RTO Grant Program (subset of RFFA Step 1 and ODOT funds)
System Management and Operations	Congestion management technologies and Intelligent Transportation Systems Upgrade of traffic signals Vehicle/Bus communication	Metro TSMO Grant Program (subset of RFFA Step 1) ODOT Operations program

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