

**DURHAM • CHAPEL HILL • CARRBORO
METROPOLITAN PLANNING ORGANIZATION**

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TO: DCHC MPO Board
FROM : Anne Phillips, DCHC MPO Lead Planning Agency
SUBJECT: Federal Funding Policy Update: Overview

Background

During the FY22 Call for Projects, the MPO Board directed LPA staff to review and update the Policy Framework for DCHC MPO Federal Funds, which was last updated in 2015. This policy guides the distribution of federal funds that flow through the MPO such as Surface Transportation Block Grant Direct Attributable (STBGDA), Transportation Alternatives Program (TAP), and Congestion Mitigation and Air Quality Improvement (CMAQ).

To inform the update, MPO staff had conversations with local agencies and a peer MPO, reviewed other MPO policies from North Carolina and throughout the US, and convened a TC subcommittee to provide feedback on drafts of the updated policy.

Goals of the Update

The draft aims to:

- 1) Align the federal funding policy with the goals and objectives of the 2050 Metropolitan Transportation Plan
- 2) Ensure that the MPO and its member agencies are working together effectively to leverage federal funding for local project implementation
- 3) Ensure that the MPO's process for distributing federal funds is efficient and transparent
- 4) Increase accountability for recipients of federal funding

Differences between Draft and Current Policy

1) Statement of Values

The updated policy aligns with the goals and objectives that the MPO Board adopted for the 2050 Metropolitan Transportation Plan (MTP). More than half of points in the new project scoring rubric support the highest priority objectives of the 2050 MTP: zero disparities, zero emissions, and zero deaths and serious injuries.

2) Regional Flexible Funding: One Funding Pool

To make more efficient use of funding that flows through the MPO, the draft policy recommends doing away with the Regional Bicycle and Pedestrian and local discretionary programs. Following the example of MPOs such as the Capital Area Metropolitan Planning Organization (CAMPO) and Charlotte Regional Transportation Planning Organization (CRTPO) and guidance laid out in Transportation for America's "The Innovative MPO," the draft policy proposes to combine federal funding, such as STBGDA, CMAQ and TAP, into one funding pool for the following reasons:

- DCHC MPO is believed to be the only MPO in the state that provides a portion of funding to member agencies based on population (local discretionary funding). This practice is a disadvantage to smaller jurisdictions who must bank funding for many years to fund projects given that the cost of transportation

projects are relatively similar across jurisdictions, regardless of population. As a result, funding that could be used to deliver projects is not being put to good use and is instead sitting in the “bank” for future use.

- Creating a single funding pool means that funding will be available to agencies as it is needed. Larger agencies will have access to more funding each year as no funding will be banked. Smaller agencies will be able to apply for funding when they have a project in mind instead of waiting to bank enough funds.
- By treating funds as separate pool (e.g. CMAQ), staff currently select projects that most efficiently meet the funding available in each individual pot. Having funding in a single pool allows MPO staff to identify the best projects submitted and make the available funding fit those projects.

3) Request Minimums and Maximums

Many MPOs prescribe minimum and maximum requests for federal funding. This policy introduces funding minimums and maximums to support the fair geographic distribution of projects. Fair geographic distribution of projects supports the development of a robust regional transportation system that increases access and mobility for those that travel within and through the region.

MPO staff will be using scoring rubrics to score all project submittals. The highest scoring projects will receive their funding requests based on the funding that is available. Funding maximums ensure that no one project or applicant receives a disproportionate share of available funding and that funding is spread throughout the region.

Exceptions to the maximum funding request cap may be approved by the MPO manager prior to project submittal. The MPO Board may approve maximums beyond what is prescribed for projects that are of MPO importance.

4) Guidance on New and Existing Project Submittals

Although there will be one call for projects each year, there will be separate procedures for submitting new and existing project funding requests. Existing project funding, or shortfall funding requests, will be prioritized as the MPO wishes to encourage agencies to complete projects before starting new projects to avoid overextending staff and funding resources.

Due to delays in implementation of previously programmed projects, DCHC will cap new project submittals based on each agency’s number of active projects and cost share of the MPO’s local match. Agencies with a number of active projects below the cap may submit their desired number of new projects. Agencies with a number of active projects above the cap may only apply for funding for existing projects.

5) Well-Defined Application Procedure with Project Scoring Rubrics

The draft policy contains a well-defined application procedure that includes guidance on eligible applicants, eligible projects, and developing cost estimations for new projects.

Cost Estimate and Contingencies

Beginning in FY24, DCHC MPO would like to work with consultants on our on-call list to provide cost estimates for all new project submittals.

The draft policy calls for contingencies to be built into cost estimates based on project phase. While the contingencies may seem high, MPO staff have seen shortfall requests that have exceeded these contingencies

in recent years. Further, these contingencies are in line with those required by our peer MPOs such as CAMPO and CRTPO.

Higher contingencies are expected to reduce the need for shortfall funding in the future.

Project Scoring

The policy contains rubrics for scoring new and existing projects. MPO staff will perform all data analysis required for the new project rubric to ensure fairness and reduce the time required to prepare applications on the part of local staff.

6) Increased Public Involvement

This update of the federal funding policy process aims to increase transparency for DCHC MPO's funding processes. As such, once projects are scored, they will be released for a 21-day public comment period before the MPO Board votes to approve a funding recommendation. In order to avoid excessive delays to the process, MPO staff will release the scores for public comment without a recommendation from the TC and MPO Board. A public hearing will also be held at an MPO Board meeting to allow members of the public to share their thoughts about the proposed projects with the MPO Board.

7) Reporting Requirements

To increase accountability, recipients of Regional Flexible Funding will be required to provide a brief report about projects that have received RFF to the MPO Board twice a year.

8) Procedure for Evaluating and updating the Policy

This policy should be updated every time a new MTP is adopted to ensure it aligns with the MPO's current policy priorities.

The MPO Board may approve policy amendments as needed to resolve issues with implementation of the RFF program.

An Unresolved Issue: Federal Funds and Staffing

During the update of this policy, MPO staff and members of the Technical Committee expressed concern about the use of federal funds to support regional planning performed by non-LPA staff. The issue of whether to use federal funding for non-LPA staff hours is beyond the purview of this policy update. Ideally, this issue will be addressed by the ongoing MPO Governance Study. If the Governance Study does not address this issue, LPA staff will need additional time and resources to further investigate this issue and make a recommendation to the MPO Board.