

Metropolitan Planning (PL) Distribution Formula
Discussion Draft

Overview –

The Metropolitan Planning (PL) program is a federal program intended to provide funding to Metropolitan Planning Organizations (MPOs) to carry out transportation planning activities required by 23 USC 134 (Metropolitan Planning) and other applicable requirements of federal law. The MPOs, in cooperation with the State, are required to develop transportation plans and programs in the urbanized areas of the state. Funds in excess of MPO needs may be used for transportation planning outside of urbanized areas and to fund activities under 23 USC 135 (Statewide Planning).

Relevant Statutes/Regulations –

23 USC 104 [Apportionment] (f) [Metropolitan Planning]
23 CFR 420.109 [Metropolitan Planning fund distribution requirements]

Proposed PL Distribution Formula –

We propose revising the PL Distribution Formula to allocate the annual Metropolitan Planning apportionment, as adjusted by the obligation limitation, as follows:

- AMATS* 62 %
- FMATS* 18 %
- Competitive Urban Planning Program (MPO's and Small Urban) 10 %
- AWP** 10 %

Assuming an obligation limit of 85%, this distribution would result in the following amounts:

	<u>FFY 07</u>	<u>FFY 08</u>	<u>FFY 09</u>
Estd Apportionment	\$1,472,634	\$1,496,045	\$1,519,833
Ob Limit	85%	85%	85%
Estimated Available	\$1,251,739	\$1,271,638	\$1,291,858
AMATS*	\$776,078	\$788,416	\$800,952
FMATS*	\$225,313	\$228,895	\$232,534
Competitive Urban Planning	\$125,174	\$127,164	\$129,186
AWP**	\$125,174	\$127,164	\$129,186

*The figures for AMATS & FMATS include the sub-allocations to the DOT&PF Regional Planning Offices for work items assigned to them.

**The AWP line represents PL funding for non-MPO statewide or regional planning projects.

Unobligated funds remaining at the end of each UPWP program (within obligation limits) would be made available to the Competitive Urban Planning Program and the Annual Work Program.

Current PL Distribution Formula –

The current PL distribution formula (attached) differs from previous distribution schemes in that it allocated set dollar amounts to the two MPOs, rather than allocate a percentage of the expected apportionments for each region or purpose. It was developed at a time when there was great uncertainty about how much the state could expect to receive; TEA-21 was about to expire and it was unclear how any of the proposed new authorization bills would treat Metropolitan Planning funding. The current formula (submitted December 2002, approved September 2003) anticipated an annual apportionment to Alaska of at least \$900,000. Actual apportionments were \$974,083 in FFY03 and \$1,192,920 in FFY04.

The formula allocated a base amount of \$675,000 to AMATS, of which \$70,000 was assigned to DOT&PF Central Region for specific planning tasks. FMATS received a base amount of \$225,000, of which \$36,000 was assigned to DOT&PF Northern Region for specific planning tasks.

The FMATS base allocation, augmented by discretionary PL funds and other State funds, was considered greater than its share based on population. The additional funds were provided to enable the then-new MPO to meet the additional federal planning requirements of a formal MPO. With the completion of a new Long Range Transportation Plan (LRTP) and Transportation Improvement Program (TIP), FMATS has met the immediate planning requirements.

The federal approval of Alaska's current PL distribution formula was to remain until the completion of the next Census (expected release of new numbers in 2012) with the caveat that the formula would be revisited should the State's annual PL apportionment rise above \$1,125,000. With the enactment of SAFETEA-LU, Alaska's PL apportionment rose to \$1,469,377 in FFY05 and \$1,434,480 in FFY06. The apportionments are expected to rise to \$1,519,833 in FFY09. Because the apportionment has risen above \$1,125,000, we are revisiting the PL distribution formula.

Flexibility –

States that receive the minimum apportionment may, in addition to funding MPOs to carry out the provisions of 23 USC 134, and subject to the approval of FHWA, use the funds to finance transportation planning outside of urbanized areas.¹ Alaska is a "minimum apportionment" state and thus has that flexibility.

Alaska DOT&PF has used its flexibility in the past to make transportation planning funding available to small urban communities. Fairbanks (before it was designated urbanized), Juneau, Ketchikan, Kodiak and Sitka have taken advantage of this to conduct transportation planning projects.

¹ 23 CFR 420.109(d) reads: "If the State DOT, in a State receiving the minimum apportionment of PL funds under the provisions of 23 U.S.C. 104(f)(2), determines that the share of funds to be allocated to any MPO results in the MPO receiving more funds than necessary to carry out the provisions of 23 U.S.C. 134, the State DOT may, after considering the views of the affected MPO(s) and with the approval of the FHWA Division Administrator, use those funds for transportation planning outside of metropolitan planning areas."

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There is pent-up demand for transportation planning projects in small urban communities, with populations between 5,000 and 50,000, as the previous practice of making PL funds available for small urban planning projects was put on hold pending completion of the transportation reauthorization bill. DOT&PF Regional Planning staff report that several communities have expressed interest in the availability of PL funds for planning projects in small urban areas. In addition, the MPOs have expressed interest in additional transportation planning funds for various one-time planning projects.

To respond to this demand, DOT&PF proposes as part of this distribution formula to make PL funds available to small urban areas and the MPOs through an annual competitive program.

Process –

DOT&PF began the process to update the Metropolitan Planning (PL) distribution formula for Alaska in spring 2006. DOT&PF intends to work closely with the MPOs to develop a formula that adequately funds essential transportation planning in the state's two largest communities and makes funds available for special non-continuing transportation planning projects in the state's smaller urban communities. The process to develop a new PL distribution formula is outlined below; this discussion draft is the product of the third step.

1. Review applicable federal statutes and regulations
2. Review existing & previous Alaska PL distribution formulas
3. Develop Discussion Draft of issues, factors, preliminary distribution formula
4. Circulate draft for review and comment from DOT&PF and MPO technical committees
5. Consider comments and revise as appropriate
6. Circulate for review and comment from DOT&PF and MPO policy committees
7. Consider comments and revise as appropriate
8. Get formal DOT&PF approval, submit to FHWA for approval

Developing a new formula –

Distribution of PL funds within the state must be in accordance with a formula developed by each State in consultation with the MPOs and approved by FHWA. In developing the new PL distribution formula we looked first at the overall PL funding that will be available to the state and any limitations that might be put on those funds. Once we got reasonable estimates of how much would be available to distribute, we considered a number of factors as required by federal regulations. A summary of our review follows:

Funding Authorizations –

According to FHWA calculations, SAFETEA-LU authorizes the following amounts of PL funding for Alaska:

<u>FFY</u>	<u>Authorization</u>
2005	\$1,469,377
2006	\$1,434,480
2007	\$1,472,634
2008	\$1,496,045
2009	\$1,519,833

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Obligation Limitation –

Like most other federal transportation funding programs, the Metropolitan Planning program is subject to the annual limitation to obligation authority. In past distribution formulas, DOT&PF was able to make all of the PL apportionment available for distribution, but this meant that less obligation authority was available to fund projects using NHS, STP or other federal funding sources.

Conditions have changed as we develop a new PL distribution formula. Under SAFETEA-LU apportionments to core funding programs, like NHS and STP, are less than in the latter years of TEA-21. Rather than further cut into those programs by using up our obligation limitation to fund planning, we believe it's in the best interest of the state and MPOs to apply the obligation limitations to the PL program. We note that if the MPOs believe they need additional planning funds beyond that offered by this formula they have the authority to program funds from their annual STP allocation.

Furthermore, SAFETEA-LU increased not only the percentage of funds apportioned to Metropolitan Planning (from 1% to 1.25%), but the base upon which that is calculated. Alaska's PL apportionment grew from \$974,083 in FFY03, the last official year of TEA-21, to \$1,469,377 in FFY05, a 51% increase. It's not apparent that the urban planning needs in Alaska have jumped more than 50% in that period.

The distribution formula proposed assumes an obligation authority of 85% of the SAFETEA-LU authorization amounts, which results in the following amounts available for statewide distribution.

<u>FFY</u>	<u>Authorization</u>	<u>85% Obligation</u>
2005	\$1,469,377	\$1,248,970
2006	\$1,434,480	\$1,147,584
2007	\$1,472,634	\$1,251,739
2008	\$1,496,045	\$1,271,638
2009	\$1,519,833	\$1,291,858

Factors –

According to 23 CFR 420.109(b) the state's PL distribution formula must consider (but not necessarily be limited to):

1. Population
2. Status of planning
3. Attainment of air quality standards
4. Metropolitan area transportation needs
5. Other factors necessary to provide for an appropriate distribution of funds to carry out the requirements of 23 USC 134 and other applicable requirements of Federal law.

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These factors are discussed in more detail on the following pages –

Population

Urbanized areas are designated by the Census Bureau and have populations of more than 50,000². For transportation planning purposes, the boundaries of the urbanized Metropolitan Planning areas must contain at least the Census-designated urbanized boundaries, but may be expanded to take into account transportation patterns and predicted population growth and development. For the purposes of determining population, we are required to use the most recent estimate published by the Secretary of Commerce (i.e. the Census) for the adjusted boundaries. (*per FHWA Q&A on Metropolitan Planning website*).

There are two urbanized areas in Alaska: Anchorage and Fairbanks.

The MPO boundaries of Anchorage include the urbanized areas of the Anchorage bowl plus the urban area of Eagle River and Chugiak; and encompass a 2000 population of 258,124. Because it has a population greater than 200,000, Anchorage is considered a Transportation Management Area (TMA), which carries additional planning responsibilities than those of an urbanized area. The 2000 population of the entire Anchorage Municipality, including Girdwood, Indian, Bird and other areas outside the defined MPO boundaries, is 260,283.

The Census-designated Fairbanks urbanized areas include the cities of Fairbanks and North Pole, and portions of College, Ester, Fort Wainwright, and the Beaver Loop Road areas. The 2000 population of FMATS MPO area with adjusted boundaries is 59,698. The 2000 Census population of the Fairbanks North Star Borough is 82,840.

Other Urban Areas Population

Title 23 allows minimum apportionment states to use PL funds for transportation planning outside metropolitan planning areas. Urban areas with organized local governments that would be eligible for PL funds are:

Urban Area	2000 UA Population	Local Government
Juneau	25,220	City & Borough of Juneau
Wasilla ³	16,535	Matanuska Susitna Borough
Kodiak	10,768	Kodiak Island Borough
Ketchikan	10,673	Ketchikan Gateway Borough
Sitka	7,322	City & Borough of Sitka

² **Urbanized areas** with populations greater than 50,000 may be differentiated from **urban areas**, which, for transportation planning purposes, have populations of 5,000 to 50,000. (To further confuse the issue, the Census identifies “urban clusters” to include as few as 2,500.)

³ The census-designated Wasilla urban area includes rapidly-growing areas outside the city limits.

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Status of planning

SAFETEA-LU established additional planning requirements for both MPO's to be implemented by July 1, 2007. (See 9/2/05 *Interim Planning Guidance*, 6/9/06 *NPRM*) Both need to develop:

- Long-Range Plan updates that incorporate the new planning requirements.
- 4-year TIPs based on the updated Long-Range Plans.
- New or revised public participation plans.

Small urban areas in Alaska face their own transportation planning challenges:

- Because PL funds were not available in recent years to small urban areas, transportation planning products are becoming dated and will need to be updated.
- The Wasilla area was designated an urban area in the last Census, and is one of the most rapidly growing areas in the state.

Attainment of air quality standards

Both MPOs have improved from non-attainment status to maintenance for carbon monoxide. This does not necessarily reduce the needed planning effort – yet. Additional work needs to be done to ensure the communities do not slip back into non-attainment. This is especially true as the Environmental Protection Agency (EPA) develops rules for how it deals with Particulates.

On January 17, 2006 (71 FR 2620) the Environmental Protection Agency (EPA) published proposed new health standards for particulate matter. The proposed revisions address two categories of particulate matter: fine particles (PM_{2.5}), which are 2.5 micrometers in diameter and smaller; and inhalable coarse particles (PM_{10-2.5}), which are smaller than 10 micrometers in diameter but larger than PM_{2.5}. Generally speaking, fine particulates are a product of combustion (either directly or indirectly when nitrogen and sulfur oxides react to form small particles called nitrates or sulfates). Inhalable coarse particles are a product of industrial operations or from windblown dust.

Based on preliminary monitoring in Anchorage and Fairbanks, Fairbanks may exceed the health based standards for fine particulates. Depending on EPA's final rulemaking and the results of additional monitoring, Fairbanks may need to take additional steps to address its air quality issues.

Metropolitan area transportation needs

This can be measured in part by recent population growth rates of each MPO and Urban area. The population growth rates are from the Department of Labor and Workforce Development.

- The Anchorage area population has been growing at average annual rate (2000-2005) of 1.38%, faster than the statewide rate (1.17%).
- The Fairbanks area population has been growing at average annual rate (2000-2005) of 1.16%, essentially equivalent to the statewide rate (1.17%).

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Population growth rates in the smaller urban areas range from a negative 1.33% in Ketchikan to 4.24% in Wasilla. Even negative or stagnant growth rates present their own transportation planning challenges as communities cope.

<u>Community</u>	<u>2000 UA Population</u>	<u>5-Year (2000-2005) Average Annual Growth (Decrease) Rate</u>
Juneau	25,220	0.31%
Wasilla ⁴	16,535	4.24%
Kodiak	10,768	(-0.22%)
Ketchikan	10,673	(-1.33%)
Sitka	7,322	0.25%

Other factors

In addition to the above information, the following factors were considered. While it is not possible to quantify some of the elements, these issues influenced the proposed PL distribution formula.

- Military realignments are expected to result in large increases to the number of troops stationed at Fort Wainwright.
- The proposed Knik Arm Bridge project, should it move ahead, will have a significant impact on traffic between Anchorage and the Matanuska-Susitna Borough, and within Anchorage itself.
- The proposed Alaska Natural Gas Pipeline project, should it move ahead, will have significant impacts on Fairbanks in particular, as well as Anchorage and other areas of the state.

Inflation – In developing the formula we sought to protect the funding allocations to the MPOs against inflation since the formula was last revised in FFY03. We used actual and projected inflation figures based on the changes in the Consumer Price Index provided by the Department of Labor. Applying the inflation rate calculation would result in an increase of the allocation to AMATS from \$675,000 in FFY03 to nearly \$754,000 in FFY07. The formula proposed would allocate about \$776,000 to AMATS in FFY07.

The calculation for FMATS was not as clear-cut since the current formula allotted extra funds to FMATS as a new MPO in order to ramp up to speed with the additional federal planning requirements of an MPO. By FFY06 FMATS had met the additional MPO planning requirements and had reduced its actual budget request from the formula allocation of \$225,000 to about \$180,000. Using that as a guide to the “base” rate, the FMATS allocation would increase to about \$201,000 in FFY07. The proposed formula would allocate about \$225,000 to FMATS in FFY07.

Meeting planning needs –

One objective in the development of a new formula is to ensure that the MPO’s receive adequate funds to meet their ongoing transportation planning needs. That is measured in part by holding them “harmless” from the effects of inflation, discussed above.

⁴ The census-designated Wasilla urban area includes rapidly-growing areas outside the city limits.

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Another objective is to make enough funds available to the MPOs so they can more fully reimburse the DOT&PF regional planning offices for their contributions to the MPO work programs. We note that the FFY06 AMATS allocation of PL funds to the Central Region Planning for work it accomplishes in the AMATS work plan, and the FMATS allocation of PL funds to the Northern Region Planning for work it accomplishes in the FMATS work plan remain largely unchanged from the FFY97 allocations of \$70,000 and \$36,400 respectively.