



Reimagining the Federal Role in Metropolitan Planning and Decision-Making

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Bipartisan Policy Center
February, 2009

FINDINGS

All across the country metropolitan regions are not successfully planning and prioritizing their transportation systems. The nation is now, more than ever, living in large urban areas that may encompass more than one city, multiple towns, several counties, and half a dozen different transportation agencies. Places like New York/New Jersey, Los Angeles, Chicago, and Atlanta epitomize these diverse metropolitan areas. Within these large multi-jurisdictional regions, governments and their agencies are failing to strategically plan, build, and operate transportation infrastructure - meaning that they are not doing well at integrating transportation policy with land use, housing, economic development, and energy and environmental concerns. These policy spheres are all deeply intertwined, but their links in government are weak or nonexistent.

Two ideas have jumped to the fore about how to reform and improve transportation in these metropolitan regions. One advocates for strengthening, i.e. sending money directly to, the power of a specific agency: Metropolitan Planning Organizations (MPO). These agencies work well in some areas but are unproductive in others. It is unclear at this stage if strengthening MPOs would lead to success across the board. An alternative idea is to promote a process of collaboration and cooperation amongst all the agencies that should be involved in metropolitan transportation decisions. In some areas this process might be led by the MPO, in others regions not. Federal policy would require collaboration but send money to the individual agencies implementing the parts of the plan.

The core dichotomy between these ideas is this: either strengthen existing MPOs in the hope that the MPO structure will work everywhere, or focus on fostering an effective planning *process*, of which some MPOs may play a part. Can the federal government support both ideas, promoting process in areas where MPOs are ineffective but strengthening MPOs in regions where they are working? Who would decide which MPOs are effective and which are not? Whether to support a process or an institution? These are some of the questions about what exactly each scenario entails, and how they would be carried out. This paper will explore some of them, leave others unaddressed, and present several recommendations useful for both ideas.

I. BACKGROUND

Our nation is struggling mightily to meet the transportation needs of citizens. The evidence for this is apparent to drivers and transit riders who face a host of frustrations. Metropolitan areas, which are the population hubs and economic engines of our economy, are faring particularly badly. As has been described in extensive work by the Brookings Institute, the country's top 100 metro areas hold a great majority of the nation's people, jobs, and economic output.¹ Yet the transportation networks that

¹ "A Bridge to Somewhere, Rethinking American Transportation for the 21st Century." Metropolitan Policy Program, The Brookings Institution, 2008. The top 100 metros hold 65% of population, 68% of jobs, and 75% of economic output.

There are 100 metropolitan areas in the United States with populations of 500,000 people or greater; 65% of the American population lives in these 100 areas. There are 203 metro regions of 200,000 people or more, and 76% of

enable these areas to flourish are being choked with congestion and failing infrastructure; unable to keep pace they are sapping the strength of metro economies.² A key aspect of the problem is the manner in which urban areas plan, fund, build, and operate their transportation systems. These tasks are split between multiple agencies and institutions, ensuring a lack of consistent strategy and vision – though not generally for want of trying.³

More than 40 years ago, in the Federal-Aid Highway Act of 1962, the federal government recognized the importance of metro areas and called for cities with more than 50,000 inhabitants to do comprehensive, cooperative, and continuing transportation planning in order to receive federal funds. The intent was that through this process localities would develop a regional vision of transportation to guide which programs and projects were funded. In practice, it often works in reverse, with the “vision” being merely a compilation of unrelated projects. Responsible for such plans were what eventually became called local Metropolitan Planning Organizations. State governors could designate the role of the MPO to an existing agency, regional government or planning group, or create a new organization.

Eleven years later the Highway Act of 1973 dedicated a small portion of Highway Trust Fund money to these entities and specifically named them MPOs. However, over the years this funding waned and MPOs’ relevance declined.⁴ The Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) attempted to strengthen and restore vigor to MPOs. It granted them more responsibility for planning and implementation, and created a certification system to hold them accountable for their performance. With these reforms it was hoped that MPOs could provide strategic transportation investment approaches (i.e. prioritized on goals like economic efficiency, intermodality, and the environment). But **the basic MPO framework created in 1962 and invested with so much optimism by ISTEA is not meeting its promise.**

Much has been written detailing precisely why MPOs are not succeeding. This paper does not aim to re-catalogue their woes or take a position on whether MPOs can be saved or not, rather it intends to focus on the broader institutional issue of how regional transportation planning is conducted. Nevertheless we do not propose re-inventing the wheel; many of the faults found in MPOs were identified decades ago and lasting solutions have been hard to come by. Most MPOs suffer from some, if not all, of a variety of things: indirect and insufficient resources, restraints on moving from planning to implementation, an inability to acquire and retain first class leadership, a large gap between expectations and capacity, state interference and local government independence, and lack of

the American population lives in regions of this size or greater. Metropolitan regions are defined by the US Office of Management and Budget based on Census Bureau data. By definition, a metro area contains a core urban area of 50,000 people or more and includes any adjacent counties that have a high degree of social and economic integration (as measured by commuting to work) with the urban core.

² “A Bridge to Somewhere, Rethinking American Transportation for the 21st Century.” Metropolitan Policy Program, The Brookings Institution, 2008.

³ Metropolitan Governance Workshop, Bipartisan Policy Center, June 6, 2008.

⁴ Wolf, Puentes, Sanchez, and Bryan. “MPOs in the Post-ISTEA Era: What Went Wrong?” Eno Transportation Foundation, Sep. 2007.

jurisdiction over a number of fields indirectly tied to transportation such as land use planning.⁵ More fundamentally, although ISTEA strengthened MPOs in many ways, the geographic scope and cross-jurisdictional powers of the organizations are determined by states - and there is great variation in their effectiveness as a result.

In addressing this failure, the federal government cannot give up on metro areas or lose sight of their importance. Indeed, with America facing stiff global competition the need for comprehensive metropolitan strategies that tackle transportation's links to the economy and environment has never been more necessary or urgent. **Prudence calls for a rethinking of metro governance and institutions.** MPOs are appropriate and can work in some areas, but not everywhere. Moreover, experience indicates we should not assume any particular metropolitan-wide institution (an MPO or otherwise) will work in all places. As a result, the best policy may be a **federal emphasis on assuring a process of decision-making and priority-setting that works, regardless of its institutional structure.** In that context, federal funding could concentrate on metro *programs* that accomplish clearly defined – and measured – national goals, and many different agencies could be directly funded to carry out projects within metropolitan programs.

Urban Partnership Program

Perhaps the most significant reimagining of metro governance to date has been the US Department of Transportation's Urban Partnership program. It is hailed by some as the most innovative transportation scheme in years and derided by others as an executive earmark that forces the use of unpopular strategies. In essence, the UP program spurred twenty-six urban communities to compete for almost a billion dollars that could be used to fight congestion.⁶ DOT chose five winners based on how effectively their plans incorporated four strategies that DOT believes have a proven track record of success, what they call the "4Ts": Tolling, Transit, Technology, and Telecommuting.

Announced in May of 2006, the Urban Partnership program was a creation of then Transportation Secretary Norman Mineta. The goal of encouraging the 4Ts was born from Mineta's belief that "congestion results from poor policy choices and a failure to separate solutions that are effective from those that are not."⁷ While the goal of the UP program is to reduce congestion, the purpose of the program can be described somewhat differently. The DOT saw the effort as a means of demonstrating both that the current funding and policy system is broken and that congestion pricing is effective and

⁵ Metropolitan Governance Workshop, Bipartisan Policy Center, June 6, 2008.

⁶ The DOT awarded \$848.1 million to the five original winners. Once New York failed to implement its plan the money allocated to it, plus a little more, was given to Chicago and Los Angeles. These six cities are now set to receive a total of \$860.3 million.

⁷ Humberto, Sanchez. "DOT's New Plan Targets Traffic Congestion." *The Bond Buyer*, May 17, 2006. Page 1, Vol. 356 No. 32383.

desirable.⁸ Believing that the 4Ts are the best ways to fight congestion, the UP program is intended to encourage cities to field-test, and prove the value of, congestion pricing.

When Mary Peters took over as Secretary of Transportation in September of 2006, the UP program ramped up its activity. The DOT issued a notice soliciting applications to the program in December of 2006 with applications due by April 30, 2007. 26 communities applied to the program, including large cities like Los Angeles and New York, as well as smaller cities such as Lincoln, Nebraska and Carson City, Nevada. For a complete list of applicants see Appendix B.

Yet the capacity and funding of the Urban Partnerships increased dramatically after the program was announced because of entirely unrelated, and unexpected, reasons. When the idea for the Partnerships originated in 2006 the plan was to fund them with \$110 million, committed over three years, taken from the Value Pricing Pilot Program and the Intelligent Transportation Systems program.⁹ But the 2006 elections enabled a dramatic increase in the available money. In the 2006 elections Democrats regained control of Congress from Republicans by running, in part, on an anti-earmark platform. To follow through on campaign promises they cleared the FY 2007¹⁰ transportation appropriations bill of earmarks. When the President signed the legislation in February 2007 it handed the US DOT considerable discretion to spend the appropriated money as it saw fit. Funding available to the Urban Partnerships increased to over a billion dollars. Implementation and interest in the UP program would assuredly have been much different if only its original funding level of \$110 million had been available.

Of the 26 communities that applied for the Urban Partnership program, only five were selected as finalists. Taken in contrast with how federal funding is normally allocated, via formula based grants, this competitive process is fairly revolutionary. Rather than doling out limited funds to all 26 applicants based on their population size, miles of road, or some other broad metric, the **UP's competitive process concentrates funding for locations where it will have the greatest effect.** The DOT's call for applications stated that the submissions would be judged on whether they:

- Are likely to be successfully implemented
- Affect the most daily surface transportation travelers
- Produce the greatest potential reduction in overall traffic congestion
- Provide the greatest congestion-reduction benefits per dollar of Federal support
- Provide the most cost-effective means of reducing traffic congestion
- Demonstrate innovative and potentially far-reaching technology applications

Cities were asked to present programmatic plans, not just individual projects, which incorporated the 4Ts. For example, San Francisco's application proposed congestion tolling on the Golden Gate Bridge, congestion pricing for parking in the downtown area, increased investments in transit, technology improvements to traffic light timing, and a program to encourage telecommuting.

⁸ Metropolitan Governance Workshop, Bipartisan Policy Center, June 6, 2008.

⁹ DOT had not planned on the windfall from the non-earmarked FY2007 appropriations act. Source from US DOT.

¹⁰ The government's financial year 2007 ran from October 1, 2006, to September 30, 2007.

To review the applications the DOT brought together both career experts and political appointees from the Federal Highway Administration (FHWA), the Research and Innovative Technology Administration (RITA), and the Federal Transit Administration. In their review, they weighted the tolling aspect of the plan to be the most important, followed by transit, technology, and telecommuting - in that order.¹¹ The Department considered congestion pricing to be “the most innovative - and often misunderstood – component” of the UP program, and therefore deserving of the most prominence.¹² After the evaluation team made recommendations on the best applications - and following DOT leadership’s approval of that list - nine preliminary finalists were invited to twice present in person to the Department. Up to that point in the process there was little to no dialogue between DOT and applicants about the proposals. Once preliminary finalists were selected, however, there was some give-and-take and constructive discussion between the DOT and the communities in working out the specifics of their proposals. New York, Miami, Minneapolis/St Paul, San Francisco, and Seattle made the final cut.¹³

In short, under this program, the DOT offered a significant amount of money to metro areas that developed a plan to fight congestion on multiple fronts. The program’s flexibility makes it unique. Without specifying which governmental institution had to apply, the DOT simply asked for an effective plan that had the agreement of all the various agencies and institutions that were to be involved. This recognized that an effective plan takes the cooperation of a number of local groups to be enacted, no single agency or MPO can go it alone. In some places, MPOs took the lead on the application; in other cities they did not. While the Urban Partnership method, like MPOs, may not be effective everywhere, it is instructive because of its radical departure from convention and its more direct focus on outcomes. Enabling new ideas and procedural set-ups like the Urban Partnerships to flourish may provide the vital innovation that transportation today needs.

With no single model of regional government applicable to all areas, **the federal government’s challenge is to empower metro processes and institutions with the authority and tools necessary to succeed - and to develop accountability systems to measure and judge that performance.**

About this Paper

On June 6th, 2008, the Bipartisan Policy Center’s National Transportation Policy Project (NTPP) convened a workshop of 11 leading experts and practitioners (see Appendix A) to discuss the governance of metropolitan areas as it relates to transportation. The focus of the workshop was on what role the federal government can and should play in empowering metro areas and holding them accountable for

¹¹ Source from US DOT.

¹² “Applications for Urban Partnership Agreements as Part of Congestion Initiative.” Department of Transportation Federal Register Notice, OST-2006-26266. Dec., 2006.

<http://www.fightgridlocknow.gov/docs/upafrrfinal20061204.htm>

¹³ It should be noted that the Speaker of the House at the time, Democrat Nancy Pelosi, represented San Francisco, and Senator Barbara Boxer of California was Chairman of the Senate Environment and Public Works Committee. James Oberstar, Chairman of the House Transportation and Infrastructure Committee, represented a Minnesota district. John Mica, ranking member on the House Transportation and Infrastructure Committee, represented a Florida district.

meeting national transportation goals. NTPP defines national transportation goals as economic growth, climate change and energy security, metropolitan accessibility, national connectivity, and safety. The central issue of the workshop was which governance structures and arrangements allow, incentivize, and provide accountability for metro areas to plan and invest strategically. This paper was informed by the discussion. The next section discusses how to empower metro areas, and the following section discusses how to hold them accountable.

EMPOWERING METRO AREAS

Follow the Money, Encourage Collaboration, Measure the Results.

Major metropolitan regions are at the core of America's economic growth, competitiveness, and energy security. The achievement of national transportation goals in the economic, environmental, and energy spheres will depend upon a redefinition of the federal relationship to states, localities, and regional bodies in metro areas, and upon the development of appropriate strategic decision-making structures within these regions.

As demonstrated by the Urban Partnership program, the federal government can use funding to encourage the creation of such regional decision-making structures. Given the right incentives, metro regions willingly enter into cooperative arrangements in order to carry out programs directed to the attainment of clearly articulated national goals. In a broader national approach based on the Urban Partnership framework, all metropolitan regions would be empowered to develop transportation investment and operational programs across modal, agency, and jurisdictional lines, and would be held accountable for performance outcomes. Federal transportation funds could go directly to the state and local agencies that implemented the projects in a metro area's strategic program.

Rather than prescribing a particular institutional form, the federal government can insist on and sufficiently incentivize a cooperative and strategic arrangement at the metropolitan level. There is wide variety in how these arrangements could work, with a number of examples to be drawn from current experience. For example, in some places state law has granted MPOs the necessary powers to implement such plans; at minimum, it might be anticipated that MPOs could facilitate or lead inter-agency strategic processes. In a national sense, however, a successful federal approach to metropolitan areas that conditioned funding on outcomes would necessitate encouragement of certain key elements.

Local agencies and jurisdictions must have the capacity to create and commit their own revenue sources to the implementation of the region's strategic program. One of the greatest hindrances metros often face is an inability to marshal resources to follow through on strategic plans, but flexibility in being able to create and commit revenue sources can help overcome this problem. For example, the San Diego Association of Governments (SANDAG) has authority, approved by the voters of the San Diego metropolitan region, to raise and administer a half-cent sales tax for local transportation projects. As a result, SANDAG raises more than 60% of its revenue locally, and only about 11% of its funding is

federal.¹⁴ This type of funding not only ensures that plans can be implemented, it establishes accountability with voters. Another arrangement is illustrated by the San Francisco Bay's Metropolitan Transportation Commission (MTC), which develops the regional transportation plan. The California legislature has granted MTC authority to prioritize and spend state funds on projects within its plan, and to collect and invest toll revenues from the Bay Area's seven state-owned toll bridges.¹⁵ In other metro areas such powers rest with different institutions. In the New York City region, the Port Authority of New York & New Jersey and the Metropolitan Transportation Authority both have revenue sources not available to NYMTC, the MPO.¹⁶

Metro regions' separate transportation planning and operating agencies can only carry out a comprehensive strategic program by working together; this cooperation could be arranged by creating authoritative governing institutions, by agreement, or by other means. The most successful metropolitan regions are those that can take a broad view of their transportation networks and can manage them comprehensively. Acting cooperatively, the constituent agencies should have the capacity not only to develop a strategic plan, but also to implement its elements - whether it involves synchronizing traffic lights or building facilities. In some metropolitan areas, MPOs will have the capacity to bring together all of the important agencies, but in many other regions another agency may lead, or a different process may exist (or be established) through which the various stakeholders will cooperate.

To meet national goals, metropolitan regions will have to address a diverse range of issues that affect, or are related to, transportation policies and projects. Allowing metropolitan processes and institutions to serve more functions enables them to develop and implement a more coherent regional plan, one that simultaneously addresses transportation, energy, land use, and environmental issues. These issues overlap, but are traditionally dealt with separately.

Empowerment and accountability of metro regions rests on better information. Transportation data collection - at the national, state, and local level - is distressingly inadequate. This lack of nationally uniform and careful data collection and analysis undermines operational effectiveness and accountability. Shortage of data hides the success of best practices and slows the dissemination of new and innovative ideas. The sharing of best practices is critical in our federal system, where states and metropolitan regions function as the "laboratories of democracy," but metropolitan regions are starved

¹⁴ SANDAG Program Budget, FY 2009. http://www.sandag.org/uploads/publicationid/publicationid_1368_8057.pdf
The vast majority of MPOs depend on federal money for more than half their funding, see "2007 Updated Salary Survey." Survey conducted by the Association of Metropolitan Planning Organizations, May 2007.

¹⁵ The authority to collect tolls and administer revenue was granted by the legislature to the MTC incrementally over the years.

¹⁶ The Port Authority of New York and New Jersey was established in 1921 and given a revenue source, the Holland Tunnel, in 1930. <http://www.panynj.gov/AboutthePortAuthority/HistoryofthePortAuthority/>.
The Metropolitan Transportation Authority was created in 1968, although it has roots back to 1953. <http://www.mta.info/nyct/facts/ffhist.htm>

for more information.¹⁷ Without a significant improvement in measuring performance, metropolitan regions cannot plan effectively or operate efficiently, much less be held accountable.

METRO AREA ACCOUNTABILITY

Get Better Data, Publicize Rankings, Tie Funding to Outcomes.

Improved data collection, mentioned above as a tool for empowering metro areas, is also the first step in revamping accountability. If metro areas are strengthened with additional funding, power, and responsibility, then increased accountability is a vital check and balance. From the federal perspective, the government must be able to ensure that federal dollars are being spent at the state and regional level in furtherance of national goals. Moreover, while metropolitan accountability to national goals is important, so is accountability to state and local voters. Oversight fails without better data by which to measure performance.

The first, and easiest, application of more information is a **ranking of regional and state performance**. Such rankings alone can inspire citizens to take an interest in their local MPOs and demand improvement. As one of the workshop participants noted, “no one likes to be last.” While there are obvious differences between New York City, Los Angeles and Tulsa, it is not impossible to compare their performance and progress in many important areas. More broadly, information on performance can be used by the federal government to set goals and deadlines – leaving metro areas with maximum flexibility in deciding how to reach them.

Given this approach, which will inevitably require extensive collaboration at the local level amongst agencies and governments, it is productive to consider **conditioning funding on outcomes** rather than dictating the terms of cooperation. **Incentivizing collaboration with extra funding** is the other facet of this tactic. This will necessitate strategies to overcome one of the largest challenges to outcome-based funding, particularly in transportation, which is the time lag between the implementation of something new and when that project starts yielding results. For example, new transit lines can take years to develop the ridership and land use patterns that can make them particularly valuable to metro areas. While the federal government can threaten to take money away when projects fail to meet their goals, this approach may be not only politically unrealistic but unfair.

Experience with programs such as New Starts and the Urban Partnerships demonstrates that to achieve results the **carrots and sticks must sometimes be large, but can often be small**. For example, New York City and the state legislature were recently unable to reach the agreements necessary to implement its Urban Partnership plan, causing the federal government to withdraw \$355 million in promised funding. For New York, apparently the size of the carrot was neither tempting enough nor the threat of withdrawal sufficiently intimidating. However, 25 other cities along with New York had applied for

¹⁷ “Technical Priorities.” Survey conducted by the Association of Metropolitan Planning Organizations, Feb. 2005.

Urban Partnership money, even though the amounts being allocated were not as large and the commitments required significant.¹⁸ This indicates there is considerable willingness at the local level to experiment with new ideas and work within a flexible federal approach focused on outcomes.

A performance-based approach could also be called a competitive allocation of funds, a process that is surprisingly rare. **Metro areas and states will compete fiercely for even relatively small amounts of federal funds**, even when that money comes with certain conditions and strings attached. The dangling carrot of federal money can often spur localities to raise their own money if that is what the federal dollars require, and thus limited federal funds can be leveraged to greater effect. The Urban Partnership program shows that many metros are eager for money to test the deployment of new technologies and operational strategies. From the New Starts program, however, it is also clear that local governments will attempt to game the system by overstating benefits and understating costs if there is no penalty for failing to reach targets.¹⁹ Competitively allocating money obliges the **careful use of a performance-based approach** that stresses a benefit-cost analysis of plans and problems, while **simultaneously providing incentive money** to fund certain types of strategies and projects before their outcomes can be analyzed.

CONCLUSIONS

The broad themes distilled from the National Transportation Policy Project's expert workshop are simple: to achieve national goals metro areas need to be empowered, but they also have to be held accountable. By giving metro areas greater powers to raise their own funds, prioritize their own projects, and operate in fields beyond just transportation, the possible effectiveness of their processes and institutions will be greatly improved. While no one institutional model is appropriate for all regions, those principles for empowerment hold true everywhere. Yet with greater responsibility comes greater accountability, to federal and state government and local citizens. Accountability today is virtually impossible because of the poor state of information collection. Better information and data is essential if the performance of metro areas is to be judged and used to allocate scarce federal funds. By focusing on information and outcomes, the federal government can incentivize regional collaboration while allowing metro areas maximum flexibility in how they go about their work. This is a compromise that can work, and while the challenges metro areas face are significant, they are not insurmountable.

¹⁸ The Urban Partnership money awarded ranges from \$63 million for Miami to \$158 million for San Francisco. In a similar program, called the Congestion Reduction Demonstration, Los Angeles received \$214 million.

¹⁹ Metropolitan Governance Workshop, Bipartisan Policy Center, June 6, 2008.

APPENDIX A - List of Workshop Participants

Alan Altshuler

Workshop Moderator. Harvard professor (Kennedy School and Graduate School of Design), former Massachusetts Secretary of Transportation

David Horner

Deputy Assistant Secretary for Transportation Policy, US Department of Transportation

Doug MacDonald

Former Washington State Secretary of Transportation

Gary Gallegos

Executive Director of the San Diego Association of Governments (SANDAG)

Jane Garvey

Former Administrator of the Federal Aviation Administration; APCO Worldwide

Marty Wachs

Director of RAND Corporation's Transportation, Space, and Technology Program

MarySue Barrett

President of the Metropolitan Planning Council of Chicago

Michael Morris

Director of Transportation of the North Central Texas Council of Governments

Mike Meyer

Georgia Institute of Technology Professor, Center for Quality Growth & Regional Development, College of Architecture

Rob Puentes

Brookings Institution Fellow, Metropolitan Policy Program

Ron Kirby

Director of the Metropolitan Washington Council of Governments

Steve Heminger

Executive of the Metropolitan Transportation Commission, San Francisco Bay Area

Appendix B – List of Applicants to Urban Partnerships Program

Non-Finalists:

Jacksonville, FL	Los Angeles, CA
Pinellas County Public Works Department	Washington, DC
Orlando, FL	Phoenix, AZ
San Jose, CA	Lincoln, NE
Louisville, KY	Finalists:
Austin, TX	Miami, FL*
Carson City, NV	San Francisco, CA*
Northern Virginia	San Diego, CA
Madison, WI	Atlanta, GA
Houston-Galveston Area Council	Dallas, TX
Chicago, IL	Denver, CO
Richmond, VA	Seattle, WA*
Bureau of Policy and Planning	Minneapolis, MN*
Connecticut Department of Transportation	New York, NY*

* = Denotes the city was selected and announced in August, 2007. Since this time, New York City failed to get legislative authority from the New York State Legislature and therefore will not be awarded the funding based on the terms of the agreement. In addition, there was a second competition through the Congestion Reduction Program. Chicago and Los Angeles were selected for funding.