Urban Partnership Agreement
by and between
U.S. Department of Transportation
and its
Minneapolis-St. Paul-Area Urban Partner

Executive Summary

This Urban Partnership Agreement sets forth an agreement in principle between the U.S. Department of Transportation (the "Department") and the Department's Minneapolis-St. Paul-Area Urban Partner, comprised of the Minnesota Department of Transportation ("MnDOT") and the Twin Cities Metropolitan Council. Under this agreement, the Urban Partner agrees to (i) convert the existing high-occupancy vehicle ("HOV") lanes along I-35W between I-494 and Burnsville Parkway into dynamically-priced high-occupancy toll ("HOT") lanes; (ii) extend these HOT lanes through the Crosstown Commons between I-494 and 46th Street; (iii) operate priced dynamic shoulder lanes ("PDSL") along the northbound portion of I-35W from 46th Street to downtown Minneapolis; (iv) increase park-and-ride and transit capacity along the corridor by expanding the existing express bus service and implementing new Bus Rapid Transit ("BRT") service; (v) construct double-lane contra-flow bus lanes in Downtown Minneapolis on Marquette and 2nd Avenues and corresponding bus shelters and other amenities; (vi) build new transit park-and-ride facilities to support expanded and new transit services; (vii) construct BRT stations; (viii) construct bus lane/ramp at the TH-62 and TH-77 interchanges; (ix) implement intelligent transportation systems ("ITS") technology for transit to include bus arrival times, congestion conditions, parking availability, lane guidance system, and transit signal priority; (x) install ITS technology to facilitate transit and arterial traffic management; and (xi) increase the use of Results Only Work Environments ("ROWE") throughout the region. In addition, the Urban Partner agrees that all projects will be in operation by not later than September 30, 2009. In exchange for these commitments, the Department intends to allocate $133.3 million in Federal grant funding for projects (i) through (x), according to the terms of a grant agreement (or a series of grant agreements) to be negotiated by the Department and the Urban Partner. The Urban Partner will be responsible for funding the ROWE expansion.

THIS MEMORANDUM OF UNDERSTANDING (this "MOU"), dated as of August 7, 2007, and revised on November 6, 2007, is made by and among the Secretary of Transportation (the "Secretary"), the Federal Highway Administration ("FHWA"), the Federal Transit Administration ("FTA"), the Research and Innovative Technology Administration ("RITA") (the Secretary, FHWA, FTA, RITA, collectively, the "Department"), and the undersigned State, county and/or municipal governmental entities, as the case may be (collectively, the "Urban Partner").

Agreement in Principle

1. Agreement in Principle. This MOU sets forth an agreement in principle among the undersigned concerning the terms and conditions of Federal assistance to be provided by the Department for the transportation projects described herein. This MOU represents solely the intent of the parties (including, without limitation, the intent of the Department to allocate funds as set forth in Section 4(a) below), and no party shall be legally bound hereby. Any agreement between the Department and the Urban Partner concerning funding of the transportation projects described herein shall be set forth in a grant agreement (or a series of grant agreements) (the "Grant Agreements") to be negotiated and executed by the parties to this MOU. The Department reserves the right, in its discretion, not to fund the transportation projects (or any part thereof) described in this MOU or otherwise set forth in the application filed by the Urban Partner to the Urban Partnership Program.

2. Background. Transportation system congestion is one of the greatest threats to our Nation's economic prosperity and way of life. Whether it takes the form of trucks stalled in traffic, cargo stuck at

overwhelmed seaports, or airplanes stuck on the tarmac, congestion costs the Nation an estimated $200 billion a year. The problem of traffic congestion in our major metropolitan areas in particular is severe and worsening. In 2003, traffic jams in the Nation's largest 85 urban areas cost Americans 3.7 billion hours and 2.3 billion gallons of fuel. Congestion is also affecting the quality of life in America by robbing us of time that could be spent with families and friends and in participation in civic life.

The signatories to this MOU do not believe that gridlock is our inevitable fate. In May 2006, the Department announced a major initiative to reduce transportation system congestion. This plan, the *National Strategy to Reduce Congestion on America's Transportation Network* (the "Congestion Initiative"), provides a blueprint for Federal, State, and local officials to consider as they work together to reverse the alarming trends of congestion. One major component of the Congestion Initiative is the Urban Partnership Agreement (or "UPA"). As announced in the Department's solicitation for Urban Partners published in the Federal Register on December 8, 2006 (at 71 FR 71231 (2006)) (the "Federal Register Notice"), applicants designated by the Department as Urban Partners would adopt the "Four Ts:" tolling (congestion pricing), transit, telecommuting and technology – strategies believed to be effective on a combined basis in reducing traffic congestion. In return for such commitment, the Department, to the extent requested and appropriate, would support its Urban Partners' implementation of the Four Ts with financial resources, regulatory flexibility, and dedicated expertise and personnel.

3. Designation as Urban Partner. In accordance with the Federal Register Notice and for purposes of this MOU, the Department designates each of the following entities, collectively, as an "Urban Partner:"

(a) Minnesota Department of Transportation ("MnDOT"); and
(b) Twin Cities Metropolitan Council.

4. Grant Agreements. The Department and the Urban Partner agree to negotiate a grant agreement (or a series of grant agreements) that would reflect the following terms and conditions:

(a) Federal Projects and Sources of Funding. The Department shall provide funding for each of the following projects (the "Federal Projects") under the Federal programs and in the amounts provided below, in each case subject to the statutes, regulations and the implementing guidance of the Department governing such programs and subject to the Urban Partner's agreement to commence the Local Projects set forth in Section 4(b):

Project	Source of Funding	Amount of Funding
Tolling (congestion pricing) projects		
• **I-35W HOV-to-HOT conversion.** The Urban Partner will convert the existing high-occupancy vehicle ("HOV") lanes along I-35W between I-494 and Burnsville Parkway into high-occupancy toll ("HOT") lanes. HOT lane tolls shall be priced dynamically based on the level of demand for the HOT lanes. • **I-35W HOT lane extension.** After converting the I35W HOV lane to a HOT lane, the Urban Partner will extend this HOT lane through the Cross-town Commons between I-494 and 46th Street. • **Priced Dynamic Shoulder Lanes (PDSL).** The Urban Partner will operate priced dynamic shoulder lanes along the northbound portion of I-	• FHWA's Interstate Maintenance Discretionary Program	• $6.6 million in contract authority funds made available for obligation for Fiscal Year 2007
	• FHWA's Transportation, Community, and System Preservation Program ("TCSP")	• $16.4 million in contract authority funds made available for obligation for Fiscal Year 2007
	• FHWA's Value Pricing Pilot Program ("VPPP")	• $5.0 million in funds appropriated when needed and available, but in any event no later than the end of Fiscal Year 2009; funding subject to appropriation

Project	Source of Funding	Amount of Funding
35W from 46th Street to downtown Minneapolis. PDSL operation will incorporate active lane management technologies and techniques.	• RITA's Intelligent Transportation Systems Operational Testing to Mitigate Congestion ("ITS-OTMC") Program	• $15.2 million in funds appropriated when needed and available, but in any event no later than the end of Fiscal Year 2009; funding subject to appropriation
Transit projects		
• **Expansion of I-35W and TH-77 transit service.** The Urban Partner will expand current bus service along I-35W and TH-77 and will operate new Bus Rapid Transit ("BRT") service along both facilities. • **New "advanced BRT" stations.** The Urban Partner will construct five new advanced BRT stations along the TH-77 corridor and expand park-and-ride spaces at one of these stations. • **New park-and-ride facilities.** The Urban Partner will construct three new park-and-ride facilities along I-35W and TH-77. • **New "transit advantage" bypass lane/ramp.** The Urban Partner will construct a bypass lane/ramp at the interchange of TH-77 and TH-62 to facilitate the movement of transit vehicles. • **Contra-flow transit lanes in downtown Minneapolis.** The Urban Partner will construct double-lane contra-flow bus lanes in Downtown Minneapolis on Marquette and 2nd Avenues along with wider sidewalks, improved passenger waiting shelters, improved lighting, and landscaping and other beautification. • **Technology for Transit.** The Urban Partner will Implement intelligent transportation systems ("ITS") technology for transit to include bus arrival time signs at stations, congestion condition and parking availability information, lane guidance system for shoulder-running buses, and transit signal priority.	• FTA's Bus and Bus-Related Facilities Discretionary Grant Program ("Section 5309 Bus Program")	• $85.9 million in funds appropriated for Fiscal Year 2006 or Fiscal Year 2007
Technology projects		
• **Arterial and freeway management.** The Urban Partner will install intelligent transportation system ("ITS") technology to facilitate arterial and freeway operations and management and broadly disseminate real-time road pricing information.	• RITA's Intelligent Transportation Systems Operational Testing to Mitigate Congestion ("ITS-OTMC") Program	• $4.2 million in funds appropriated when needed and available, but in any event no later than the end of Fiscal Year 2009; funding subject to appropriation

(b) **Local Projects to be Implemented by Urban Partner**. In connection with the implementation of the Federal Projects, the Urban Partners shall agree to commence the following projects (the "Local Projects"):

(i) The Urban Partner will install a Results Only Work Environment ("ROWE") pilot in several major Twin Cities organizations, with a goal of increasing the number of

teleworkers and/or workers on flexible work schedules in the I-35W corridor by 500 individuals; and

(ii) Construction of a southbound auxiliary lane on I-35W from 106th Street to TH-13.

(c) **Completion of Projects.** Unless otherwise agreed by the Department and the Urban Partner, both the Federal Projects and the Local Projects shall be in operation by not later than September 30, 2009 (except for the double-lane contra-flow bus lanes in Downtown Minneapolis on Marquette and 2nd Avenues which shall be in operation not later than December 31, 2009, and the I-35W HOT Lane Extension through the Cross-town Commons between I-494 and 46th Street which shall be in operation not later than October 31, 2010). In the event that the action(s) funded in connection with the Urban Partnership Agreement experience delay due to circumstances beyond the control of the Urban Partner, the Department may either negotiate an extended completion date or terminate the action(s).

(d) **Other Terms and Conditions.** Each of the Grant Agreements shall additionally provide that:

(i) Except for (A) $1.6 million in funds allocated to the Urban Partner under the Value Pricing Pilot Program for project development and design, (B) $8.8 million in funds allocated to the Urban Partner under the Section 5309 Bus Program for construction of approximately 620 additional parking spots at the North I-35W structured park-and-ride facility, and (C) $4.4 million for 11 buses for service provided on I-35W, no funds obligated by the Grant Agreements shall be drawn down by the recipient unless and until all legal authority necessary to implement each of the Federal Projects (including, without limitation, legal authority to implement congestion pricing) has been duly adopted and taken effect, which authority shall be adopted and in effect within 90 calendar days following the opening of the next session of the Minnesota State legislature;

(ii) No funds obligated by the Grant Agreements shall be drawn down by the recipient unless and until each member of the Urban Partner with the authority to toll has agreed to exempt privately operated over-the-road buses from tolls to the same extent it has exempted (or proposes to exempt) public transportation from tolls in connection with the Federal Projects;

(iii) The Department reserves the right to de-obligate funds obligated under any of the Grant Agreements (or to require the return of such funds) in the event a recipient breaches or otherwise fails to perform under any of the Grant Agreements;

(iv) The recipient shall not assess congestion charges against any vehicles owned or operated by any foreign government or international organization or its representatives, officers, or employees if notified by the U.S. Department of State that, pursuant to U.S. international legal obligations, the vehicles are exempt from such charges;

(v) The recipient makes customary representations to the Department that the Federal Projects comply (or will comply) with all applicable Federal, State and local laws;

(vi) The recipient agrees to provide to the Department (and its designees) access to the Federal Projects and all data collected by the recipient with respect to the Federal Projects for purposes of the Department's oversight of the Federal Projects; and

(vii) To the extent requested by the Department, the recipient agrees to designate an independent third party to perform all program evaluations required by law or as reasonably directed by the Department in order to assist in the evaluation of the Federal Projects.

(e) **Actions Prior to Execution of Grant Agreements.** Prior to the execution of the Grant Agreements, the Department shall have received the following, in addition to usual and customary deliverables:

(i) A new or amended application to each of the following grant programs, as required by the Department: FHWA Interstate Maintenance Discretionary Program, FHWA Transportation, Community, and System Preservation Program;

(ii) Either (A) a certificate from MnDOT, satisfactory to the Department in form and substance, confirming that MnDOT has obligated (or demonstrating that it will obligate in Fiscal Year 2007) all of its apportionments under 23 USC 104(b)(4), or (B) an opinion of counsel to FHWA that the requirements of 23 USC 118(c) may be waived or have otherwise been complied with; and

(iii) An opinion of counsel, satisfactory in form and substance to the Department, concerning the Federal Projects.

5. **Non-Disclosure.** Prior to the public announcement of the Urban Partner by the U.S. Secretary of Transportation, the undersigned agree not to disclose the contents hereof to any third party, except by written agreement of the Department or as required by law.

[Signatures appear on the following page.]

United States Department of Transportation

Signature _____ **Date** 9/6/07

D. J. Gribbin, General Counsel, United States Department of Transportation

Signature _____ **Date** 9/5/07

J. Richard Capka, Federal Highway Administrator

Signature James S. Simpson **Date** 9-5-07

James S. Simpson, Federal Transit Administrator

Signature _____ **Date** 9/5/07

Paul Brubaker, Research and Innovative Technology Administrator

Urban Partner

Signature Carol Molnau **Date** 1-08-08

Carol Molnau, Lieutenant Governor and Commissioner of Transportation, State of Minnesota

Signature _____ **Date** 12/20/07

Peter Bell, Chair, Twin Cities Metropolitan Council