program must constitute new or additional efforts, existing funding (including inspection fees) should not be displaced, and operating expenses are eligible for three years.

Privately Owned I/M Facilities

In States that rely on privately owned I/M facilities, State or local I/M program-related administrative costs may be funded under the CMAQ program as in States that use public I/M facilities. However, CMAQ support to establish I/M facilities at privately owned stations, such as service stations that own the equipment and conduct emission test-and-repair services, requires a public-private partnership (See Section VII.C.).

The establishment of "portable" I/M programs, including remote sensing, is also eligible under the CMAQ program, provided that they are public services, reduce emissions, and do not conflict with statutory I/M requirements or EPA regulations.

16. Experimental Pilot Projects

State and local organizations have experimented with various types of transportation services to better meet the travel needs of their constituents. These "experimental" projects may show promise in reducing emissions, but do not yet have supporting data. The FHWA has supported and funded some of these projects as demonstrations to determine their benefits and costs. These experimental pilots are not intended to bypass the definition of basic project eligibility but seek to better define the projects’ future role in strategies to reduce emissions.

For a project or program to qualify as an experimental pilot, it should be defined as a transportation project and be expected to reduce emissions by decreasing vehicle miles traveled (VMT), fuel consumption, congestion, or by other factors. The FHWA encourages States and MPOs to creatively address their air quality problems and to experiment with new services, innovative financing arrangements, public-private partnerships, and complementary approaches that use transportation strategies to reach clean air goals. The CMAQ program may be used to support a well-conceived project even if the proposal may not fully meet the eligibility criteria of this guidance.

Given the untried nature of these pilot projects, before-and-after studies should be completed to determine actual project impacts on air quality as measured by net emissions reduced. These assessments should document the project’s immediate impacts in addition to long-term benefits. A schedule for completing the study should be a part of the project agreement. Completed studies should be submitted to the FHWA Division office within three years of implementation of the project or one year after the project’s completion, whichever is sooner.

VIII. PROJECT SELECTION PROCESS-GENERAL CONDITIONS

---

50 23 U.S.C. §149(b)
Proposals for CMAQ funding should include a precise description of the project, providing information on its size, scope, location, and timetable. Also, an assessment of the project’s expected emission reduction benefits should be completed prior to project selection to better inform the selection of CMAQ projects (See Below).

A. Air Quality Analysis

1. Quantitative Analyses

Quantified emissions benefits (i.e., emissions reductions) and disbenefits (i.e., emissions increases) should be included in all project proposals, except where it is not possible to quantify emissions benefits (see Qualitative Assessment, below). Benefits and disbenefits should be included for all pollutants for which the area is in nonattainment or maintenance status and should include appropriate precursor emissions. Benefits should be listed in a consistent fashion (i.e., kg/day) across projects to allow accurate comparison during the project selection process. Net benefits from all emissions sources involved should be included in the analysis. For example, in analyzing a commuter rail project, net benefits would include emissions reductions from the auto trips avoided, and emissions increases tied to locomotive operation.

State and local transportation and air quality agencies conduct CMAQ-project air quality analyses with different approaches, analytical capabilities, and technical expertise. The SAFETEA-LU encourages State DOTs and MPOs to consult with State and local air quality agencies about the estimated emission reductions from CMAQ proposals. However, while no single method is specified, every effort must be taken to ensure that determinations of air quality benefits are credible and based on a reproducible and logical analytical procedure.

2. Qualitative Assessment

Although quantitative analysis of air quality impacts is expected for almost all project types, an exception will be made when it is not possible to accurately quantify emissions benefits. In these cases, qualitative assessments based on reasoned and logical determinations that the projects or programs will decrease emissions and contribute to attainment or maintenance of a NAAQS are acceptable.

Public education, marketing, and other outreach efforts, which can include advertising alternatives to SOV travel, employer outreach, and public education campaigns, may fall into this category. The primary benefit of these activities is enhanced communication and outreach that is expected to influence travel behavior, and thus air quality.

3. Analyzing Groups of Projects

In some situations, it may be more appropriate to examine the impacts of comprehensive strategies to improve air quality by grouping projects. For example, transit improvements

---

51 23 U.S.C. §149(e) (SAFETEA-LU §1808(e))  
52 23 U.S.C. §149(b)(1); (SAFETEA-LU §1808(b))
coupled with demand management to reduce SOV use in a corridor might best be analyzed together. Other examples include linked signalization projects, transit improvements, marketing and outreach programs, and ridesharing programs that affect an entire region or corridor.

4. Tradeoffs

As noted above, emissions benefits should be calculated for all pollutants for which an area is in nonattainment or maintenance status. Some potential projects may lead to benefits for one pollutant and increased emissions for another, especially when the balance involves precursors such as NOx and VOC. States and MPOs should consult with relevant air agencies to weigh the net benefits of the project.

IX. PROGRAM ADMINISTRATION

A. Project Selection—MPO and State Responsibilities

CMAQ projects are selected by the State or the MPO. MPOs, State DOTs, and transit agencies should develop CMAQ project selection processes in accordance with the metropolitan and/or statewide planning process. The selection process should involve State and/or local transportation and air quality agencies. This selection process provides an opportunity for States and/or local agencies to present a case for the selection of eligible projects that will best use CMAQ funding to meet the requirements and advance the goals of the Clean Air Act.

The CMAQ project selection process should be transparent, in writing, and publicly available. The process should identify the agencies involved in rating proposed projects, clarify how projects are rated, and name the committee or group responsible for making the final recommendation to the MPO board or other approving body. The selection process should also clearly identify the basis for rating projects, including emissions benefits, cost effectiveness, and any other ancillary selection factors such as congestion relief, greenhouse gas reductions, safety, system preservation, access to opportunity, sustainable development and freight, reduced SOV reliance, multi-modal benefits, and others. At a minimum, projects should be identified by year and proposed funding source.

Close coordination is encouraged between the State and MPO to ensure that CMAQ funds are used appropriately and to maximize their effectiveness in meeting the CAA requirements. While the program of projects is being developed, the State or MPO should consult with FHWA and FTA to resolve any questions about eligibility. This will ensure that the projects programmed for CMAQ funding in the TIP are all eligible.

States and MPOs should fulfill this responsibility so that nonattainment and maintenance areas are able to make good-faith efforts to attain and maintain the NAAQS by the prescribed deadlines. State DOTs and MPOs should consult with State and local air quality agencies to develop an appropriate project list of CMAQ programming priorities that will have the greatest impact on air quality. In developing this list, MPOs and States should evaluate the cost-effectiveness of the projects and give priority consideration to those that will create the greatest emissions reductions for the least cost. The SAFETEA-LU calls out diesel retrofits as one type of cost-effective project to which priority consideration shall be given. The EPA has conducted