

**CALIFORNIA FEDERAL PROGRAMMING GROUP (CFPG)
MEETING MINUTES – January 6, 2009**

The CFPG meeting was held in the FHWA offices in Sacramento from 10:30 a.m. to 12:30 p.m.

1. Topics/Agenda/Introduction:

The meeting started with the self-introduction of attendees.

2. Ground Rules:

Abhijit Bagde, Caltrans, Federal Programming, asked the group to refer to the Ground Rules from previous meeting minutes.

- Since there are phone participants, everyone who speaks should state his/her name and agency. Keep comments as brief as possible.
- When not speaking, phone participants are requested to keep their phones on mute if possible. Do not place the conference call on hold. If you need to take another call, please hang up the conference call. You may rejoin the teleconference by dialing back in.

3. Announcements and updates:

- Steve Luxenberg, FHWA stated that Gene Fong had retired from FHWA

4. Follow-Up Items from last meeting:

- Caltrans to provide language regarding use of statewide reserve for demonstrating financial capacity for administrative modifications. This will help in clarifying the revised modification guidelines. Abhijit Bagde, Caltrans e-mailed the following website to the CFPG members as handouts 1 and 2, to be discussed at this meeting as part of items 6 and 7.
http://www.dot.ca.gov/hq/transprog/federal/fedfiles/amend_mod_procedures_approval.pdf
- FHWA to provide an example demonstrating programming of a grouped project listing. Postponed to the next meeting where Steve Luxenberg, FHWA promised to share an example. Jose Luis Caceras, SACOG asked if FTA had a preference for its grouped listings.

After continued discussion on various lists and how each MPO maintains its lists, Jose Luis Caceras, SACOG stated that SACOG had good lists and offered to help. The discussion continued on the exempt categories and it was decided that the solution would be dependant on the task force meeting that Steve Luxenberg, FHWA chaired.

- Performance Measure: Caltrans to revise spreadsheet for the “Percentage of all federally funded and regionally significant projects obligated annually compared to those programmed”. This item has been completed. Jody Tian, Caltrans had sent the revised spreadsheet. Sri Srinivasan, MTC requested him to resend it to her.

5. Economic Stimulus Projects

There was a healthy discussion on the expected economic stimulus projects and the highlights are as follows:

- 1) The FHWA D.C. Office as informed the Division office that enactment of the Economic Recovery package has been delayed up to two months. More likely it will be approved at the end of February.
- 2) There has been much talk about streamlining and expediting the process. FHWA reiterated that there may be streamlining, but right now there is no relaxation of federal requirements, and such relaxation should not be expected. FHWA noted their TIP amendment review period is and will remain 30 days. Their streamlining means they will approve the Economic Recovery related TIP amendment within that 30-day period.
- 3) The Division Office was also told by the FHWA D.C. Office to expect a very detailed audit on Every project, and therefore there will need to be a documented paper trail. They were instructed to be careful, especially in the areas of: how the projects are programmed, how the funding is spent, and how the environmental process is being met.
- 4) Since the Economic Recovery funding is new funding to the TIP, an amendment is required, even if it is a simple exchange of currently programmed funds. An MPO's board/commission cannot take action on the TIP Amendment until the Bill is signed. The reasoning behind this is that the expedited timeframe of the delivery of the funds places the projects within the first two years of the TIP, and therefore must be committed and available prior to programming in the first two years of the TIP.
- 5) FHWA would like the Economic Stimulus/Recovery TIP Amendment to go as a companion with the Amendment to redetermine the TIP for financial constraint as a result of the State budget crisis, ideally replacing the State's funding shortfall with the federal recovery funding. They realize the timing may be off, so reminded the MPOs that a TIP amendment will eventually be needed to address the state's budget shortfall for transportation. TIPs will be locked down (no TIP Amendments) until an amendment is approved redemonstrating financial constraint as a result of the lost state funds.
- 6) Of final note, FHWA kept referring to 180 days (hopefully this means the 90 day deadline is off the table).

He informed the group that the FSTIP had been forwarded to the Federal agencies and he had from the FHWA and FTA that approval was expected by November 18, 2008 but Caltrans had not received the official approval letter. Steve Luxemburg, FHWA announced that FTSIP had been reviewed and had been sent to FTA.

Muhaned added that there would be an additional 14-day review period for those with in-process amendments.

For all future amendments or changes to FTIP's, the MPO's are requested to refer to the amendment checklist and for the changes to the FSTIP, the public review period would be concurrent to that of the MPO.

6. Revised FSTIP Amendment and Administrative Modification Procedures – Abhijit Bagde, Caltrans

Abhijit Bagde, Caltrans walked the group through handout 1 and the new administrative modification guidelines, namely the limits changing from 20% to the 25% and from \$2 Million to \$5 million. The guidelines also address about the ability to use Caltrans's programming capacity.

7. Checklist for FTIP amendment or administrative modification submittal – Abhijit Bagde, Caltrans

Abhijit Bagde, Caltrans walked the group through handout 2 that had been sent out and requested that MPO's follow those guidelines. MPO's were asked to reach out to their MPO coordinator with any questions the MPO may have.

8. CMAQ: Jody Tian, Caltrans

- CMAQ Annual Report – MPO's were requested to send in their data, before the end of the week.
- Performance Measure – Jody asked that everyone please also send in the data using the revised excel spreadsheet sent earlier. He mentioned that he had received quite a bit of the information already.
- Final CMAQ guidance (Handout 3) – Jody walked the grouped through the CMAQ guidance and there was no new information.

9. Public Participation - Review and Comment Period for Amendments: Joanne McDermott, Caltrans

Joanne McDermott noted that for amendments the Public Participation Process and comment period for the FSTIP or the Statewide TIP would coincide with that of the Public Participation Process and comment period for the FTIP or the MPO TIP. MPOs are requested to keep their websites up to date as the plan was to link the MPO's websites to the Caltrans website.

10. Follow-Up Items:

- Caltrans to e-mail link to Caltrans FSTIP Public Participation website – Item completed
- Caltrans to e-mail fund type for programming economic stimulus projects – Item completed

11. Next Meeting: Abhijit Bagde

The next meeting will be on February 24, 2009 at Caltrans, Sacramento.

Agenda

January 6, 2009
10:30 am – 12:30 pm

FHWA
650 Capitol Mall, Suite 4-100
Sacramento, CA 95814

Contact: Steve Luxenberg
(916) 498-5066

Meeting called by: Muhaned Aljabiry
Facilitator: Abhijit Bagde
Recorder/Time Keeper: Sri Srinivasan

Agenda Topics

| Item | Description | Time | Presenter |
|------|---|-------|-------------------|
| 1 | Topics/Agenda/Introductions | 10:30 | Abhijit Bagde |
| 2 | Ground Rules | 10:35 | Abhijit Bagde |
| 3 | Announcements and updates | 10:45 | All |
| 4 | Follow-Up Items from last meeting: <ul style="list-style-type: none"> • Caltrans to provide language regarding use of statewide reserve for the purpose of demonstrating financial capacity for administrative modifications • FHWA to provide an example demonstrating programming of a grouped project listing • Performance Measure: Caltrans to revise spreadsheet for the “Percentage of all federally funded and regionally significant projects obligated annually compared to those programmed” performance Measure – Item Completed | 10:55 | Caltrans |
| 5 | Economic Stimulus Projects | 11:00 | All |
| 6 | Revised FSTIP Amendment and Administrative Modification Procedures (Handout 1) | 11:30 | Abhijit Bagde |
| 7 | Checklist for FTIP amendment or administrative modification submittal (Handout 2) | 11:35 | Abhijit Bagde |
| 8 | CMAQ: <ul style="list-style-type: none"> • CMAQ Annual Report • Performance Measure • Final CMAQ guidance (Handout 3) | 11:40 | Jody Tian |
| 9 | Public Participation - Review and Comment Period for Amendments | 11:50 | Joanne McDermott |
| 10 | Task Force Discussions – Update | 11:55 | José Luis Cáceres |
| 11 | <ul style="list-style-type: none"> • Follow-Up Items • Open Forum • Future Agenda Items | 12:05 | All |
| 12 | Future meeting dates and locations: February 24, 2009 - Caltrans, Sacramento (10:30 am – 12:30 pm) | 12:10 | All |

| | | |
|--|--|--|
| April 14, 2009 - SACOG, Sacramento (10:30 am – 12:30 pm) | | |
| May 26, 2009 - MTC, Oakland(10:30 am – 12:30 pm) | | |
| July 14, 2009 - Caltrans, Sacramento (10:30 am – 12:30 pm) | | |

HANDOUT NO. 1



U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION
CALIFORNIA DIVISION
650 Capitol Mall, Suite 4-100
Sacramento, CA. 95814

November 17, 2008

IN REPLY REFER TO
HDA-CA
Document #: S52247

Mr. Will Kempton, Director
California Department of Transportation
1120 N Street
Sacramento, CA 95814

Attention: Federal Resources Office, M.S. #82
For Rachel Falsetti, Transportation Programming

Dear Mr. Kempton:

SUBJECT: Revised Federal – Statewide Transportation Improvement Program (FSTIP)
Amendment and Administrative Modification Procedures.

For the past few months, a subcommittee of the California Federal Programming Group (CFPG) consisting of representatives from the California Department of Transportation (Caltrans), the Federal Highway Administration (FHWA), the Federal Transit Administration (FTA) and Metropolitan Planning Organizations (MPOs) throughout the State have collaborated on revisions to the current FSTIP/FTIP amendment and administrative modification procedures. These revisions were necessitated by the Safe, Accountable, Flexible, Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU), which defined an administrative modification.

Attached are the revised procedures detailing what specific types of programming changes to the FSTIP/FTIPs may be made as administrative modifications, for which approval has been delegated to the State, and what changes must be submitted to FHWA and/or FTA for approval as amendments (per the July 15, 2004 MOU between FHWA – CA and FTA Region 9). These procedures are intended to clarify the parameters of an administrative modification.

In addition, as agreed to, to ensure that adequate financial capacity exists to make administrative modifications, Caltrans will document that financial capacity is available and included in the FSTIP. In processing administrative modifications, the financial capacity will be documented in each administrative modification and each MPO will adjust its financial plan at its next formal amendment to reflect the changes made by previous administrative modifications.

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If you have any questions regarding the attached procedures, please contact Ray Sukys, FTA, at 415-744-2803 (Raymond.Sukys@dot.gov) or Sue Kiser, FHWA, at 916-498-5009 (Sue.Kiser@fhwa.dot.gov).

Sincerely,



For
Gene K. Fong
Division Administrator
Federal Highway Administration, CA Div.



Leslie Rogers
Regional Administrator
Federal Transit Administration, Region IX

Enclosure

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Procedures for Federal – Statewide Transportation Improvement Program (FSTIP) Amendments and Administrative Modifications

The following procedures are applicable for processing amendments and administrative modifications to the Federal – Statewide Transportation Improvement Program (FSTIP). In accordance with the provisions of 23 CFR 450, Federal Transportation Improvement Programs (FTIP) developed by Metropolitan Planning Organizations (MPOs) are incorporated into the FSTIP and, as such, these procedures are also applicable to FTIPs.

In accordance with 23 CFR 450.216(c), projects in the recognized four-year period of the FSTIP may be delivered in any of the FSTIP program years subject to the project selection requirements of 23 CFR 450.222. Such modifications do not require approval, provided expedited project selection procedures have been adopted in accordance with 23 CFR 450.332 and the required interagency consultation or coordination is accomplished and documented. These changes should be accounted for through subsequent amendments or modifications to the FSTIP/FTIPs. Changes to illustrative projects or others that have been included for informational purposes only do not require administrative modifications or amendments.

1. Definitions:

- A. Administrative modifications are minor changes to the FSTIP/FTIP that do not require a conformity determination, a demonstration of fiscal constraint or a public review and comment period. Administrative modifications can be processed in accordance with these procedures provided that they:
 - i. Revise a project description without changing the project scope or conflicting with the environmental document;
 - ii. Revise the funding amount listed for projects or project phases. Additional funding is limited to the lesser of 25 percent of the total project cost or \$5 million, and programming capacity has to be available in the FSTIP/FTIP prior to programming the modification, and documented in the support materials;
 - iii. Cost decreases have no cap, however, the request to reduce the cost must originate from the project sponsor and include an explanation for the decrease;
 - iv. Change sources of funds;
 - v. Change a project lead agency;
 - vi. Program federal funds for Advance Construction conversion;
 - vii. Change program year of funds with the 4-year FTIP/FSTIP, provided Expedited Project Selection Procedures are in place;
 - viii. Split or combine individually listed projects, provided cost, schedule and scope remain unchanged;
 - ix. Change required information for grouped or lump sum project listings; or,
 - x. Add or delete projects from grouped or lump sum project listings provided the funding amounts stay within the funding change guidelines above (see Section ii).
 - xi. Administrative modifications are allowed for the re-programming of projects for which CMAQ funds were transferred to FTA in the prior FTIP and the FTA had not approved the grant yet. The project can be programmed in the current FTIP via administrative modification as long as there is no change in the original scope or cost, and the project needs to be programmed with “FTA 5307 (CMAQ Transfer Funds)” in the FTIP.



- xii. Administrative modifications may be used for programming FTA projects from the previous FTIP. The project can be programmed into the current FTIP via administrative modification as long as there is no change in the original scope or cost. Prior year funding must be differentiated from the current year funding by including narrative in the project description (or in "CTIPS MPO Comments" section) stated the year, amount and nature of the prior year funds.
- xiii. Make minor changes to the FTA funded grouped project listings. Minor changes include changing the number of transit vehicles purchased by 20% or less and changes to the fuel type of transit vehicles. MPO needs to take the change through its interagency consultation procedures to confirm that the change in scope is minor.

B) Amendments or Formal Amendments are all other modifications to FSTIP/TIP that are not Administrative Actions.

2. Procedures:

A. Administrative Modifications

Each MPO-approved administrative modification will be forwarded to Caltrans Division of Transportation Programming for approval on behalf of the Governor. If the MPO Board has delegated approval of administrative modifications to the MPO Executive Director, the MPO will need to provide copies of the delegation to Caltrans, FHWA, and FTA.

The MPO will provide copies of administrative modifications submitted to Caltrans for approval to FHWA and/or FTA for informational purposes. In addition, the MPO will demonstrate in a subsequent amendment that the net financial change from each administrative modification has been accounted for. Once approved by Caltrans, on behalf of the Governor, the administrative modification will be incorporated into the FSTIP and no Federal action will be required. Caltrans will notify the MPO, FHWA and FTA of the approved administrative modification.

B. Amendments

Amendments to the FSTIP must be developed in accordance with the provisions of 23 CFR 450.326 and/or 23 CFR 450.216, and approved by the FHWA and/or FTA in accordance with 23 CFR 450.218, 23 CFR 450.328 and the July 15, 2004 MOU between FHWA – CA and FTA Region 9. Each MPO-approved amendment will be forwarded to Caltrans Division of Transportation Programming for approval on behalf of the Governor. To expedite processing, the MPO will also forward a copy of the submitted amendment to FHWA and FTA at the same time the amendment is sent to Caltrans. Once approved by Caltrans on behalf of the Governor, Caltrans will forward the amendment to FHWA and/or FTA for Federal approval. Once approved by FHWA and/or FTA, the amendment will be incorporated into the FSTIP. The FHWA and/or FTA approval letter will be addressed to Caltrans, with copies sent to the MPO.

3. Dispute Resolution

If a question arises on the interpretation of what constitutes an administrative modification or amendment, Caltrans, the MPO, FHWA and FTA will consult with each other to resolve the question. If after consultation, the parties disagree regarding what constitutes an administrative modification or amendment, the final decision rests with the FTA for transit projects and FHWA for highway projects.

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HANDOUT NO. 2

Checklist for FTIP Amendment or Administrative Modification Submittal

A complete Amendment or Administrative Modification package must include the following:

1. Cover Letter and transmittal of FTIP Amendment or Administrative Modification package:

- a. FTIP Amendment: Address the cover letter to the Division Chief, Transportation Programming, Attn: Your FTIP Coordinator
- b. Administrative Modification: Address the cover letter to the Office Chief, Office of Federal Transportation Management Program, Attn: Your FTIP Coordinator
- c. Transmittal of the Amendment or Administrative Modification Package to Caltrans, Division of Transportation Programming:

If the total number of pages included in the package is less than 25, then the package can be transmitted electronically to your FTIP Coordinator; in that case MPO must submit original signed cover letter by mail to Caltrans, Division of Transportation Programming.

If the total number of pages included in the package is more than 25, then MPOs must mail 2 copies of the package along with the original signed cover letter to Caltrans, Division of Transportation Programming at the following address.

Department of Transportation
Division of Transportation Programming, MS 82
Office of Federal Transportation Management Program
P.O. Box 942874
Sacramento, CA 94274-0001

- d. MPOs also to mail copies of Amendments or Administrative Modifications to FHWA, FTA, and EPA. Copies to Caltrans District FTIP Coordinators and Caltrans District Local Assistance Engineers (DLAEs) are at the MPO's discretion and agreement with the Caltrans District in their region.

2. Signed copy of the Board Resolution (or for MPOs who do not process board resolution, a cover letter signed by the board-designated MPO official) certifying that:

- a. The amendment is consistent with the metropolitan transportation planning regulations per 23 Code of Federal Regulations Part 450
- b. The proposed amendment is consistent with the Regional Transportation Plan ____ (e.g 2030)
- c. As amended, the FTIP is financially constrained and the enclosed financial summary affirms that funding is available
- d. Air quality conformity: See "Attachment A" for guidance.
- e. The amendment does not interfere with the timely implementation of the Transportation Control Measures contained in the State Implementation Plan (SIP)
- f. Amendment is consistent with the public participation process adopted by the MPO

In the text of the resolution or in the cover letter for those MPOs who do not process board resolution, either describe the changes to all projects in the amendment or make reference to an attached project listing described under Number 5 below.

Note: If the above information is not included either in the board resolution or in a cover letter signed by the board designated MPO official, Caltrans will not be able to approve the amendment.

3. Updated financial summary that shows changes resulting from the amendment:

- a. Use format provide by Caltrans. See "Attachment B" for information.
- b. Include information covering the first four years of the FTIP
- c. Include financial adjustments resulting from prior administrative modifications.

- d. RSTP and CMAQ revenues do not exceed annual apportionments. If an MPO region receives additional CMAQ or RSTP apportionments and the associated Obligational Authority (OA) through an approved agreement with another MPO region; then the signed copy of the agreement must be included with the amendment that programs the additional revenue. In such case the donor MPO must make the corresponding adjustments to its revenue and programming through the next amendment.
- e. Revenue and expenditures for state-managed programs such as Highway Bridge, Safe Routes to School, Highway Safety Improvement Program, etc. must match the amounts provided by the Caltrans managers for these programs.

4. Summary of Changes:

Provide summary of changes for the projects included in the amendment. See "Attachment C" for the recommended format.

5. Project Listing:

- a. All project phases that are programmed in the FTIP must be fully funded.
- b. Include total funding for projects from all funding sources.
- c. Include matching funds, if any
- d. Include prior and current versions of the project listing, if possible
- e. If the funding for a phase is programmed over multiple years, then ensure that the project is scheduled to be implemented in separate phases as programmed, and each year in which funding is programmed will receive separate federal authorization (E-76 approval)
- f. Grouped projects must show funding for all phases under the "Construction" phase. The detailed project lists must also be provided in the amendment package.
- g. For "Non-construction/non-infrastructure" type projects, funding for all phases must be included under the "Construction" phase.
- h. Funding for STIP projects is consistent with CTC action.
- i. Projects with no funding programmed within the four years of FTIP and that are programmed in the FTIP to receive environmental approval must include the following statement in the project description:
"Project included in FTIP for environmental approval"

Transportation Conformity Information for TIP Amendments

| Type of Amendment | New TIP Conformity Determination? | New Regional Emissions Analysis? | Conformity Information |
|---|-----------------------------------|----------------------------------|---|
| 1. Minor Changes <ul style="list-style-type: none"> e.g. changes consistent with Caltrans' administrative amendment procedures | No | No | Transmittal Information: <ul style="list-style-type: none"> <input type="radio"/> A statement describing the change being made. <input type="radio"/> A statement that the change is consistent with the administrative amendment procedures. <input type="radio"/> If the project is a non-exempt, regionally significant project, a statement that the change does not reflect a change in the design concept and scope of the project or the conformity analysis years as assumed for the regional emissions analysis of the currently conforming RTP and TIP. <input type="radio"/> If applicable, a statement that the change for this project do not interfere the timely implementation of any approved TCMs. Conformity Procedures/Documentation: <ul style="list-style-type: none"> <input type="radio"/> No additional documentation required. |
| 2. Formal Amendment - Funding Changes > allowed as a Minor Change - <ul style="list-style-type: none"> e.g. funding changes greater than allowed per Caltrans' administrative procedures | No | No | Transmittal Information: <ul style="list-style-type: none"> <input type="radio"/> A statement describing the change being made. <input type="radio"/> If the project is a non-exempt, regionally significant project, a statement that the change does not reflect a change in the design concept and scope of the project or the conformity analysis years as assumed for the regional emissions analysis of the currently conforming RTP and TIP. <input type="radio"/> If applicable, a statement that the cost changes for this project do not interfere the timely implementation of any approved TCMs. <input type="radio"/> A statement that the TIP as amended meets all applicable transportation planning requirements per 23 CFR Part 450 (e.g. financial constraint, public involvement and consistency with the RTP). Conformity Procedures/Documentation: <ul style="list-style-type: none"> <input type="radio"/> No additional documentation required. |

DRAFT
Transportation Conformity Information for TIP Amendments

| Type of Amendment | New TIP Conformity Determination? | New Regional Emissions Analysis? | Conformity Information |
|---|-----------------------------------|----------------------------------|--|
| <p>3. Formal Amendment - Exempt Projects (2) -</p> <ul style="list-style-type: none"> • e.g. add/delete exempt project or project phases to/from the TIP • e.g. add environmental studies for a non-exempt project to the TIP (environmental document cannot be approved) | <p>No</p> | <p>No</p> | <p>Transmittal Information:</p> <ul style="list-style-type: none"> o A statement describing the change being made. o A statement that the project was determined to be exempt from the requirement that a conformity determination and/or regional emissions analysis be performed per 40 CFR 93.126, 93.127 or 93.128. o A statement that because the projects are exempt, no further conformity determination is required. o If applicable, a statement that the changes do not interfere the timely implementation of any approved TCMs. o A statement that the amendment was circulated for the appropriate public and interagency comment period per the MPOs public involvement procedures and the conformity SIP, respectively. o A statement that the TIP as amended meets all applicable transportation planning requirements per 23 CFR Part 450 (e.g. financial constraint, public involvement and consistency with the RTP). <p>Conformity Procedures/Documentation:</p> <ul style="list-style-type: none"> o No additional documentation required. o The amendment should be circulated through interagency consultation consistent with the procedures contained in the nonattainment area conformity SIP. |

DRAFT
Transportation Conformity Information for TIP Amendments

| Type of Amendment | New TIP Conformity Determination? | New Regional Emissions Analysis? | Conformity Information |
|--|--|---------------------------------------|--|
| <p>4. Formal Amendment - Conformity Determinations and Relies on a Previous Regional Emissions Analysis -</p> <ul style="list-style-type: none"> • e.g. adding a regionally significant project to the TIP when it has already been appropriately accounted for in the regional emissions analysis • e.g. adding a non-regionally significant project to the TIP | <p style="text-align: center;">Yes</p> | <p style="text-align: center;">No</p> | <p>Transmittal Information:</p> <ul style="list-style-type: none"> o A statement describing the change being made (e.g. the project is a non-regionally significant, non-exempt project <u>or</u> the project is a regionally significant project). o TIP as amended meets the following transportation conformity provisions 40 CFR 93.122(g). o A statement that the conformity determination was based on the previous regional emissions analysis. Include the name of the RTP and the date of the MPO and USDOT conformity determinations. o A statement that the TIP as amended meets all applicable transportation planning requirements per 23 CFR Part 450 (e.g. financial constraint, public involvement and consistency with the RTP). o If applicable, a statement that the changes do not interfere the timely implementation of any approved TCMs. o A statement that the TIP as amended was found to conform to the applicable SIP. <p>Conformity Procedures/Documentation:</p> <ul style="list-style-type: none"> o Document interagency consultation per conformity SIP. o Document public involvement per public involvement procedures. o Document conditions of 40 CFR 93.122(g) including reference to documentation of currently conforming RTP and TIP and the dates of the MPO and USDOT conformity determination. o Document financial constraint. o Document timely implementation of approved TCMs. o Include MPO conformity determination (resolution). o Include summary of emissions budget test or interim emissions test from currently conforming RTP and TIP. |

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Transportation Conformity Information for TIP Amendments

| Type of Amendment | New TIP Conformity Determination? | New Regional Emissions Analysis? | Conformity Information |
|--|-----------------------------------|----------------------------------|--|
| <p>5. Formal Amendment, Conformity Determination and New Regional Emissions Analysis -</p> <ul style="list-style-type: none"> • e.g. add non-exempt, regionally significant project that has not been accounted for in the regional emissions analysis • e.g. change in non-exempt, regionally significant project that is not consistent with the design concept and scope or the conformity analysis years | <p>Yes</p> | <p>Yes</p> | <p>Transmittal Information:</p> <ul style="list-style-type: none"> o A statement describing the change being made (e.g. a new regional emissions analysis because a non-exempt project was: 1) added; 2) deleted; 3) there was a significant in the design concept and scope of a regionally significant non-exempt project; or 4) conformity analysis year changed for a regionally significant, nonexempt project). o A statement that the TIP as amended meets all applicable transportation planning requirements per 23 CFR Part 450 (e.g. financial constraint, public involvement and consistency with the RTP). o A statement that a new regional emissions analysis was performed. o If applicable, a statement that the changes do not interfere the timely implementation of any approved TCMs. o A statement that the TIP as amended conforms to the applicable SIP. <p>Conformity Procedures/Documentation:</p> <ul style="list-style-type: none"> o <i>Most MPOs have standard documentation and procedures they use for a conformity determination that includes a new regional emissions analysis. To date, the documentation and procedures have been adequate. FHWA/FTA will work with MPOs on an individual basis to address any concerns relating to this type of amendment.</i> |

State of California
 2008/09-2011/12 Federal Transportation Improvement Program
 MPO: DRAFT
 AMENDMENT #:

| REVENUE SOURCES | | (Dollars X 1,000) | | | | | | | | |
|--|--|-------------------|---------|----------|---------|----------|---------|----------|---------|---------------|
| | | 2008/09 | | 2009/10 | | 2010/11 | | 2011/12 | | CURRENT TOTAL |
| | | Previous | Current | Previous | Current | Previous | Current | Previous | Current | |
| FEDERAL HIGHWAY | Federal Highway Non-Discretionary | | | | | | | | | |
| | Congestion Mitigation and Air Quality (CMAQ) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Surface Transportation Program (Regional) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Highway Bridge Program (HBP) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Highway Safety Improvement Program (HSIP) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Railway (Section 130) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Safe Routes to School (SRTS) (SAFETEA-LU) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Safe Routes to School (SRTS) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Transportation Improvements (TI) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Federal Lands Highway | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Other (Please specify) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Subtotal | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Federal Highway Discretionary Programs | | | | | | | | | |
| | Bridge Discretionary Program | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Corridor Infrastructure Improvement Program (SAFETEA-LU Sec. 1302) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Coordinated Border Infrastructure (SAFETEA-LU Sec.1303) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Ferry Boat Discretionary | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | High Priority Projects (HPP) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | High Risk Rural Road (HRRR) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | National Scenic Byways Program | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Projects of National/Regional Significance (SAFETEA-LU Sec. 1301) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Public Lands Highway Discretionary | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| Recreational Trails | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| Transportation and Community and System Preservation Program | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| Other (Please Specify) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| Subtotal | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| Federal Highway Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| FEDERAL TOTAL ² | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| INNOVATIVE FINANCE ³ | TIFIA (Transportation Infrastructure Finance and Innovation Act) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | State Infrastructure Bank | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Section 129 Loans | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Rail Rehab & Improvement Financing | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Private Activity Bonds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Private Concession Fees | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Private Donations | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Program Income (from a federal project) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Other (Please specify) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Innovative Financing Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| REVENUE TOTAL | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |

NOTES:

- ¹Regional: Some MPOs may not have regional fund sources. In these cases, data would be shown as "zero" or not applicable.
- ²Federal Total: Is the sum of federal highway and federal transit programs.
- ³Innovative Finance: Toll revenues have been included under local and regional while GARVEE bond revenues are included under state.
- ⁴Proposition 1B: Subtotal is a sum of funding for various programs funded under proposition 1B except for STIP Augmentation and SHOPP Augmentation

State of California
2008/09-2011/12 Federal Transportation Improvement Program

MPO: DRAFT

AMENDMENT # :

| PROGRAMMED | | (Dollars X 1,000) | | | | | | | | |
|---------------------------------|--|-------------------|---------|----------|---------|----------|---------|----------|---------|---------------|
| | | 2008/09 | | 2009/10 | | 2010/11 | | 2011/12 | | CURRENT TOTAL |
| | | Previous | Current | Previous | Current | Previous | Current | Previous | Current | |
| Federal Highway Total | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| FEDERAL TOTAL ² | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| INNOVATIVE FINANCE ³ | TIFIA (Transportation Infrastructure Finance and Innovation Act) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | State Infrastructure Bank | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Section 129 Loans | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Rail Rehab & Improvement Financing | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Private Activity Bonds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Private Concession Fees | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Private Donations | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Program Income (from a federal project) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Other (Please specify) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Innovative Financing Total | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| PROGRAMMED TOTAL: | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

NOTES:

¹Regional: Some MPOs may not have regional fund sources. In these cases, data would be shown as "zero" or not applicable.

²Federal Total: Is the sum of federal highway and federal transit programs.

³Innovative Finance: Toll revenues have been included under local and regional while GARVEE bond revenues are included under state.

⁴Proposition 1B: Subtotal is a sum of funding for various programs funded under proposition 1B except for STIP Augmentation and SHOPP Augmentation

State of California
 2008/09-2011/12 Federal Transportation Improvement Program
 MPO: DRAFT
 AMENDMENT #:

| REVENUE vs. PROGRAMMED | | (Dollars X 1,000) | | | | | | | | |
|---------------------------------|--|-------------------|---------|----------|---------|----------|---------|----------|---------|---------------|
| | | 2008/09 | | 2009/10 | | 2010/11 | | 2011/12 | | CURRENT TOTAL |
| | | Previous | Current | Previous | Current | Previous | Current | Previous | Current | |
| Federal Highway Total | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| FEDERAL TOTAL ¹ | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| INNOVATIVE FINANCE ² | TIFIA (Transportation Infrastructure Finance and Innovation Act) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | State Infrastructure Bank | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Section 129 Loans | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Rail Rehab & Improvement Financing | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Private Activity Bonds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Private Concession Fees | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Private Donations | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Program Income (from a federal project) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Other (Please specify) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Innovative Finance ³ Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

NOTES:

- ¹Regional: Some MPOs may not have regional fund sources. In these cases, data would be shown as "zero" or not applicable.
- ²Federal Total: Is the sum of federal highway and federal transit programs.
- ³Innovative Finance: Toll revenues have been included under local and regional while GARVEE bond revenues are included under state.
- ⁴Proposition 1B: Subtotal is a sum of funding for various programs funded under proposition 1B except for STIP Augmentation and SHOPP Augmentation

HANDOUT NO. 3

**The Congestion Mitigation and Air Quality (CMAQ) Improvement
Program**

under the

**Safe, Accountable, Flexible, Efficient Transportation Equity Act: A
Legacy for Users**

FINAL PROGRAM GUIDANCE

October, 2008

The guidance contained in this document is intended to be nonbinding, except insofar as it references existing statutory requirements. In this guidance document, the use of mandatory language such as “shall,” “must,” “required,” or “requirement” is only used to reflect statutory or regulatory mandates and does not create new requirements. This guidance does not create or confer any rights for or on any person and should not be construed as rules of general applicability and legal effect.



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I. INTRODUCTION

The CMAQ program was created under the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991, continued under the Transportation Equity Act for the 21st Century (TEA-21), and reauthorized by the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU).¹ Over \$8.6 billion is authorized over the five-year program (2005-2009), with annual authorization amounts increasing each year during this period. Through 2005, the program has supported nearly 16,000 transportation projects across the country.

This guidance replaces the April 1999 version and provides information on the CMAQ program, including:

- Authorization levels and apportionment factors specific to the SAFETEA-LU
- Flexibility and transferability provisions available to States
- Geographic area eligibility for CMAQ funds
- Project eligibility information
- Project selection processes
- Program administration

Appendices 1-3 provide updated statutory language relating to the CMAQ program. Appendix 4 provides supplemental information on diesel retrofit projects. [NOTE: Appendices 1 and 2 provide updated statutory language. Appendix 3 provides information on diesel retrofits, while original Appendix 4 on cost-effectiveness has been dropped in deference to EPA's referenced research on this subject].

Information on the current annual apportionment to each State and an electronic version of this guidance are available at <http://www.fhwa.dot.gov/environment/cmaqpgs/index.htm>.

This guidance document has been prepared by the Air Quality Team in FHWA's Office of Environment and Planning.

II. PROGRAM PURPOSE

The purpose of the CMAQ program is to fund transportation projects or programs that will contribute to attainment or maintenance of the national ambient air quality standards (NAAQS) for ozone, carbon monoxide (CO), and particulate matter (PM).

The CMAQ program supports two important goals of the Department of Transportation: improving air quality and relieving congestion. While these goals are not new elements of the program, they are strengthened in a new provision added to the CMAQ statute by SAFETEA-LU, establishing priority consideration for cost-effective emission reduction and congestion mitigation activities when using CMAQ funding.²

Reducing pollution and other adverse environmental effects of transportation projects and transportation system inefficiency have been long-standing objectives of the Department of

¹ Pub. L. 109-59, 119 Stat. 1144 (Aug. 10, 2005).

² 23 U.S.C. §149(f)(3) (SAFETEA-LU §1808(d))



Transportation. The strategic plans for the Department of Transportation and for the Federal Highway Administration both include performance measures specifically focused on reducing air pollution from transportation facilities. The CMAQ program provides funding for a broad array of tools to accomplish these goals. By choosing to fund a CMAQ project, a State or local government can improve air quality and make progress towards achieving attainment status and ensuring compliance with the transportation conformity provisions of the Clean Air Act.³

Reducing congestion is also a key objective of the Department of Transportation, and one that has gained increasing attention in the past several years. The cost of congestion, which negatively affects the U.S. economy, quality of life, and air quality, has risen dramatically in the last 25 years despite record levels of transportation investment. Some economists estimate that the overall cost of congestion to the U.S. economy approaches \$200 billion a year. As a result, in May 2006, the Department of Transportation announced its *National Strategy to Reduce Congestion on America’s Transportation Network* (the Congestion Initiative) that aims to meaningfully reduce the economic and social costs of congestion on our nation’s highways and in other transportation facilities.⁴ This strategy can be found at: <http://isddc.dot.gov/OLPFiles/OST/012988.pdf>.

Since congestion relief projects also reduce idling, the negative emissions impacts of “stop and go” driving, and the number of vehicles on the road, they have a corollary benefit of improving air quality. Based on their emissions reductions, these types of projects, including investments in improved system pricing and operations, are eligible for CMAQ funding.⁵ The Department believes State and local governments can simultaneously reduce the costly impacts of congestion while also improving air quality.

III. AUTHORIZATION LEVELS UNDER THE SAFETEA-LU

A. Authorization Levels

Table 1 shows the SAFETEA-LU CMAQ authorization levels by fiscal year. The CMAQ funds will be apportioned to States each year based upon the apportionment factors discussed in Section V.

TABLE 1
SAFETEA-LU CMAQ AUTHORIZATION LEVELS

| Fiscal Year Authorization | Amount Authorized |
|----------------------------------|--------------------------|
| FY 2005 | \$1,667,255,304 |
| FY 2006 | \$1,694,101,866 |
| FY 2007 | \$1,721,380,718 |
| FY 2008 | \$1,749,098,821 |

³ 42 U.S.C. §7506 Section 176(c)

⁴ Speaking before the National Retail Federation’s annual conference on May 16, 2006, in Washington, D.C., former U.S. Transportation Secretary Norman Mineta unveiled a new plan to reduce congestion plaguing America’s roads, rails, and airports. The *National Strategy to Reduce Congestion on America’s Transportation Network* includes a number of initiatives designed to reduce transportation congestion. The transcript of these remarks is available at the following URL: <http://www.dot.gov/affairs/minetasp051606.htm>

⁵ 23 U.S.C. §149(b)(5)



Federal Highway Administration

| | |
|---------|-----------------|
| FY 2009 | \$1,777,263,247 |
|---------|-----------------|



B. Equity Bonus

Similar to the minimum guarantee under the TEA-21, the Equity Bonus in SAFETEA-LU provides additional funding beyond the authorized levels so that each State receives a minimum percentage of its gas tax receipts back in the form of Federal-aid funds.⁶

C. Transferability of CMAQ Funds

Since transportation and environmental program priorities fluctuate, States may choose to transfer a limited portion of their CMAQ apportionment to the following Federal-aid highway programs: Surface Transportation Program (STP), National Highway System (NHS), Highway Bridge Program (HBP), Interstate Maintenance (IM), Recreational Trails Program (RTP), and the Highway Safety Improvement Program (HSIP).

States may transfer CMAQ funds according to the following provision: An amount not to exceed 50 percent of the quantity of the State's annual apportionment less the amount the State would have received if the CMAQ program had been authorized at \$1,350,000,000.⁷ For example, if the annual national apportionment is \$1.75 billion and a State receives \$10 million more than it would have received if the national apportionment had been \$1.35 billion, the State can transfer up to \$5 million to other programs. Any transfer of such funds must still be obligated in nonattainment and maintenance areas.⁸ The amount of transferable funds will differ each year and by State, depending on overall authorization levels. Each year, the FHWA will inform States how much, if any, CMAQ funding is transferable and will track this movement of CMAQ funds. States also may transfer CMAQ funds to other Federal agencies. The SAFETEA-LU provides additional flexibility to complete such transfers when the receiving Federal agency has entered into an agreement with the State to undertake an eligible Federal-aid project.⁹ These opportunities apply to projects that have met all CMAQ eligibility requirements prior to the transfer.

D. CMAQ and Innovative Finance: State Infrastructure Bank (SIB) and Section 129 Loans

Projects with dedicated repayment streams, i.e., a consistent source of revenue, may be financed with loans through DOT's innovative finance program as an alternative or supplement to CMAQ funding.

State Infrastructure Banks are State-directed programs that allow Federal-aid funds to be lent to sponsors of eligible Federal-aid projects (any project under Title 23 or capital projects, as defined by 49 U.S.C. §5302, are eligible). SIBs may be capitalized with several Federal-aid highway apportionments including the National Highway System Program, the Surface Transportation Program, the Highway Bridge Program, the Interstate Maintenance Program, and the Equity Bonus program. (Note: CMAQ may not be used to *capitalize* a SIB, but SIB funds may be used to *finance* CMAQ projects). State funds also may be used to capitalize the SIB. The State then receives repayments over time that can be directed toward other transportation

⁶ 23 U.S.C. §105 (SAFETEA-LU §1104)

⁷ 23 U.S.C. §126(c)

⁸ 23 U.S.C. §149(b)

⁹ 23 U.S.C. §132(a) (SAFETEA-LU §1119)



projects. For example, New York State was successful in utilizing its SIB to implement two truck stop electrification projects along the New York State Thruway.

Section 129 loans (23 U.S.C.129(a)(7)) allow states to use Federal-aid highway apportionments to make loans for projects with dedicated revenue streams (this is only applicable to highway, bridge, tunnel, ferry boat, and ferry terminal projects). A Section 129 loan may be used to construct a truck stop electrification facility if the facility is located on the Interstate right-of-way.¹⁰ [NOTE: The provision for construction in the Interstate ROW has since been removed via Public Law No. 110-244, 122 Stat. 1572 the SAFETEA-LU Technical Corrections Bill]

The SAFETEA-LU establishes a new SIB program under which all States are authorized to enter into cooperative agreements with the U.S. DOT to establish infrastructure revolving-funds eligible to be capitalized with Federal transportation funds.¹¹ The key difference between a Section 129 loan and a SIB is that a Section 129 loan usually provides financing to an individual project and funding a SIB capitalizes a financial entity that can assist multiple projects. The two loan programs have similar maximum allowable terms established by Federal law:

- Both public and private entities are eligible to be project sponsors
- Repayments begin within 5 years of project completion
- Maximum loan term is 30 years after project authorization (Section 129) or 30 years after first repayment (SIB)
- Interest rate may be set by State, at or below market rates
- Loans can only be made up to 80 percent of eligible project costs (Section 129). For SIBs, loans can be made up to 80 percent of eligible project costs (although the non-Federal share can be reduced under 23 U.S.C. §120(b) if the sliding scale rate is used).

These innovative loan programs can increase the efficiency of States' transportation investments and significantly leverage Federal resources by attracting non-Federal public and private investment, and provide greater flexibility to the States by allowing other types of project assistance in addition to grant assistance. This type of financing is important for new technologies or start-up businesses that may have difficulty finding financing in the private capital markets. In addition to SIBs and section 129 loans, the FHWA also administers the Transportation Infrastructure Finance and Innovation Act (TIFIA) program, which provides Federal credit assistance to large-scale projects greater than \$50 million.

The following example illustrates how a Section 129 loan could work to construct an idle-reduction facility on an Interstate right-of-way. A private party intends to build a stationary idle-reduction facility, and seeks grant funding for it from the State DOT. The idle reduction facility will eventually earn a profit by charging user fees, but since the capital costs are high, the private party needs assistance with financing the initial construction. Instead of providing an outright grant, the State could offer a loan of Federal-aid funds with flexible repayment terms. If the facility required \$1 million for initial construction, the State could make a loan at five percent over fifteen years. The State could accelerate the payments if the facility were more successful than expected, and delay repayment if the facility failed to meet revenue targets. The State could also build in credits for additional emissions reductions, providing incentives for additional loans

¹⁰ 23 U.S.C. §111(d) (SAFETEA-LU §1412)

¹¹ 23 U.S.C. §190 (SAFETEA-LU §1602)



or grants to idle reduction projects. More information on the DOT's innovative finance program is available at <http://www.fhwa.dot.gov/innovativefinance/>.

IV. PRIORITY FOR USE OF CMAQ FUNDS

The SAFETEA-LU directs States and MPOs to give priority to two categories of funding. First, priority is for diesel retrofits, particularly where necessary to facilitate contract compliance, and other cost-effective emission reduction activities, taking into consideration air quality and health effects. Second, priority is to be given to cost-effective congestion mitigation activities that provide air quality benefits.¹² Other projects also may be cost-effective. The priority provisions in the statute apply to the portion of CMAQ funds derived from the application of sections 104(b)(2)(B) and 104(b)(2)(C) of SAFETEA-LU, i.e., the CMAQ apportionment formula. They do not apply to areas where CMAQ funding has been derived from the minimum apportionment provisions.

In accordance with the SAFETEA-LU,¹³ the EPA has released a guidance document, *The Cost Effectiveness of Heavy-Duty Diesel Retrofits and Other Mobile Source Emission Reduction Projects and Programs*, which provides cost-effectiveness data on diesel engine retrofit technologies and other CMAQ-eligible activities. It is available online at: <http://www.epa.gov/cleandiesel/publications.htm>

In addition, the Transportation Research Board published *The Congestion Mitigation and Air Quality Improvement Program: Assessing 10 Years of Experience* in 2002, providing a number of effectiveness measures for both emissions and travel activity.

Though SAFETEA-LU establishes these CMAQ investment priorities, it also retains State and local agencies' authority in project selection. The law maintains the existing roles and authorities of public agencies, and substantial shifts in local procedures are not required by the SAFETEA-LU.¹⁴ However, project selection should reflect the positive cost-effectiveness relationships highlighted in the EPA guidance. State and local transportation programs that implement a broad array of these cost-effective measures may record a more rapid rate of progress toward their clean air goals, since many of these endeavors generate immediate benefits. Local procedures that elevate the importance of these efforts in project selection—and rate them accordingly—may accelerate the drive to air quality attainment.¹⁵

In addition to the SAFETEA-LU priority on cost-effectiveness, Section 176(c) of the Clean Air Act¹⁶ requires that the FHWA and FTA ensure timely implementation of transportation control measures (TCMs) in applicable State Implementation Plans (SIPs). These and other CMAQ-eligible projects identified in approved SIPs should receive funding priority.

The FHWA recommends that States and MPOs develop their transportation/air quality programs using complementary measures that provide alternatives to single-occupant vehicle (SOV) travel

¹² 23 U.S.C. §149(f)(3) (SAFETEA-LU §1808(d))

¹³ 23 U.S.C. §149(f)(2)(c) (SAFETEA-LU §1808(d))

¹⁴ 23 U.S.C. §149(f)(3)(B) (SAFETEA-LU §1808(d))

¹⁵ U.S. House, *Safe, Accountable, Flexible, Efficient Transportation Equity Act, a Legacy for Users, Conference Report* (to accompany H.R. 3) (109 H. Rpt. 203), Section 1938, *Priorities Provision in Diesel Retrofit*

¹⁶ 42 U.S.C. §7506 Section 176(c)(2)(B)



while improving traffic flow through operational strategies and balancing supply and demand through pricing, parking management, regulatory, or other means.

V. ANNUAL APPORTIONMENTS OF CMAQ FUNDS TO STATES

A. CMAQ Apportionments

Federal CMAQ funds are apportioned annually to each State according to the severity of its ozone and CO problem (see Appendix 2). The population of each county (based upon Census Bureau data) that is in a nonattainment or maintenance area for ozone and/or CO is weighted by multiplying by the appropriate factor listed in Table 2. PM nonattainment and maintenance areas and former 1-hour areas, except those few 1-hour maintenance areas participating in Early Action Compacts, are not included in the apportionments.

Note: CMAQ apportionments and CMAQ eligibility are two different things. Some areas in which CMAQ funds may be spent are not included in the apportionments (see Section VI.).

TABLE 2
SAFETEA-LU CMAQ APPORTIONMENT FACTORS¹⁷

| POLLUTANT | CLASSIFICATION AT THE TIME OF ANNUAL APPORTIONMENT | WEIGHTING FACTOR |
|------------------------------------|--|-----------------------------|
| Ozone (O ₃) or (CO) | Maintenance (these areas had to be previously eligible as nonattainment areas - See Section VI.) | 1.0 |
| Ozone | Subpart 1 ("Basic") | 1.0 |
| Ozone | Marginal | 1.0 |
| Ozone | Moderate | 1.1 |
| Ozone | Serious | 1.2 |
| Ozone | Severe | 1.3 |
| Ozone | Extreme | 1.4 |
| CO | Nonattainment | 1.0 |
| Ozone and CO | Ozone nonattainment or maintenance and CO nonattainment or maintenance | 1.2 x O ₃ factor |
| All States – minimum apportionment | 1/2 of 1 percent total annual apportionment of CMAQ funds | N/A |

CMAQ apportionments are calculated based on the nonattainment and maintenance areas that exist at the time of apportionment. Generally, apportionments are calculated prior to the beginning of each fiscal year.

B. Area Designations: Attainment vs. Nonattainment

Each State is guaranteed a minimum apportionment of one-half percent of the year's total program funding, regardless of whether the State has any nonattainment or maintenance areas.

¹⁷ 23 U.S.C. §104(b)(2) (SAFETEA-LU §1103(d))



These flexible funds or minimum apportionment funds can be used anywhere in the State for projects eligible for either CMAQ or the STP.¹⁸

The FHWA Budget Division identifies annual apportionments of CMAQ funds as either *mandatory* or *flexible*. All funding is considered mandatory for States with weighted populations yielding one-half percent or more of the authorized funds (based on the table above). Annual CMAQ funding apportioned through the application of sections 104(b)(2)(B) and 104(b)(2)(C) must be used for projects in nonattainment/maintenance areas.¹⁹

States with weighted populations yielding at least some apportioned value but less than one-half percent of the authorized funds receive both mandatory and flexible funds to reach the minimum apportionment. For example, if a State's weighted population yields two tenths of one percent of the authorized funds, it would receive two tenths of one percent of the national funds as mandatory funds, and three tenths of one percent as flexible funds. Thus, 40 percent of the State's funds would be mandatory and 60 percent would be flexible.

For States with no areas applicable to the apportionment table, their minimum apportionment, one-half percent, is all flexible funding. The FHWA reports the breakdown of mandatory and flexible funds by State in its fiscal year apportionment tables.

C. Apportionments and State Allocation

Notwithstanding the statutory formula for determining the apportionment amount, the State may use its CMAQ funds in any ozone, CO, or PM nonattainment or maintenance area. A State is under no statutory obligation to allocate CMAQ funds in the same way they are apportioned. States are encouraged to consult affected MPOs to determine regional and local CMAQ priorities and work with them to allocate funds accordingly.

D. Federal Share and State/Local Match Requirements

The Federal share for most CMAQ projects, generally, has been 80 percent. However, under the Energy Independence and Security Act of 2007,²⁰ the Federal share for eligible CMAQ projects carried out with funds obligated in fiscal year 2008 or 2009, or both, may be, at the discretion of the State, up to 100 percent of the cost of the project or program.

VI. GEOGRAPHIC AREAS THAT ARE ELIGIBLE TO USE CMAQ FUNDS

A. Eligible Areas

CMAQ funds may be invested in all ozone, CO, and PM nonattainment and maintenance areas. Funds also may be spent in the few remaining 1-hour ozone maintenance areas (these counties also have Early Action Compacts in place), since the 1-hour standard remains in effect for these areas.

¹⁸ 23 U.S.C. §149(c) (SAFETEA-LU §1808(c))

¹⁹ 23 U.S.C. §149(b)

²⁰ Pub. L. 110-140, Sect. 1131 (December 20, 2007).



Funds also may be used for projects in proximity to nonattainment and maintenance areas if the benefits will be realized primarily within the nonattainment or maintenance area. The delineation of an area considered “in proximity” should be discussed with the FHWA and FTA field offices and elevated to headquarters if necessary.

B. Maintenance Areas

CMAQ funds may be invested in maintenance areas that have approved maintenance plans under CAA section 175A. In States with ozone or CO maintenance areas but no nonattainment areas, mandatory CMAQ funds must be used in the maintenance areas.²¹

C. Maintenance Plan Requirement, SAFETEA-LU

CMAQ funds may be invested in former 1-hour ozone areas that were not designated under the 8-hour standard but where the 1-hour standard has been revoked. Since these areas are required to file maintenance plans, they are considered eligible for CMAQ funding under provisions of the SAFETEA-LU.²²

D. Flexible Funds in PM Areas

While States may use flexible CMAQ funding anywhere and for any CMAQ- or STP-eligible project (see V.B. on minimum apportionment), the FHWA encourages States and MPOs to evaluate the cost-effectiveness and benefits to public health of targeting flexible CMAQ funding to projects that reduce PM. Examples of such projects include implementing a diesel retrofit or idle reduction program, constructing freight/intermodal transfer facilities, traffic signalization, or ITS projects that reduce congestion; paving dirt roads, and purchasing street sweeping equipment.

VII. PROJECT ELIGIBILITY PROVISIONS

A. Project Eligibility: General Conditions

To be eligible for CMAQ funds, a project must be included in the MPO’s current transportation plan and TIP (or the current STIP in areas without an MPO). In nonattainment and maintenance areas, the project also must meet the conformity provisions contained in section 176(c) of the Clean Air Act and the transportation conformity regulations.²³ In addition, all CMAQ-funded projects need to complete National Environmental Policy Act (NEPA) requirements and meet basic eligibility requirements for funding under titles 23 and 49 of the United States Code.

The following should guide CMAQ eligibility decisions:

1. Capital Investment

²¹ 23 U.S.C. §149(b)

²² 23 U.S.C. §149(b) (SAFETEA-LU §1808(a))

²³ 40 CFR Parts 51 and 93



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CMAQ funds may be used to establish new or expanded transportation projects or programs that reduce emissions, including capital investments in transportation infrastructure, congestion relief efforts, diesel engine retrofits, or other capital projects.



2. Operating Assistance

There are several general conditions that must be met for operating assistance to be eligible under the CMAQ program:

- a. Operating assistance is limited to new transit services, intermodal facilities, and travel demand management strategies (including traffic operation centers); and the incremental cost of expanding existing transit services.
- b. In using CMAQ funds for operating assistance, the intent is to help start up viable new transportation services that can demonstrate air quality benefits and eventually cover their costs as much as possible. Other funding sources should supplement and ultimately replace CMAQ funds for operating assistance, as these projects no longer represent additional, net air quality benefits but have become part of the baseline transportation network.
- c. Operating assistance includes all costs of providing new transportation services, including, but not limited to, labor, fuel, administrative costs, and maintenance.
- d. When CMAQ funds are used for operating assistance, non-Federal share requirements still apply.
- e. With the focus on start-up costs only, operating assistance under the CMAQ program is limited to three years. The provisions in 23 U.S.C. §116 place responsibilities for maintenance on States.²⁴ Since facility maintenance is akin to operations, three years of CMAQ assistance provides adequate incentive and flexibility while not creating a pattern of excessive or even perpetual support. Exceptions are listed below under VII.D.7 Travel Demand Management, VII.D.8 Public Education, and VII.D.10 Carpooling and Vanpooling.

3. Emission Reduction

Air quality improvement is defined by several distinct terms in 23 U.S.C. §149. These terms include contribution to attainment, reduction in pollution, air quality benefits, and others. For purposes of this guidance, the FHWA uses **emission reduction** to represent this group of terms. CMAQ-invested projects or programs must reduce CO, ozone precursor (NO_x and VOCs), PM, or PM precursor (e.g., NO_x) emissions from transportation; these reductions must contribute to the area's overall clean air strategy and can be demonstrated by the assessment that is required under this guidance.²⁵ States and MPOs also may consider the ancillary benefits of eligible projects, including greenhouse gas reductions, congestion relief, safety, or other elements, when programming CMAQ funds, though such benefits do not alone establish eligibility.

²⁴ 23 U.S.C. §116

²⁵ 23 U.S.C. §149(b)



4. Planning and Project Development

Activities in support of eligible projects also may be appropriate for CMAQ investments. Studies that are part of the project development pipeline (e.g., preliminary engineering) under NEPA are eligible for CMAQ support, as are FTA's Alternatives Analyses. General studies that fall outside specific project development do not qualify for CMAQ funding. Examples of such efforts include major investment studies, commuter preference studies, modal market polls or surveys, transit master plans, and others. These activities are eligible for Federal planning funds.

B. Projects Ineligible for CMAQ Funding

The following projects are ineligible for CMAQ funding:

1. Light-duty vehicle scrappage programs.²⁶
2. Projects that add new capacity for SOVs are ineligible for CMAQ funding unless construction is limited to high-occupancy vehicle (HOV) lanes.²⁷ This HOV lane eligibility includes the full range of HOV facility uses authorized under 23 U.S.C §166, such as high-occupancy toll (HOT) and low-emission vehicles.
3. Routine maintenance and rehabilitation projects (e.g., replacement-in-kind of track or other equipment, reconstruction of bridges, stations, and other facilities, and repaving or repairing roads) are ineligible for CMAQ funding as they only maintain existing levels of highway and transit service, and therefore do not reduce emissions.²⁸ Other funding sources, such as STP and FTA's Section 5307 program, are available for such activities.
4. Administrative costs of the CMAQ program may not be defrayed with program funds, e.g., support for a State's "CMAQ Project Management Office" is not eligible.
5. Projects that do not meet the specific eligibility requirements of titles 23 and 49 U.S.C. are ineligible for CMAQ funds.
6. Stand-alone projects to purchase fuel. One exception is listed below in Section VII.D.3.²⁹

C. Public-Private Partnerships (PPPs)

In a PPP, a private or non-profit entity's resources replace or supplement State or local funds and possibly a portion of the Federal-aid in a selected project. The PPP elements of the program have been refined over the last two transportation reauthorizations, and these partnerships have become a critical part of CMAQ.³⁰

Partnerships should have a legally-binding written agreement in place between the public agency and the private or non-profit entity before a CMAQ-funded project may be implemented. These agreements should be developed under relevant Federal and State law and should specify the intended use for CMAQ funding; the roles and responsibilities of the participating entities; and how the disposition of land, facilities, and equipment

²⁶ 23 U.S.C. §149(b)

²⁷ 23 U.S.C. §149(b)

²⁸ 23 U.S.C. §116

²⁹ 23 U.S.C. §149(k)

³⁰ 23 U.S.C. §149(e)



will be carried out should the original terms of the agreement be altered (e.g., due to insolvency, change in ownership, or other changes in the structure of the PPP).

Public funds should not be invested where a strong public benefit cannot be demonstrated. Consequently, CMAQ funds should be devoted to PPPs that benefit the general public by clearly reducing emissions, not for financing marginal projects. Consistent with the planning and project selection provisions of the Federal-aid highway program, the FHWA considers it essential that all interested parties have full, open, and timely access to the project selection process.

There are several other statutory restrictions and special provisions on the use of CMAQ funds in PPPs. Eligible costs under this section should not include costs to fund an obligation imposed on private sector or non-profit entities under the CAA or any other Federal law.³¹ However, if the private or non-profit entity is clearly exceeding its obligations under Federal law, CMAQ funds may be used for that incremental portion of the project.

Eligible non-monetary activities that satisfy the non-Federal match requirements under the partnership provisions include the following:

- Ownership or operation of land, facilities, or other physical assets
- Construction or project management
- Other forms of participation approved by the U.S. DOT

Sharing of total project costs, both capital and operating, is a critical element of a successful public-private venture, particularly if the private entity is expected to realize profits as part of the joint venture. State and local officials are urged to consider a full range of cost-sharing options when developing a PPP, including a larger State/local match. For detailed information on cost principles beyond the scope of this guidance, please consult *OMB Circular A-87*, which focuses on determining allowable costs for State, local, and tribal governments; and 49 CFR Part 18, which provides direction on administering Federal grants to State and local governments.

D. Eligible Projects and Programs

Eligibility information is provided below. Not all possible requests for CMAQ funding are covered—this section provides examples of activities eligible for CMAQ funds.

1. Transportation Control Measures (TCMs)

Most of the TCMs included in Section 108 of the CAA, listed below, are eligible for CMAQ funding. One CAA TCM, programs to encourage removal of pre-1980 light-duty vehicles, is specifically excluded from CMAQ eligibility.³²

- i. programs for improved public transit;

³¹ 23 U.S.C. § 149(e)(5)

³² 23 U.S.C. § 149(b)(1)(A)(i)



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- ii. restriction of certain roads or lanes to, or construction of such roads or lanes for use by, passenger buses or HOV;
- iii. employer-based transportation management plans, including incentives;
- iv. trip-reduction ordinances;
- v. traffic flow improvement programs that reduce emissions;
- vi. fringe and transportation corridor parking facilities serving multiple-occupancy vehicle programs or transit service;
- vii. programs to limit or restrict vehicle use in downtown areas or other areas of emission concentration particularly during periods of peak use;
- viii. programs for the provision of all forms of high-occupancy, shared-ride services;
- ix. programs to limit portions of road surfaces or certain sections of the metropolitan area to the use of non-motorized vehicles or pedestrian use, both as to time and place;
- x. programs for secure bicycle storage facilities and other facilities, including bicycle lanes, for the convenience and protection of bicyclists, in both public and private areas;
- xi. programs to control extended idling of vehicles;
- xii. reducing emissions from extreme cold-start conditions;
- xiii. employer-sponsored programs to permit flexible work schedules;
- xiv. programs and ordinances to facilitate non-automobile travel, provision and utilization of mass transit, and to generally reduce the need for SOV travel, as part of transportation planning and development efforts of a locality, including programs and ordinances applicable to new shopping centers, special events, and other centers of vehicle activity; and
- xv. programs for new construction and major reconstructions of paths, tracks, or areas solely for the use by pedestrian or other non-motorized means of transportation when economically feasible and in the public interest.

2. Extreme Low-Temperature Cold Start Programs

Projects intended to reduce emissions from extreme cold-start conditions are eligible for CMAQ funding. Such projects include retrofitting vehicles and fleets with water and oil heaters and installing electrical outlets and equipment in publicly-owned garages or fleet storage facilities (See Section VII.C. for a possible expansion to privately-owned equipment and facilities).

3. Alternative Fuels and Vehicles

Fuel

With the exception of Missouri, Iowa, Minnesota, Wisconsin, Illinois, Indiana, and Ohio, fuel costs are not an eligible expense as a stand-alone project.³³ Only these seven States may use CMAQ funds to purchase the alternative fuels defined in section 301 of the 1992 Energy Policy Act (natural gas, ethanol, etc.) or biodiesel, assuming such projects meet other applicable eligibility requirements noted in Section VII.B. above.

³³ SAFETEA-LU, §1808(k)



Establishing publicly-owned fueling facilities and other infrastructure needed to fuel alternative-fuel vehicles is an eligible expense, unless privately-owned fueling stations are in place and reasonably accessible. Additionally, CMAQ funds may support converting a private fueling facility to support alternative fuels through a public-private partnership agreement (See Section VII.C.).

Non-transit Vehicles

CMAQ funds may be used to purchase publicly-owned alternative fuel vehicles, including passenger vehicles, refuse trucks, street cleaners, and others. Costs associated with converting fleets to run on alternative fuels are also eligible. When private vehicles are purchased, only the cost difference between the alternative fuel vehicles and comparable conventional fuel vehicles is eligible. Such vehicles should be fueled by one of the alternative fuels identified in section 301 of the 1992 Energy Policy Act or biodiesel. Eligible projects also include alternatives to diesel engines and vehicles.

Hybrid Vehicles

Although not defined by the Energy Policy Act of 1992 as alternative fuel vehicles, certain hybrid vehicles that have lower emissions rates than their non-hybrid counterparts may be eligible for CMAQ investment. Hybrid passenger vehicles must meet EPA's low emissions and energy efficiency requirements for certification under the HOV exception provisions of the SAFETEA-LU to be eligible for CMAQ funding.³⁴ [NOTE: The final rule is in the last stages of review, although no date set for publication in the *Federal Register*, as of November 14, 2008].

Projects involving heavier vehicles, including refuse haulers and delivery trucks, also may be appropriate for program support. Eligibility should be based on a comparison of the emissions projections of these larger candidate vehicles and other comparable models.

4. Congestion Reduction & Traffic Flow Improvements

Traffic flow improvements may include the following:

a. Traditional Improvements

Traditional traffic flow improvements, such as the construction of roundabouts, HOV lanes, left-turn or other managed lanes, are eligible for CMAQ funding provided they demonstrate net emissions benefits.

b. Intelligent Transportation Systems

Intelligent Transportation Systems (ITS) projects, such as traffic signal synchronization projects, traffic management projects, and traveler information

³⁴ 23 U.S.C. §166(e) (SAFETEA-LU §1121(a)). The required rulemaking developed by EPA has been published in the *Federal Register* at 72 FR 29102, <http://www.epa.gov/fedrgstr/EPA-AIR/2007/May/Day-24/a9821.htm>



systems, can be effective in relieving traffic congestion, enhancing transit bus performance, and improving air quality. The following have the greatest potential for improving air quality:

- Regional multi-modal traveler information systems
- Traffic signal control systems
- Freeway management systems
- Electronic toll-collection systems
- Transit management systems
- Incident management programs

A lengthier discussion of the benefits associated with various operational improvements can be found at:

http://ops.fhwa.dot.gov/program_areas/programareas.htm

c. Value/Congestion Pricing

As part of its Congestion Initiative referenced above, the Department broadly promotes highway congestion pricing and is also seeking an area-wide demonstration of the effectiveness of congestion pricing (along with other elements). Congestion pricing is a market-based mechanism that allows tolls to rise and fall depending on available capacity and demand. It has gained increasing attention and popularity in recent years following several highly successful facility demonstrations in the U.S. and several network wide demonstrations abroad. Toll can be charged electronically, thereby eliminating the need for tollbooths. In addition to the benefits associated with reducing congestion, revenue is generated that can be used to pay for a wide range of transportation improvements, including Title 23-eligible transit services in the newly tolled corridor.

Parking pricing can include time-of-day parking charges that reflect congested conditions. These strategies should be designed to influence trip-making behavior and may include charges for using a parking facility at peak periods, or a range of employer-based parking cash-out policies that provide financial incentives to avoid parking or driving alone. Parking pricing integrated with other pricing strategies is encouraged.

Pricing encompasses a variety of market-based approaches such as:

- **HOT lanes**, or High Occupancy Toll lanes, on which variable tolls are charged to drivers of low-occupancy vehicles using HOV lanes, such as the “FasTrak” Lanes on I-15 in San Diego and the recently converted I-394 in Minneapolis in which prices vary dynamically every two minutes based on traffic conditions
- **New variably tolled express lanes** on existing toll-free facilities, such as the “91 Express Lanes” on State Route 91 in Orange County, CA
- **Variable tolls on existing or new toll roads**, such as on the bridges and tunnels operated by the Port Authority of New York and New Jersey



- **Network-wide or cordon pricing**, such as implemented in Stockholm, London and Singapore
- **Usage-based vehicle pricing**, such as mileage-based vehicle taxation being explored by the State of Oregon, or pay-per-mile car insurance

As with any eligible CMAQ project, value pricing should generate an emissions reduction. Marketing and outreach efforts to expand and encourage the use of eligible pricing measures may be funded indefinitely. Eligible expenses for reimbursement include, but are not limited to: tolling infrastructure, such as transponders and other electronic toll or fare payment systems; small roadway modifications to enable tolling, marketing, public outreach, and support services, such as transit in a newly tolled corridor. Innovative pricing approaches yet to be deployed in the U.S. also may be supported through the *Value Pricing Pilot Program*. A more complete discussion of projects currently underway in the U.S. can be found at:

http://ops.fhwa.dot.gov/tolling_pricing/value_pricing/index.htm.

Operating expenses for traffic flow improvements are eligible for CMAQ funding for three years if they can be shown to produce air quality benefits, if the expenses are incurred from new or additional services, and if previous funding mechanisms, such as fares or fees for services, are not displaced.

Projects or programs that involve the purchase of integrated, interoperable emergency communications equipment are eligible for CMAQ funding.³⁵

5. Transit Improvements

Many transit projects are eligible for CMAQ funds. The general guideline for determining eligibility is whether the project increases capacity and would likely result in an increase in transit ridership and a potential reduction in congestion. As with other types of CMAQ projects, there should be a quantified estimate of the project's emissions benefits accompanying the proposal.

The FTA administers most transit projects. Once the FTA determines a project eligible, CMAQ funds will be transferred from the FHWA to the FTA, and the project will be administered according to the requirements of the FTA's Urbanized Area Formula Grant Program.³⁶ Certain types of transit projects for which the FTA lacks statutory authority, such as diesel retrofit equipment for public school bus fleets, are administered by the FHWA.

a. Facilities

New transit facilities (e.g., lines, stations, terminals, transfer facilities) are eligible if they are associated with new or enhanced mass transit service. Routine maintenance or rehabilitation of existing facilities is not eligible, as it does not reduce emissions. However, rehabilitation of a facility may be eligible if the vast

³⁵ 23 U.S.C. §149(b)(6) (SAFETEA-LU §1808(b)(4))

³⁶ 49 U.S.C. §5307



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majority of the project involves physical improvements that will increase capacity. In such cases there should be supporting documentation showing an increase in transit ridership that is more than minimal. If the vast majority of the project involves capacity enhancements, other elements involving refurbishment and replacement-in-kind also are eligible.

b. Vehicles and Equipment

New transit vehicles (bus, rail, or van) to expand the fleet or replace existing vehicles are eligible. Transit agencies are encouraged to purchase vehicles that are most cost-effective in reducing emissions. Diesel engine retrofits, such as replacement engines and exhaust after-treatment devices, are eligible if certified or verified by the EPA or California Air Resources Board (CARB). Routine preventive maintenance for vehicles is not eligible as it only returns the vehicles to baseline conditions. Besides diesel engine retrofits, other transit equipment may be eligible if it represents a major system-wide upgrade that will significantly improve speed or reliability of transit service, such as advanced signal and communications systems.

c. Fuel

Fuel, whether conventional or alternative fuel, is an eligible expense only as part of a project providing operating assistance for new or expanded transit service under the CMAQ program. This includes fuels and fuel additives considered diesel retrofit technologies by the EPA or CARB. See Section VII.D.3 for statutory exceptions for certain states regarding the purchase of alternative fuel with CMAQ funds.

d. Operating Assistance

Operating assistance to introduce new transit service or expand existing service is eligible. It may be a new type of service, service to a new geographic area, or an expansion of existing service providing additional hours of service or reduced headways. For a service expansion, only the operating costs of the new increment of service are eligible. Eligible operating costs include labor, fuel, maintenance, and related expenses. Operating assistance may be CMAQ-funded for a maximum of three years. The intent is to support the demonstration of new services that may prove successful enough to sustain with other funding sources, and to free up CMAQ funds to generate new air quality benefits.

e. Transit Fare Subsidies

CMAQ funds may be used to subsidize regular transit fares in an effort to prevent the NAAQS from being exceeded, but only under the following conditions: The reduced or free fare should be part of a comprehensive area-wide program to prevent the NAAQS from being exceeded. "Ozone Action" programs vary in scope around the country, but they generally include actions that individuals and employers can take and they are aimed at all major sources of air pollution, not



just transportation. The subsidized fare should be available to the general public and may not be limited to specific groups. It may only be offered during periods of elevated pollution when the threat of exceeding the NAAQS is greatest; it is not intended for the entire high-ozone season. Finally, the fare subsidy proposal should demonstrate that the responsible local agencies will combine the reduced or free fare with a robust marketing program to inform SOV drivers of other transportation options. Because the fare subsidy is not strictly a form of operating assistance, it would not be subject to the three-year limit.

6. Bicycle and Pedestrian Facilities and Programs

Bicycle and pedestrian facilities and programs are included as a TCM in section 108(f)(1)(A) of the CAA. The following are eligible projects:

- Constructing bicycle and pedestrian facilities (paths, bike racks, support facilities, etc.) that are not exclusively recreational and reduce vehicle trips
- Non-construction outreach related to safe bicycle use
- Establishing and funding State bicycle/pedestrian coordinator positions for promoting and facilitating nonmotorized transportation modes through public education, safety programs, etc. (Limited to one full-time position per State)³⁷

7. Travel Demand Management

Travel demand management (TDM) encompasses a diverse set of activities that focus on physical assets and services that provide real-time information on network performance and support better decision-making for travelers choosing modes, times, routes, and locations. Such projects can help ease congestion and reduce SOV use—contributing to mobility, while enhancing air quality and saving energy resources. Similar to ITS and Value Pricing, today's TDM programs seek to optimize the performance of local and regional transportation networks. The following activities are eligible if they are explicitly aimed at reducing SOV travel and associated emissions:

- Fringe parking
- Traveler information services
- Shuttle services
- Guaranteed ride home programs
- Market research and planning in support of TDM implementation
- Carpools, vanpools (see item 10 below)
- Traffic calming measures
- Parking pricing
- Variable road pricing
- Telecommuting
- Employer-based commuter choice programs

CMAQ funds may support capital expenses and up to three years of operating assistance to administer and manage new or expanded TDM programs.

³⁷ 23 U.S.C. §217(d)



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Marketing and outreach efforts to expand use of TDM measures may be funded indefinitely, but only if they are broken out as distinct line items (See Section VII.D.8. below).

Eligible telecommuting activities include planning, preparing technical and feasibility studies, and training. Construction of telecommuting centers and computer and office equipment purchases should not be supported with CMAQ funds.

8. Public Education and Outreach Activities

The goal of CMAQ-funded public education and outreach activities is to educate the public, community leaders, and potential project sponsors about connections among trip making and transportation mode choices, traffic congestion, and air quality. Public education and outreach can help communities reduce emissions and congestion by inducing drivers to change their transportation choices. More important, an informed public is likely to support larger regional measures necessary to reduce congestion and meet CAA requirements.

A wide range of public education and outreach activities is eligible for CMAQ funding, including activities that promote new or existing transportation services, developing messages and advertising materials (including market research, focus groups, and creative), placing messages and materials, evaluating message and material dissemination and public awareness, technical assistance, programs that promote the Tax Code provision related to commute benefits,³⁸ transit “store” operations, and any other activities that help forward less-polluting transportation options.

Using CMAQ funds, communities have disseminated many transportation and air quality public education messages, including maintain your vehicle; curb SOV travel by trip chaining, telecommuting and using alternate modes; fuel properly; observe speed limits; don’t idle your vehicle for long durations; eliminate “jack-rabbit” starts and stops, and others.

The *It All Adds Up to Cleaner Air* public education messages and materials (regarding vehicle maintenance, proper fueling, trip chaining, and alternate modes) have been successful in raising awareness, garnering funds and in-kind support, and building coalitions of diverse groups across the country. These commercial-quality materials, which were developed in response to requests by State and local transportation and air agencies, are free and communities are encouraged to use and build on them. More information is available at <http://www.italladdsup.gov/>.

³⁸ Section 132(f) of the Internal Revenue Code allows employers to pay their employees, as of November 5, 2007, up to \$115 per month for transit and vanpool expenses and up to \$215 per month for qualified parking. 26 U.S.C. §132(f). Each of these benefits is subject to annual increases based on changes to the Consumer Price Index. 26 U.S.C. §1(f)(3). Alternately, employers may allow employees to use their pre-tax income to purchase these commuter benefits. Employers may also provide a combination of these employer-paid and employee paid tax-free benefits. For more information, please visit <http://www.commuterchoice.com/>.



Long-term public education and outreach can be effective in raising awareness that can lead to changes in travel behavior and ongoing emissions reductions; therefore, these activities may be funded indefinitely.

9. Transportation Management Associations

Transportation Management Associations (TMAs) are groups of citizens, firms, or employers that organize to address the transportation issues in their immediate locale by promoting rideshare programs, transit, shuttles, or other measures. TMAs can play a useful role in brokering transportation services to private employers.

CMAQ funds may be used to establish TMAs provided that they reduce emissions. Eligible expenses include TMA start-up costs and up to three years of operating assistance. Eligibility of specific TMA activities is addressed throughout this guidance.

10. Carpooling and Vanpooling

Eligible activities can be divided into two types of costs: *marketing* (which applies to both carpools and vanpools) and *vehicle* (which applies to vanpools only).

- a. Carpool/vanpool marketing covers existing, expanded, and new activities designed to increase the use of carpools and vanpools, and includes purchase and use of computerized matching software and outreach to employers. Guaranteed ride home programs are also considered marketing tools. Marketing costs may be funded indefinitely.
- b. Vanpool vehicle capital costs include purchasing or leasing vans for use in vanpools. Eligible operating costs, limited to three years, include empty-seat subsidies, maintenance, insurance, administration, and other related expenses.

CMAQ funds should not be used to buy or lease vans that would directly compete with or impede private sector initiatives. States and MPOs should consult with the private sector prior to using CMAQ funds to purchase vans, and if private firms have definite plans to provide adequate vanpool service, CMAQ funds should not be used to supplant that service.

Carpooling and vanpooling activities may be funded with up to 100% federal funding, with certain limitations.³⁹

11. Freight/Intermodal

Projects and programs targeting freight capital costs—rolling stock or ground infrastructure—are eligible provided that air quality benefits can be demonstrated.⁴⁰ Freight projects that reduce emissions fall generally into two categories: primary efforts that target emissions directly or secondary projects that reduce net emissions.

³⁹ 23 U.S.C. §120(c)

⁴⁰ 23 U.S.C. §149(b)(3)



Successful primary projects could include new diesel engine technology or retrofits of vehicles or engines. Eligibility is not confined to highway projects, but also applies to nonroad mobile freight projects, such as rail.⁴¹ See Section VII.D.12. below on diesel retrofit technology—examples of primary freight projects—and for information on EPA’s guidance and model rule for emissions reduction credit in the SIP and conformity processes.

Secondary projects reduce emissions through shifts in or additions to infrastructure. Support for an intermodal container transfer facility may be eligible if the project demonstrates reduced diesel engine emissions when balancing the drop in truck VMT against the increase in locomotive or other non-highway activity. Intermodal facilities, such as inland transshipment ports or near/on-dock rail, may generate substantial emissions reductions through the decrease in miles traveled for pre-1986 heavy-duty diesel trucks. This secondary, indirect effect on truck traffic and the ensuing drop in diesel emissions help demonstrate eligibility.

The transportation function of these freight/intermodal projects should be emphasized. Marginal projects that support freight operations in a very tangential manner are not eligible for CMAQ funding. Warehouse handling equipment, for example, is not an eligible investment of program funds. However, equipment that provides a transportation function or directly supports this function is eligible, such as railyard switch locomotives or shunters.

12. Diesel Engine Retrofits & Other Advanced Truck Technologies

The SAFETEA-LU places a new emphasis on diesel engine retrofits and the various types of projects that fall under this broad category.⁴² These efforts are defined as vehicle replacement, repowering (replacing an engine with a cleaner diesel engine, alternative fuels, etc.), rebuilding an engine, or other technologies determined by the EPA as appropriate for reducing emissions from diesel engines.⁴³ This latter point, highlighting developing technologies, establishes a degree of flexibility and a need for periodic adjustment in the definition by the EPA. The legislation defines retrofit projects as applicable to both on-road motor vehicles and nonroad construction equipment; the latter must be used in Title 23 projects based in nonattainment or maintenance areas for either PM or ozone.⁴⁴

There are a number of project types in the diesel retrofit area for which CMAQ funds are eligible. Assuming all other CMAQ criteria are met, eligible projects include diesel engine replacement; full engine rebuilding and reconditioning; and purchase and installation of after-treatment hardware, including particulate matter traps and oxidation catalysts, and other technologies; and support for heavy-duty vehicle retirement programs. Project agreements involving replacements of either engine or full vehicle

⁴¹ 23 U.S.C. §149(b)(3)

⁴² 23 U.S.C. §149(f)(3) (SAFETEA-LU §1808(d))

⁴³ 23 U.S.C. §149(f)(2) (SAFETEA-LU §1808(d))

⁴⁴ 23 U.S.C. §149(b)(7) (SAFETEA-LU §1808(b))



should include a provision for disposal of the engine block and a process to verify the retirement of this equipment.⁴⁵

CMAQ funds may be used to purchase and install emission control equipment on school buses. (Such projects, generally, should be administered by FHWA; see VII.D.5, Transit Improvements, above.) In addition, although CMAQ funds should not be used for the initial purchase of airport parking lot shuttles, funds may be used for purchase and installation of after treatment hardware or repowering (with a hybrid drive train, for example).

Refueling is not eligible as a stand-alone project, but is eligible if it is required to support the installation of emissions control equipment, repowering, rebuilding, or other retrofits of non-road engines.⁴⁶ For example, ultra-low sulfur diesel (ULSD) may be purchased as part of a project to install diesel particulate filters on nonroad construction equipment because these devices need ULSD to function properly. Costs associated with ULSD are eligible for CMAQ funding only until the standards are effective and the fuel becomes commonly available through the regional supply and logistics chain, effectively rendering ULSD the only remaining diesel fuel distributed. Eligible costs are limited to the difference between standard nonroad diesel fuel and ULSD.

In addition to equipment and technology, outreach activities that provide information exchange and technical assistance to diesel owners and operators on retrofit options are eligible investments. These projects could include the actual education and outreach program, construction or acquisition of appropriate buildings, and other efforts to promote the use of retrofit technologies. Please see Appendix 4 for more detail on diesel retrofits and the various strategies available in this developing air quality field.

The FHWA acknowledges that diesel retrofit projects may include nonroad mobile source endeavors, which traditionally have been outside the Federal-aid process. However, the SAFETEA-LU clarifies CMAQ eligibility for nonroad diesel retrofit projects.⁴⁷ Areas that fund these projects are not required to take credit for the projects in the transportation conformity process. For areas that want to take credit, the EPA developed guidance for estimating diesel retrofit emission reductions and for applying the credit in the SIP and transportation conformity processes. The guidance can be found at <http://www.epa.gov/otaq/stateresources/transconf/policy.htm#retrofit>.

In addition to retrofit projects, upgrading long-haul heavy-duty diesel trucks with advanced technologies, such as idle reduction devices, cab and trailer aerodynamic fixtures, and single-wide or other efficient tires, has been demonstrated by the EPA's *Smart Way Transport Partnership Program* to reduce NOx emissions and save fuel. These strategies also are eligible for CMAQ support. Such projects funded directly by CMAQ that involve the private sector should be part of a Public-Private Partnership, as discussed in Section VII.C.

⁴⁵Reimbursement of costs for full-vehicle replacement may be limited to those elements that lead to emission reductions.

⁴⁶ 23 U.S.C. §149(f) (SAFETEA-LU §1808(d))

⁴⁷ 23 U.S.C. §149(b)(7) (SAFETEA-LU §1808(b))



13. Idle Reduction

Idle reduction projects that reduce emissions and are located within, or in proximity to and primarily benefiting, a nonattainment or maintenance area are eligible for CMAQ investment (The geographic requirement mainly applies to off-board projects, i.e. truck stop electrification (TSE) efforts). However, if CMAQ funding is used for an on-board project (i.e. auxiliary power units, direct fired heaters, etc.) the vehicle—usually a heavy-duty truck—should travel within, or in proximity to and primarily benefiting, a nonattainment or maintenance area.

There have been several instances where operating assistance funds have been requested for TSE services. CMAQ funding to date for TSE projects has been limited to capital costs (i.e. deployment of TSE infrastructure). Operating assistance for TSE projects should not be funded under the CMAQ program because TSE projects generate their own revenue stream and therefore should be able to cover all operating expenses from the accumulated revenue. See Section III.D for information on innovative financing opportunities available for these efforts.

The SAFETEA-LU also permits electrification or other idling reduction facilities and equipment to be constructed or located on rights-of-way of the Interstate system.⁴⁸ Prior to the enactment of the SAFETEA-LU, this activity was prohibited. [NOTE: As mentioned earlier, the SAFETEA-LU Technical Corrections Bill removed the provision for facility construction in the Interstate ROW].

The EPA issued guidance in January 2004 on methods for calculating emissions reduction credits in SIPs and in the transportation conformity process for long-haul truck idle reduction projects. The guidance can be found at www.epa.gov/smartway/idlingimpacts.htm.

14. Training

The SAFETEA-LU provides that States and MPOs may use Federal-aid funds to support training and educational development for the transportation workforce.⁴⁹ The FHWA encourages State and local officials to weigh the air quality benefits of such training against other cost-effective strategies detailed elsewhere in this guidance before using CMAQ funds for this purpose. Training funded with CMAQ dollars should be directly related to implementing air quality improvements and be approved in advance by the FHWA Division office.

15. Inspection/Maintenance (I/M) Programs

Funds under the CMAQ program may be used to establish either publicly or privately owned I/M facilities. Eligible activities include construction of facilities, purchase of equipment, I/M program development, and one-time start-up activities, such as updating quality assurance software or developing a mechanic training curriculum. The I/M

⁴⁸ 23 U.S.C. §111(d) (SAFETEA-LU §1412)

⁴⁹ 23 U.S.C. §504(e) (SAFETEA-LU §5204(e))



program must constitute new or additional efforts,⁵⁰ 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.⁵¹ 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.⁵²

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 NO_x 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



a study of the cost-effectiveness of diesel retrofits in reducing PM, NO_x, and VOC emissions.⁵³ In addition, the National Academy of Science's Transportation Research Board has evaluated the cost-effectiveness of other CMAQ eligible projects, with a focus on NO_x and HC reductions. This study can be found at <http://www.fhwa.dot.gov/environment/cmaqpgs/index.htm>. Information on the cost-effectiveness of CMAQ-eligible projects can be used as a guidepost in evaluating the different types of projects under consideration by an MPO or State. However, cost-effectiveness ultimately will depend on local conditions and project specific factors that affect emission reductions and costs.

B. Federal Agency Responsibilities and Coordination

1. Eligibility Determinations

The FTA determines the eligibility of transit projects, and the FHWA determines the eligibility of all other projects. The FHWA, FTA, and EPA field offices should establish and maintain a consultation and coordination process to review CMAQ funding proposals as needed. While the eligibility determination is not made jointly, every effort should be made to satisfy the concerns raised by the agencies' field offices. The FHWA or FTA field offices may request additional information from the State or MPO to help determine eligibility. The consultation process should provide for timely review and handling of CMAQ funding proposals. The FHWA and FTA headquarters offices are available to consult with their field offices on eligibility determinations.

2. Program Administration

The FHWA Division offices and the FTA Regional offices are responsible for administering the CMAQ program. In general, the FHWA transfers funds to the FTA to administer CMAQ-funded transit projects. In cases where the FTA lacks statutory authority (e.g., school bus fleets), the FHWA will administer the transit project. For projects that involve transit and non-transit elements, such as park-and-ride lots and intermodal passenger projects, the administering agency is decided on a case-by-case basis. All other projects are administered by the FHWA.

3. Tracking Mandatory/Flexible Funds

The FHWA Division office is responsible for tracking obligation of mandatory and flexible CMAQ funds in appropriate areas (See Section V.B.).

C. Annual Reports

States should prepare annual reports detailing how CMAQ funds have been invested. CMAQ reporting is not only useful for the FHWA, the FTA, and the general public, but maintenance of a cumulative database of all CMAQ projects is required by SAFETEA-LU. In addition, the annual reports will be key in developing the CMAQ Evaluation and Assessment, a major research effort designed to gauge the impact of the program, and also required by the statute.⁵⁴

⁵³ More information is available at <http://www.epa.gov/cleandiesel/publications.htm>.

⁵⁴ 23 U.S.C. §149(h) (SAFETEA-LU §1808(f))



CMAQ annual reports should be submitted through the web-based CMAQ Tracking System. More information on the CMAQ system is available at:
<http://www.fhwa.dot.gov/environment/cmaqpgs/usersguidemail.htm>.

The FHWA Division offices, State DOTs, and MPOs should develop a process for entering and approving the data in a timely manner. This report should be approved by the FHWA Division office by the first day of March following the end of the previous Federal fiscal year (September 30) and cover all CMAQ obligations for that fiscal year. Thus, State DOTs and MPOs should report the data early enough that the Division office has time to review and comment on the report. The report as entered into the CMAQ Tracking System should include:

1. A list of projects funded under CMAQ, in seven main project categories:
 - *Transit*: facilities, vehicles, and equipment, operating assistance for new transit service, etc. Include all transit projects whether administered by the FTA or the FHWA
 - *Shared Ride*: vanpool and carpool programs and parking for shared-ride services
 - *Traffic Flow Improvements*: traffic management and control services, signalization projects, ITS projects, intersection improvements, and construction or dedication of HOV lanes
 - *Demand Management*: trip reduction programs, transportation management plans, flexible work schedule programs, vehicle restriction programs
 - *Pedestrian/Bicycle*: bikeways, storage facilities, promotional activities
 - *I/M and other TCMs*: projects not covered by the above categories
 - *STP/CMAQ*: projects funded with flexible funds

For reporting purposes, obligations for all CMAQ-eligible phases (beginning with the NEPA process) should be reported for the project they support.

2. The amount of CMAQ funds obligated or deobligated for each project during the Federal fiscal year. Enter deobligations as a negative number. (Do not include Advance Construct funds, as these are not obligations of federal CMAQ funds. Such projects should be reported later when converted to CMAQ funds.)
3. Emissions benefits (and disbenefits) for each project developed from project-level analyses. Report *projected* emissions benefits expected to occur in the first year that a project is fully operational, in kilograms reduced per day. Benefits should be reported the first time a project is entered into the system, and only then to avoid double counting of benefits. (Because funds may be obligated for a project over several years, an individual CMAQ project may show up in reports for multiple years.) Additionally, address all pollutants for which the area is in nonattainment or maintenance status. Do not enter emissions benefits for deobligations or projects funded with flexible funds (STP/CMAQ).
4. Public-private partnerships and experimental pilot projects should be identified in the system. Transmit electronic versions of completed before-and-after studies for experimental pilot projects to the Division offices (See Section VII.D.16., Experimental Pilot Projects).



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5. Other required information: MPO, nonattainment/maintenance area, project description.
6. Optional information: TIP, State and/or FMIS project numbers—highly recommended. Other optional information includes: greenhouse gas emission reductions, cost effectiveness, safety, congestion relief, and other ancillary benefits.



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APPENDIX 1: 23 U.S.C. §149

SAFETEA-LU Changes in Underlined Italics

§ 149. Congestion mitigation and air quality improvement program

(a) Establishment.— The Secretary shall establish and implement a congestion mitigation and air quality improvement program in accordance with this section.

(b) Eligible Projects.— Except as provided in subsection (c), a State may obligate funds apportioned to it under section 104 (b)(2) for the congestion mitigation and air quality improvement program only for a transportation project or program if the project or program is for an area in the State that is or was designated as a nonattainment area for ozone, carbon monoxide, or particulate matter under section 107(d) of the Clean Air Act (42 U.S.C. 7407 (d)) and classified pursuant to section 181(a), 186(a), 188(a), or 188(b) of the Clean Air Act (42 U.S.C. 7511 (a), 7512 (a), 7513 (a), or 7513 (b)) or is or was designated as a nonattainment area under such section 107 (d) after December 31, 1997, or is required to prepare, and file with the Administrator of the Environmental Protection Agency, maintenance plans under the Clean Air Act (42 U.S.C. 7401 et seq.) and—

(1)(A)(i) if the Secretary, after consultation with the Administrator determines, on the basis of information published by the Environmental Protection Agency pursuant to section 108(f)(1)(A) of the Clean Air Act (other than clause (xvi)) that the project or program is likely to contribute to—

(I) the attainment of a national ambient air quality standard; or

(II) the maintenance of a national ambient air quality standard in a maintenance area;

and

(ii) a high level of effectiveness in reducing air pollution, in cases of projects or programs where sufficient information is available in the database established pursuant to subsection (h) to determine the relative effectiveness of such projects or programs; or,

(B) in any case in which such information is not available, if the Secretary, after such consultation, determines that the project or program is part of a program, method, or strategy described in such section 108(f)(1)(A);

(2) if the project or program is included in a State implementation plan that has been approved pursuant to the Clean Air Act and the project will have air quality benefits;

(3) the Secretary, after consultation with the Administrator of the Environmental Protection Agency, determines that the project or program is likely to contribute to the attainment of a national ambient air quality standard, whether through reductions in vehicle miles traveled, fuel consumption, or through other factors;

(4) to establish or operate a traffic monitoring, management, and control facility or program if the Secretary, after consultation with the Administrator of the Environmental Protection Agency, determines that the facility or program, including advanced truck stop electrification systems, is likely to contribute to the attainment of a national ambient air quality standard; (removed “or”)

(5) if the program or project improves traffic flow, including projects to improve signalization, construct high occupancy vehicle lanes, improve intersections, improve transportation systems management and operations that mitigate congestion and improve air quality, and implement intelligent transportation system strategies and such other projects that are eligible for assistance under this section on the day before the date of enactment of this paragraph;

(6) if the project or program involves the purchase of integrated, interoperable emergency communications equipment; or



(7) if the project or program is for—

(A) the purchase of diesel retrofits that are—

(i) for motor vehicles (as defined in section 216 of the Clean Air Act (42 U.S.C. 7550));

or

(ii) published in the list under subsection (f)(2) for non-road vehicles and non-road engines (as defined in section 216 of the Clean Air Act (42 U.S.C. 7550)) that are used in construction projects that are—

(I) located in nonattainment or maintenance areas for ozone, PM₁₀, or PM_{2.5} (as defined under the Clean Air Act (42 U.S.C. 7401 et seq.)); and

(II) funded, in whole or in part, under this title; or

(B) the conduct of outreach activities that are designed to provide information and technical assistance to the owners and operators of diesel equipment and vehicles regarding the purchase and installation of diesel retrofits.

No funds may be provided under this section for a project which will result in the construction of new capacity available to single occupant vehicles unless the project consists of a high occupancy vehicle facility available to single occupant vehicles only at other than peak travel times. In areas of a State which are nonattainment for ozone or carbon monoxide, or both, and for PM-10 resulting from transportation activities, the State may obligate such funds for any project or program under paragraph (1) or (2) without regard to any limitation of the Department of Transportation relating to the type of ambient air quality standard such project or program addresses.

(c) States Receiving Minimum Apportionment.—

(1) States without a nonattainment area.— If a State does not have, and never has had, a nonattainment area designated under the Clean Air Act (42 U.S.C. 7401 et seq.), the State may use funds apportioned to the State under section 104 (b)(2) for any project in the State that—

(A) would otherwise be eligible under this section as if the project were carried out in a nonattainment or maintenance area; or

(B) is eligible under the surface transportation program under section 133.

(2) States with a nonattainment area.— If a State has a nonattainment area or maintenance area and receives funds under section 104 (b)(2)(D) above the amount of funds that the State would have received based on its nonattainment and maintenance area population under subparagraphs (B) and (C) of section 104 (b)(2), the State may use that portion of the funds not based on its nonattainment and maintenance area population under subparagraphs (B) and (C) of section 104 (b)(2) for any project in the State that—

(A) would otherwise be eligible under this section as if the project were carried out in a nonattainment or maintenance area; or

(B) is eligible under the surface transportation program under section 133.

(d) Applicability of Planning Requirements.— Programming and expenditure of funds for projects under this section shall be consistent with the requirements of sections 134 and 135 of this title.

(e) Partnerships With Nongovernmental Entities.—

(1) In general.— Notwithstanding any other provision of this title and in accordance with this subsection, a metropolitan planning organization, State transportation department, or other project sponsor may enter into an agreement with any public, private, or nonprofit entity to cooperatively implement any project carried out under this section.

(2) Forms of participation by entities.— Participation by an entity under paragraph (1) may consist of—



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- (A) ownership or operation of any land, facility, vehicle, or other physical asset associated with the project;
- (B) cost sharing of any project expense;
- (C) carrying out of administration, construction management, project management, project operation, or any other management or operational duty associated with the project; and
- (D) any other form of participation approved by the Secretary.

(3) Allocation to entities.— A State may allocate funds apportioned under section 104(b)(2) to an entity described in paragraph (1).

(4) Alternative fuel projects.— In the case of a project that will provide for the use of alternative fuels by privately owned vehicles or vehicle fleets, activities eligible for funding under this subsection—

(A) may include the costs of vehicle refueling infrastructure, including infrastructure that would support the development, production, and use of emerging technologies that reduce emissions of air pollutants from motor vehicles, and other capital investments associated with the project;

(B) shall include only the incremental cost of an alternative fueled vehicle, as compared to a conventionally fueled vehicle, that would otherwise be borne by a private party; and

(C) shall apply other governmental financial purchase contributions in the calculation of net incremental cost.

(5) Prohibition on federal participation with respect to required activities.— A Federal participation payment under this subsection may not be made to an entity to fund an obligation imposed under the Clean Air Act (42 U.S.C. 7401 et seq.) or any other Federal law.

(f) Cost-Effective Emission Reduction Guidance.—

(1) Definitions.—In this subsection, the following definitions apply:

(A) Administrator.—The term 'Administrator' means the Administrator of the Environmental Protection Agency.

(B) Diesel retrofit.—The term 'diesel retrofit' means a replacement, repowering, rebuilding, after treatment, or other technology, as determined by the Administrator.

(2) Emission reduction guidance.—The Administrator, in consultation with the Secretary, shall publish a list of diesel retrofit technologies and supporting technical information for—

(A) diesel emission reduction technologies certified or verified by the Administrator, the California Air Resources Board, or any other entity recognized by the Administrator for the same purpose;

(B) diesel emission reduction technologies identified by the Administrator as having an application and approvable test plan for verification by the Administrator or the California Air Resources Board that is submitted not later than 18 months of the date of enactment of this subsection;

(C) available information regarding the emission reduction effectiveness and cost effectiveness of technologies identified in this paragraph, taking into consideration air quality and health effects.

(3) Priority.—

(A) In general.—States and metropolitan planning organizations shall give priority in distributing funds received for congestion mitigation and air quality projects and programs from apportionments derived from application of sections 104(b)(2)(B) and 104(b)(2)(C) to—

(i) diesel retrofits, particularly where necessary to facilitate contract compliance, and other cost-effective emission reduction activities, taking into consideration air quality and health effects; and



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(ii) cost-effective congestion mitigation activities that provide air quality benefits.

(B) Savings.—This paragraph is not intended to disturb the existing authorities and roles of governmental agencies in making final project selections.

(4) No effect on authority or restrictions.—Nothing in this subsection modifies or otherwise affects any authority or restriction established under the Clean Air Act (42 U.S.C. 7401 et seq.) or any other law (other than provisions of this title relating to congestion mitigation and air quality).

(g) Interagency Consultation.—The Secretary shall encourage States and metropolitan planning organizations to consult with State and local air quality agencies in nonattainment and maintenance areas on the estimated emission reductions from proposed congestion mitigation and air quality improvement programs and projects.

(h) Evaluation and Assessment of Projects.—

(1) In general.—The Secretary, in consultation with the Administrator of the Environmental Protection Agency, shall evaluate and assess a representative sample of projects funded under the congestion mitigation and air quality program to—

(A) determine the direct and indirect impact of the projects on air quality and congestion levels; and

(B) ensure the effective implementation of the program.

(2) Database.—Using appropriate assessments of projects funded under the congestion mitigation and air quality program and results from other research, the Secretary shall maintain and disseminate a cumulative database describing the impacts of the projects.

(3) Consideration.—The Secretary, in consultation with the Administrator, shall consider the recommendations and findings of the report submitted to Congress under section 1110(e) of the Transportation Equity Act for the 21st Century (112 Stat. 144), including recommendations and findings that would improve the operation and evaluation of the congestion mitigation and air quality improvement program.



SAFETEA-LU Section 1808: Additional Provisions

The following provisions were included in the SAFETEA-LU Section 1808. These provisions do not amend 23 U.S.C. and therefore sunset when the SAFETEA-LU expires. To avoid confusion, they are presented here separate from the rest of the statutory text.

(g) Flexibility in the State of Montana.—The State of Montana may use funds apportioned under section 104(b)(2) of title 23, United States Code, for the operation of public transit activities that serve a nonattainment or maintenance area.

(h) Availability of Funds for State of Michigan.—The State of Michigan may use funds apportioned under section 104(b)(2) of such title for the operation and maintenance of intelligent transportation system strategies that serve a nonattainment or maintenance area.

(i) Availability of Funds for the State of Maine.—The State of Maine may use funds apportioned under section 104(b)(2) of such title to support, through September 30, 2009, the operation of passenger rail service between Boston, Massachusetts, and Portland, Maine.

(j) Availability of Funds for Oregon.—The State of Oregon may use funds apportioned on or before September 30, 2009, under section 104(b)(2) of such title to support the operation of additional passenger rail service between Eugene and Portland.

(k) Availability of Funds for Certain Other States.—The States of Missouri, Iowa, Minnesota, Wisconsin, Illinois, Indiana, and Ohio may use funds apportioned under section 104(b)(2) of such title to purchase alternative fuel (as defined in section 301 of the Energy Policy Act of 1992 (42 U.S.C. 13211)) or biodiesel.



APPENDIX 2: 23 U.S.C. §104(b)(2) APPORTIONMENT

(2) Congestion mitigation and air quality improvement program.—

(A) In general.—For the congestion mitigation and air quality improvement program, in the ratio that—

(i) the total of all weighted nonattainment and maintenance area populations in each State; bears to

(ii) the total of all weighted nonattainment and maintenance area populations in all States.

(B) Calculation of weighted nonattainment and maintenance area population.—Subject to subparagraph (C), for the purpose of subparagraph (A), the weighted nonattainment and maintenance area population shall be calculated by multiplying the population of each area in a State that was a nonattainment area or maintenance area as described in section 149(b) for ozone or carbon monoxide by a factor of—

(i) 1.0 if, at the time of apportionment, the area is a maintenance area;

(ii) 1.0 if, at the time of the apportionment, the area is classified as a marginal ozone nonattainment area under subpart 2 of part D of title I of the Clean Air Act (42 U.S.C. 7511 et seq.);

(iii) 1.1 if, at the time of the apportionment, the area is classified as a moderate ozone nonattainment area under such subpart;

(iv) 1.2 if, at the time of the apportionment, the area is classified as a serious ozone nonattainment area under such subpart;

(v) 1.3 if, at the time of the apportionment, the area is classified as a severe ozone nonattainment area under such subpart;

(vi) 1.4 if, at the time of the apportionment, the area is classified as an extreme ozone nonattainment area under such subpart;

(vii) 1.0 if, at the time of the apportionment, the area is not a nonattainment or maintenance area as described in section 149(b) for ozone, but is classified under subpart 3 of part D of title I of such Act (42 U.S.C. 7512 et seq.) as a nonattainment area described in section 149(b) for carbon monoxide; *or*

(viii) 1.0 if, at the time of apportionment, an area is designated as nonattainment for ozone under subpart 1 of part D of title I of such Act (42 U.S.C. 7512 et seq.).

(C) Additional Adjustment for Carbon Monoxide Areas.—If, in addition to being designated as a nonattainment or maintenance area for ozone as described in section 149(b), any county within the area was also classified under subpart 3 of part D of title I of the Clean Air Act (42 U.S.C. 7512 et seq.) as a nonattainment or maintenance area described in section 149(b) for carbon monoxide, the weighted nonattainment or maintenance area population of the county, as determined under clauses (i) through (vi) or clause (viii) of subparagraph (B), shall be further multiplied by a factor of 1.2.

(D) Minimum apportionment.—Notwithstanding any other provision of this paragraph, each State shall receive a minimum of 1/2 of 1 percent of the funds apportioned under this paragraph.

(E) Determinations of population.—In determining population figures for the purposes of this paragraph, the Secretary shall use the latest available annual estimates prepared by the Secretary of Commerce.



APPENDIX 3: CONSIDERATIONS FOR DIESEL RETROFIT PROJECTS

The term diesel retrofit includes any technology or system that achieves emission reductions beyond that required by the EPA regulations at the time of engine certification. Assuming all other criteria are met, eligible diesel retrofit projects include the replacement of high-emitting vehicles/equipment with cleaner vehicles/equipment (including hybrid or alternative fuel models), repowering or engine replacement, rebuilding the engine to a cleaner standard, the purchase and installation of advanced emissions control technologies (such as particulate matter traps or oxidation catalysts) or the use of a cleaner fuel to support eligible nonroad devices. The legislation defines retrofit projects as applicable to both on-road motor vehicles and nonroad construction equipment. Retrofit strategies include:

Emissions Control Technologies

The EPA and the California Air Resources Board (CARB) have retrofit technology verification programs that evaluate the performance of advanced emissions control technologies and engine rebuild kits. CMAQ-funded diesel retrofit projects must use retrofit technologies that are verified under the EPA's Voluntary Diesel Retrofit Program or CARB.⁵⁵ A list of EPA-verified technologies is available at <http://www.epa.gov/otaq/retrofit/retroverifiedlist.htm>. CARB's verification program can be found at <http://www.arb.ca.gov/diesel/verdev/home/home.htm>. In addition, for more detailed information on the cost-effectiveness of various diesel retrofit technologies, the EPA's study, "The Cost-Effectiveness of Heavy-Duty Diesel Retrofits and Other Mobile Source Emission Reduction Projects and Programs" can be found at: <http://www.epa.gov/cleandiesel/publications.htm>

Refueling

Refueling is eligible when combined with an overall diesel retrofit project for which the cleaner fuel is required. For example, ultra-low sulfur diesel (ULSD) may be purchased as part of a project to install diesel particulate filters on highway construction equipment only because these devices require ULSD to function properly.

Fuel-related technologies identified in EPA's list of retrofit strategies are eligible only until standards for such clean fuel are effective. For example, ULSD is eligible for CMAQ only until the standard is effective. For on-road use, ULSD is mandated for use in October 2006. According to EPA's regulatory development calendar, low sulfur diesel (500 ppm of sulfur) will be required for nonroad use in 2007, while ULSD (15 ppm of sulfur) will be required for nonroad use in 2010.

Vehicle/Equipment Replacement Projects

Replacement projects occur when older vehicles/equipment are replaced with cleaner vehicles/equipment before they would have been removed through normal fleet turnover or attrition. The vehicle or equipment being replaced should be scrapped or the engine remanufactured to a cleaner standard. For areas that want to take credit in the SIP and transportation conformity processes for these projects, see the EPA's retrofit guidance at: <http://www.epa.gov/otaq/stateresources/transconf/policy.htm#retrofit>.

⁵⁵ 23 U.S.C. §149(b)(7) (SAFETEA-LU §1808(b))



Generally, the replacement vehicle or equipment would perform the same function as the vehicle or equipment that is being replaced (e.g., an excavator used to dig pipelines or utility trenches would be replaced by an excavator that continues these duties).

In addition, the vehicle or equipment being replaced would be in good working order and able to perform the duties of the new vehicle or equipment. Removing vehicles that no longer function or are at the end of their useful life will not lead to an emissions reduction.

Repower or Engine Replacement Projects

Engine replacement projects involve the replacement of an older, higher emitting engine with a newer, cleaner engine. Engine replacements can also be combined with emission control technologies. The engines being replaced should be scrapped or remanufactured to a cleaner standard. As noted above, for areas that want to take credit in the SIP and transportation conformity processes for these projects, see EPA's retrofit guidance at:

<http://www.epa.gov/otaq/stateresources/transconf/policy.htm#retrofit>.

New engines also must be EPA-certified.⁵⁶ For a complete list of all EPA certified large highway and nonroad engines, please consult the list at <http://www.epa.gov/otaq/certdata.htm>.

For more information on diesel retrofits, please see the EPA's National Clean Diesel Campaign website at <http://www.epa.gov/cleandiesel/>.

⁵⁶ 23 U.S.C. §149(b)(7) (SAFETEA-LU §1808(b))