February 28, 2005

METROPOLITAN PLANNING ORGANIZATIONS

Dear Executive Directors:

Subjects:  1) Revised 2004-2005 Congestion Mitigation and Air Quality (CMAQ) Program Estimates; and
           2) Federal Guidance on CMAQ and Revocation of the 1-Hour Ozone Standard

Revised 2004-2005 Congestion Mitigation and Air Quality (CMAQ) Program Estimates

In April, 2004, the Department of Transportation (Caltrans) provided estimated funding levels to Metropolitan Planning Organizations (MPOs) for the purpose of developing the 2004 Federal Transportation Improvement Programs. Since that time, changes have occurred which impact the estimated distribution of Congestion Mitigation and Air Quality (CMAQ) Program funds.

A revised, estimated 2004-2005 CMAQ distribution is provided in Attachment I. Though the total estimated funding level for California remains the same, the following adjustments are made:

1) Updated population estimates (based on 2003 data; prior estimate based on 2001 data);
2) Revised San Diego and Santa Barbara ozone factors from 1.2 to 0.8 (re-designated to attainment July 28, 2003);
3) Revised San Joaquin Valley air basin counties ozone factor from 1.3 to 1.4 (re-designated from serious to extreme May 17, 2004);
4) Corrected the distribution of CMAQ funds between the Metropolitan Transportation Commission and the Sacramento Area Council of Governments.

Un-obligated balances will be updated by Caltrans’ Division of Local Assistance.

It is important to note that the transition to 8-hour ozone standard and reauthorization may affect the 2004-2005 CMAQ, and is likely to affect the 2005-2006 distribution formula. Any changes to the CMAQ formula will be addressed following enactment of a reauthorization bill, assuming such bill adds PM2.5 and 8-hour ozone areas to the apportionment formula.

The attached estimates are subject to change and should be used for planning purposes only. Actual apportionments will be released after the Federal Appropriations Act is signed by the President and federal apportionments are made to each state.

"Caltrans improves mobility across California"
Federal Guidance on CMAQ and Revocation of the 1-Hour Ozone Standard

A copy of the Federal guidance which addresses the use of Congestion Mitigation and Air Quality (CMAQ) program funds in 1-hour ozone areas after the 1-hour ozone standard is revoked is provided in Attachment II.

In California, two Metropolitan Planning Organizations, the Association of Monterey Bay Area Governments and the Santa Barbara County Association of Governments, are currently non-attainment/maintenance for the 1-hour standard, but will be attainment for the 8-hour standard. These MPOs may continue to program 1-hour ozone projects until the date of revocation, anticipated to be June 15, 2005. As of the date of revocation, non-attainment/maintenance areas for the 1-hour standard will no longer meet the basic statutory requirement for CMAQ eligibility and will not be eligible to obligate CMAQ funds except as follows:

1) 1-hour ozone projects included in the first three years of the federally approved TIP in existence at the time of revocation may be funded,
2) CMAQ funds can be used for projects that contribute to attaining the standard for other pollutants for which the area is designated non-attainment or maintenance.

Please address any questions regarding the revised CMAQ estimates to Cathy Gomes at (916) 654-3271.

RACHEL FALSETTI, Chief
Office of Federal Transportation Management Program

Attachments

c: County Transportation Commission in SCAG Region
   Monterey, San Benito, and Santa Cruz RTPAs
   MPO CMAQ Coordinators
   MPO FTIP Coordinators
   District FTIP Coordinators
   District Local Assistance Engineers
   Sue Kiser, FHWA
   Ray Sukys, FTA
   PGray, Local Assistance

“Caltrans improves mobility across California”
INFORMATION: New Guidance on CMAQ and Revocation of the 1-Hour Ozone Standard

Date: December 13, 2004

Original signed by

James M. Shrouds
FHWA Director, Office of Natural and Human Environment

Joseph Ossi
FTA Acting Director, Office of Human and Natural Environment

Reply to: HEPN-10/TPE-30

To: FHWA Division Administrators
FHWA Directors of Field Services
FHWA Federal Lands Highway Division Engineers
FTA Regional Administrators

This guidance addresses use of Congestion Mitigation and Air Quality Improvement (CMAQ) program funds in 1-hour ozone areas after the 1-hour ozone standard is revoked. This guidance replaces the section entitled “Revocation of the 1-Hour Ozone Standard” found on pp. 6-7 of the April 28, 1999, CMAQ Program Guidance.

Summary
Previous guidance allowed areas to update their Transportation Improvement Programs (TIPs) for a period of 4-months after the revocation of the 1-hour ozone standard. This guidance rescinds that provision. These areas may use the time up to the date of revocation (anticipated on June 15, 2005) to make any adjustments they feel are necessary to their TIPs. As noted below, nonattainment and maintenance areas that have their 1-hour ozone standard revoked may continue to fund the CMAQ projects directed at meeting the 1-hour standard included in the first 3 years of the TIP that is in existence at the time of the revocation. After the date of revocation, such projects may not be added to the TIP.

Areas in nonattainment/maintenance status for the 1-hour ozone standard at the time of revocation
This guidance examines project eligibility for areas that are nonattainment/maintenance for the 1-hour ozone standard. Unless designated for another pollutant, these areas will no longer meet the basic statutory requirement for CMAQ eligibility and will not be eligible to obligate CMAQ funds, except as follows.

CMAQ funds can continue to be obligated for projects that contribute to reduced emissions of ozone precursors included in the first 3 years of the TIP or State TIP that is in place at the time of revocation. CMAQ funds can also be used for projects that contribute to attaining the standard
for other pollutants (CO, 8-hour ozone, PM$_{2.5}$ or PM$_{10}$) for which the area is designated nonattainment or maintenance. Alternatively, at the discretion of the State DOT, CMAQ funds can instead be redirected toward CMAQ projects in other areas within the State that are in nonattainment/maintenance status for CO, 8-hour ozone, PM$_{2.5}$ or PM$_{10}$.

The rules on “mandatory” and “flexible” CMAQ funds still apply, regardless of changes in 1-hour status. Aside from the exception noted in the paragraph above that allows areas to continue to fund projects that reduce ozone precursor emissions, mandatory CMAQ funds must be used for CMAQ projects in nonattainment/maintenance areas, if any exist. If no such areas exist in the State, the funds can be considered flexible, and can be used for CMAQ or STP type projects anywhere in the State. See p.5 of the 1999 CMAQ guidance for more information on programming “mandatory” and “flexible” funds. See Table 4, Part 2 Mandatory/Flexible Spending Amounts Pursuant to 23 USC 149(c) for TEA-21 to see the portion of CMAQ funds that is flexible by fiscal year (http://www.fhwa.dot.gov/tea21/funding.htm).

Apportionments
As explained in 23 USC 104(b), CMAQ apportionments are calculated based on the populations of 1-hour ozone and CO nonattainment and maintenance areas only. One-hour ozone areas will no longer be included after the standard is revoked (except for the very few 1-hour maintenance Early Action Compact areas). Any changes to the CMAQ formula will be addressed following enactment of a reauthorization bill, assuming such bill adds PM$_{2.5}$ and 8-hour ozone areas to the apportionment formula.
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**Note:** The table above represents the population by jurisdiction in 2000.

**Legend:**
- S50: 2000 population
- 3874600'000: 2000 population
- 3876900'000: 2000 population
- 4198660'000: 2000 population
- 3010865'000: 2000 population

**Graph:**
- Graph showing the population distribution by jurisdiction.