

Implementing Diesel Projects Using CMAQ Funds



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DVRPC Experience

- Each year DVRPC programs \$41M in Highway Program CMAQ funds
 - \$40M in PA and \$1M in NJ
 - Majority of these funds are programmed through the TIP selection process
 - Historically, in the Highway Program, CMAQ funds are used for operations improvements and bike/ped facilities
 - CMAQ funds for transit are “flexed” from FHWA to FTA in both states

DVRPC Experience

- 2012 Competitive CMAQ Program
 - DVRPC set aside \$10.7M of CMAQ funds for competitive program for years 2013-16
 - Funded 21 projects
 - Operations improvements, trails, transit, alternative fuel vehicles, and diesel projects
 - Selected diesel projects include two locomotive repowers and port equipment replacement

Eligibility and Selection

- In recent years, FHWA has increased scrutiny of CMAQ project eligibility
 - Diesel repowers, retrofits, and replacements are clearly eligible
 - Only incremental costs of emissions reductions equipment eligible for reimbursement
 - Project sponsors may incur significant costs if doing full vehicle replacement
 - Use approved methodology to demonstrate emissions benefits
- Place projects on TIP through a regional selection process
 - PM_{2.5} reduction projects required by MAP 21, but still need local buy-in to shift resources away from operations improvements

Project Implementation

- Project sponsors must be eligible to receive federal transportation funds
 - Funds can be flexed to other federal agency with varying levels of experience flexing between agencies
- DOTs must document environmental clearance and develop and enter into reimbursement agreements with sponsors before work begins
 - Contracts between DOT and sub-recipients not familiar with federal requirements can protract the process
 - Procedures for managing diesel projects is not well established at DOTs
 - DOT experience is generally with design, engineering, and construction – not equipment acquisition for non-DOT entities

Project Implementation (con't)

- Many federal requirements for spending transportation dollars
 - Proscribed competitive bidding process
 - Environmental clearance – federally funded projects must document environmental clearance
 - Even though project is a simple acquisition, categorical exclusion documents are required
 - A categorical exclusion takes time and resources to prepare
 - Buy America provisions
 - US DOT has 100% Buy America provision
 - Diesel equipment must be made in U.S. with all domestic parts and domestic labor, down to the bolts
 - Manufacturers must certify that provision is met
 - Design specifications
 - Federal right-of-way acquisition processes, etc.

Scope

- Award process, contracts, clearances, and cost share take resources and time
- Same effort to manage a retrofit project for 1 or 100 vehicles, but
- Larger scope may present cash flow issues for sponsors because CMAQ is a reimbursement program

Recommendations

- Work with MPO and agencies early in the process and be aware of what will be required
 - Be sure equipment can be Buy America certified
 - Partner with an agency that is familiar with state and federal contracting procedures
 - Be realistic about cash flow needs, partner contributions, and time that it will take to implement project and manage expectations accordingly
 - Make the scope of the project worth the effort

Agency Recommendations

- Start dialogue with DOTs about creating mechanisms for:
 - Documenting environmental clearances
 - Managing diesel, AFV, and infrastructure projects
 - Possibly even creating list of approved equipment and vendors that meet environmental goals and Buy America requirements
- “Bundle” smaller projects to make them more cost effective to manage
- Educate project sponsors about the process and requirements to avoid buyers remorse and help insure project implementation

Contact Information

Thank You

Contact information:

Sean Greene

215-238-2860

sgreene@dvrpc.org

For more information on DVRPC CMAQ Competitive Selection Process:

www.dvrpc.org/cmaq