



STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

MICHAEL F. EASLEY
GOVERNOR

LYNDO TIPPETT
SECRETARY

**North Carolina Board of Transportation
Environmental Planning and Policy Committee
Meeting Minutes for August 6, 2008**

A meeting of the Environmental Planning and Policy Committee (EPPC) was held jointly with the Safety and Emerging Issues Committee on August 6, 2008 at 11:00 AM in the Board Room (Room 150) of the Transportation Building. Board Member Nina Szlosberg chaired the meeting. Other Board of Transportation members that attended were:

Conrad Burrell	Marion Cowell	G. R. Kindley
Alan Thornburg	Lanny Wilson	Andrew Perkins
Bob Collier	Nancy Dunn	Cam McRae
Ken Spaulding	Stan White	Louis Sewell
Gus Tulloss	Arnold Lakey	

Other attendees included:

John Sullivan	Art McMillan	Mike Mills
Marshall Dobson	Bill Rosser	Burt Tasaico
Alan Pope	Joel Setzer	Berry Jenkins
Rob Hanson	Mike Pettyjohn	C. A. Gardner
Greg Thorpe	Dan Thomas	Allen Pope
Calvin Leggett	Terry Arellano	Amy Simes
Beth McKay	Susan Coward	Don Lee
Tom Norman	Mike Bruff	Delbert Roddenberry
Jerry Jennings	Pat Ivey	Anne Tazewell
Rob Hanson	Moy Biswas	Jennifer Garifo
Susan Coward	Kevin Lacy	Ricky Green
Don Voelker	Jim Humphries	Calvin Leggett
Chandra Taylor	Al Avant	Julie Hunkins

Ms. Szlosberg called the meeting to order. Ms. Szlosberg opened by accepting a motion to approve the meeting minutes from the July 9, 2008 committee meeting. The minutes were approved as presented.

Ms. Szlosberg began the meeting by stating that today we are going to look at a program that is very important for the Department. The Congestion Mitigation and Air Quality Program (CMAQ) is a federal program established to improve air quality in areas that are challenged, especially urban areas. North Carolina is fast becoming an urban state where more counties are falling into the

category of “non-attainment”, which means they are not attaining air quality standards and are eligible for CMAQ funds. There have been questions on how the program is administered. In addition, there are some things we can do to be more effective with our CMAQ money, and so Mike Bruff who manages the Transportation Planning Branch has been working with his team to look at different strategies. He is here today to share ideas and proposals. These are draft proposals and a new approach for the program, and he will be soliciting input from this committee and throughout the Department.

Ms. Szlosberg introduced Mike Bruff, Manager Transportation Planning Branch.

Mr. Bruff began by stating that he wanted to emphasize some information that came before the committee last month at a presentation on CMAQ policies, and some of the changes that the Board should consider as we move forward with the CMAQ program in the future. He stated that we are here today to go over some of those findings and the changes that have occurred, and then get your input and guidance on how we need to change different aspects of the program, including the allocation of funding and the criteria on how projects would be selected. He indicated that in September or October he would come back to the committee with a final recommendation.

Mr. Bruff introduced Terry Arellano, Unit Supervisor Transportation Planning Branch.

Ms. Arellano stated that the CMAQ program is a new direction for the Department. She began her presentation by giving a background on the CMAQ program. She indicated that it is a federal program that allocates funds to non-attainment air quality areas to help them get projects and programs in place to improve air quality across the state. This program was initially authorized by the Intermodal Surface Transportation Efficiency Act (ISTEA), and continued further in TEA-21 and SAFETEA-LU. The program is fully administered by the Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) in conjunction with the Environmental Protection Agency (EPA).

CMAQ funds apportioned to North Carolina are based on the population of people living in air quality concern areas. They are further divided by severity of air quality problems in those regions. We get our funding from the money that is available across the nation. The good thing about CMAQ is that these funds are outside the equity formula.

Ms Arellano displayed a map of North Carolina’s counties that are currently eligible for CMAQ funding. She indicated that the map is a little different then the one in 2004. We have some areas that are no longer considered because of the Early Action Compact that has been put in place for air quality. These are the counties that we are looking at to apply CMAQ funding. The map is regional and includes urban areas and the area outlying the Great Smoky Mountain National Park, for a total of 23 counties. There were several counties in the early action compact theory in addition to ones that had earlier standards for air quality that no longer exist and are no longer eligible.

Ms Arellano indicated that prior to 2004 we had a haphazard way of allocating CMAQ funds and believes the program has done a really good job at providing funds to counties that were CMAQ eligible. The program had good intentions but sometimes does not use the funds in the most effective and efficient manner. We had a lot of funds that were left over and not used. So in 2004

we actually initiated a call for projects. This involved going out to all the Metropolitan Planning Organizations (MPO's) and Rural Planning Organizations (RPO's) that were in the non-attainment regions and asking for ideas for projects they might have. We have a budget of approximately \$20 million dollars per year that covered the TIP from 2006 -2012. We allocated these funds to individual MPO's and RPO's using the formula that the Board approved back in 2004 for the division of funds. There was involvement from an Interagency Review Committee that was made up by DOT and federal and state air quality agencies to look over the projects we receive. They reviewed them for eligibility according to CMAQ rules. They then looked at equity, conditions, and potential benefits that could be derived across the state to see which projects would be good for CMAQ funding.

The Board of Transportation has final approval of the projects funded through the TIP for CMAQ, and, as a result, we had about 100 projects that were programmed in the 2006 TIP using CMAQ funding. Now, four years later, we've been working with approximately one hundred projects, and we have noticed some issues with the way they were being implemented. First, there's really a significant balance of money that was never appropriated in the initial pass for funding. There was \$20 million dollars a year for a seven-year period, but we actually have a \$32 million dollar balance right now. We have been trying to work with MPO's and RPO's to program some projects that are eligible for funding, but we still have a significant balance. Another issue has been delays in implementation of CMAQ projects.

Ms. Arellano explained that the CMAQ program actually put the administration for projects in local hands, which is a new concept for some of these smaller areas who are not familiar with federal laws and guidelines for implementing projects using federal funds. With the schedule we have right now, we should have 25 projects that are fully completed with CMAQ money, but only five are fully complete. So we are looking at a 20% success rate. Furthermore there's a very burdensome project management process. Somebody has to develop the local agreement, request funding authorization, review plans, and make reimbursements. That all falls under DOT to do that. Another problem is that for every single project, we had to go through all those steps regardless of the size of the project, which required a lot of effort on DOT's part to manage the program, especially for the administration of a large number of smaller projects.

Despite these challenges, Ms. Arellano believes that the process is good but needs some improvement. She described four areas of refinement to revise of the process. The first would be to program the \$32 million dollars that is currently unallocated. The next would be to better utilize the remaining CMAQ balance and look at the quality of projects that we are programming with CMAQ funds. We also want to revise the call for projects methodology and apply it to funds that are authorized for 2013 and beyond. And finally, we want to keep in mind the goal of the CMAQ program and the goals of NCDOT to best use those funds.

Ms. Arellano then discussed three processes to implement these goals. The first process deals with programming unallocated funds. Basically this process is a mechanism for the MPO's and RPO's across the state that have a CMAQ balance to allow them to program those projects. Our intention would be to go to the MPO' and RPO's in the fall of 2008 after we get this process approved. We would ask them to submit projects to us by early 2009. With each project submittal, we would have a CMAQ application to show that the project is CMAQ-eligible. We are also going to require MPO

and RPO endorsement. This is something that has to be added to local transportation improvement program for the MPO's and RPO's in the endorsement area and institute a minimum cost threshold of \$250,000 for each project. If the MPO or RPO doesn't have enough money, we would limit it to whatever they have in their current allocation. This is different than what was done for 2004 projects.

Ms. Arellano added that project proposals will be reviewed by the interagency review team similar to what was done in 2004. Right now we are thinking this review team would include NCDOT, NC Department of Environmental and Natural Resources' (DENR) Division of Air Quality, FHWA, FTA and the EPA. In 2004 that review team did include representation from the MPO and RPO Associations. We're not envisioning that for this process because we're not trying to let agencies program the money already allocated.

Finally, once we figure out which projects are eligible, they will be forwarded to the TIP group at DOT and added to the 2009 TIP by amendment in the spring or summer of 2009. We are also putting a condition on this process that any money not allocated through this process will go back into the pot and be subject to the new revised guidelines; in addition, all statewide projects will be covered in the new process.

Ms. Arellano asked if there were any questions.

Nina Sloszberg expressed concerns about the statewide pot, if it affects transit, bicycle and pedestrian project, and/or rail, and wanted those areas included as something for the group to think about, and if we want to include some piece of that remaining allocation to statewide programs.

Ms. Arellano indicated that there are several projects that we have programmed last year using some statewide money, so we have been opening programming to some projects as the need comes up, and this is something we will consider for future processes.

Ms. Arellano then talked about the second of the three processes called "CMAQ Project Fast Tracking". A requirement for all federal funds, and particularly CMAQ projects, is that the federal government will give us 80% of the funds and the local match would be 20%. This is a requirement for CMAQ; however, last year the Energy Act was passed with a special condition that gave state DOT's the ability to fund CMAQ projects 100% and not require a local match. So we thought about it and decided this would be a good way to use up some of these CMAQ funds that have accumulated outside of the \$32 million dollars. So basically what we're talking about is going out to the MPO's and the RPO's who have current programmed projects, and tell them if they can get everything in place and get construction approval by the end of fiscal year 2009, we can fund their project 100%, and they can keep the local matching funds. This would happen in the fall 2008. We would let them know what the process is, and then they would make known the projects they believe can be done by September 15, 2009 for submittal. The project would be considered "ready to go" when the preliminary engineering, environmental assessment and documentation, right of way certification, and design plans are complete.

We are hoping the MPO's and RPO's would submit their projects to us by a deadline of September 15, 2009 so we can revise current local agreements and fund those projects at 100%. The fall back

is if they don't meet the deadline, they are stuck to the original agreement of an 80/20 split. In addition, another issue is that this process is subject to national availability of funds. Although we will try and do this with every project proposal we get, we will be limited by the amount of federal funds available.

Ms. Arellano continued by discussing the third process which is the new CMAQ project guidelines. This would be a new process to program future CMAQ projects in conjunction with the STIP update process cycle. We don't envision this happening until we begin with the development of the 2011 TIP. This would take care of all the funding up until they are covered by the TIP. Basically what we see happening is going out to the local areas in September in year one of the TIP update cycle, outline the new process for them, and get them their regional allocation; again, this is different from what we did in 2004. We will hold regional allocation meetings in the Charlotte region, the Triad region, and the Triangle region, as opposed to in the individual MPO's and RPO's. We would also include statewide allocation in addition to regional allocation, so there would still be an opportunity for statewide projects to be funded with CMAQ funding. Our intentions would be for the MPO's and RPO's to submit CMAQ project proposals to us in conjunction with the project priority list they submit to the TIP. Projects proposals would be subject to the minimum cost criteria threshold of \$250,000 in order to meet the best use of CMAQ funds. In addition, MPO's and RPO's would coordinate with other partners in their region to develop projects that are good for their regional allocation.

Ms. Szlosberg asks, "You said that there would be a statewide allocation and a regional allocation. How do we get regional partners MPO's and RPO to work together, and how do we get that process up and running? The second question is, the statewide allocation is \$20 million per year and under reauthorization it looks like we'll get \$30 million. Should there be a percentage shift"?

Ms. Arellano answered, "That's a change that we will see later on and I have some figures that show what the allocation will be. Right now its showing \$4 million per year, but this is what we did for \$20 million, which actually should be updated to reflect about \$6 million per year for that \$30 million dollars. So it will be keeping the same proportion for whatever the actual allocation is".

Ms. Arellano continued. The TIP unit is going forward with the process. They will collect all of the applications for CMAQ projects and forward them to the Transportation Planning Branch. TPB would actually coordinate the interagency review. We will have that review for all CMAQ projects to make sure they are eligible within guidelines. We would again have an interagency review team. In addition, we are looking for the membership of that committee to be DOT, NCDENR's Division of Air Quality, EPA, FHWA and FTA. This group would meet to discuss statewide and regional projects. Based on this committee's recommendations, TPB will forward all eligible projects to the TIP unit for programming in the TIP. For statewide projects we will be looking for coordination between the Board, the Secretary, and the Governor, if needed, to determine what those final statewide projects will be. For final MPO/RPO projects, we are looking to the Board and the divisions to coordinate with the MPO's and RPO's to make sure we are allocating funds in a method that's acceptable to everyone.

What we actually end up with is a list of the CMAQ projects funded in the draft TIP in June of year one. A condition would be that any funds that were not actually included in the final TIP in year

two would revert back to the general fund balance and be reallocated for the next update cycle. Ms. Arellano mentioned that the application that will be used will be similar to the one used in 2004, but an updated version.

Ms. Arellano elaborated more on the allocations. In 2004 the Board actually approved a formula that allocated all the funds to individual MPO's and RPO's. We are currently using that same formula. But instead of allocating funds to the individual MPO's and RPO's, we will allocate them to non-attainment regions. Ms. Arellano referred back to the map in her presentation showing the individual counties. Mecklenburg and Union County would get an allocation. For the Mecklenburg Union MPO, the allocation will be going to the entire air quality region. It's a little different than what we did before, but we think it's a good idea because it includes some really good projects for the region since air quality has no division lines.

The new formula also includes the 2000 census population actually located within the non-attainment areas; the numbers are a different than what was used in 2004. Those numbers were a best estimate at the time of what those populations were, but we found some actual information based on work that was done by the EPA. The new formula also includes a factoring for the severity of the air quality problem within the individual counties. The yearly regional allocation would be equal to the factored population for that region, divided by the total state population for non-attainment areas times the total allocation we have for North Carolina. Ms. Arellano presented the yearly allocations for each of the regions statewide and what the total allocation would be for the 2011 to 2017 TIP. The chart she showed included \$4 million dollars for the statewide projects, but, in actuality, we're actually looking at \$6 million. We would have about \$50 million in the Metrolina region, about \$30 million in the Triad region, about \$5 million in the Hickory area, about \$42 million in the Triangle region, and roughly \$4 million in Rocky Mount. The Great Smoky Mountain National Park would get about \$600,000.

Ms. Arellano summarized by stating that the objective of the four goals is to program unused funds. She indicated that we have done that with the unallocated funding program that was discussed. We wanted to deplete a significant portion of the CMAQ balance, and we've done that with the fast track process. We wanted to revise call methodology for allocating funds, and we've done that with the new CMAQ guidelines. And finally we want to keep in mind the best use of CMAQ funds, and we've done that by instituting the minimum project cost. Ms. Arellano mentioned that these proposals are still under consideration and that she was open to suggestions, ideas, and recommendations that the Board might have to offer.

Ms. Arellano opened the floor for questions.

Mr. Collier asked, "What are some of the different types of projects that seem to be more effective for accomplishing air quality goals?"

Ms. Arellano answered, "There's actually a list of projects that are in the federal guidance for CMAQ, and we've added several different kinds of projects. We have travel demand projects, intersection improvement projects, sidewalk projects, and public transportation projects. Currently there is no requirement for a specific amount of air quality benefit, just that there is a positive air quality benefit."

Ms. Szlosberg stated, “One of the complaints I have heard from people in the environmental community has been that CMAQ money has been used to do capacity expansion, which can have some positive air quality benefits because of the reduction in congestion. That it’s a pot of money that can be used for public transportation, sidewalks, bike, and multi-modal improvement, while we have other pots of money that can be used for that type of expansion. We ought to philosophically be moving more in the direction of using CMAQ funding for projects that don’t have other pots of money. I’m also concerned the threshold of \$250,000 and some of the different ways of looking at it to make sure this doesn’t become a road-centric program.”

Ms. Arellano answered, “We actually had a good discussion with representatives from public transportation and how to address that same issue. One of the methods that we thought about trying was to get more strategic projects and actually have TPB engage themselves with the MPO’s and RPO’s to highlight those areas for good CMAQ opportunities, using their regional allocations and working with TPB to get those projects programmed. So that’s the direction we would like to go.”

Mr. Burrell asked about the appropriations for 2011 to 2017 and noted that the Smoky Mountain National Park would only get \$625,000 while being the most polluted park in the country as far as air quality.

Ms. Arellano responded, “Unfortunately if you recall CMAQ funds are based on population. There’s not a lot of population in the Smoky Mountain area and that’s what kills the allocation for them. Based on the formula they would get about one thousand dollars a year. So we put in a minimum threshold (for areas that didn’t have a minimum) of \$250 thousand dollars over a two-year period to be \$125,000 year. That’s how we came up with \$625 thousand dollars. That region right now has a significant balance of money that has not been funded yet. They are having a very hard time finding projects in the Smoky National Park that are CMAQ-eligible”.

Ms. Szlosberg asked about increasing bus services and if that be an appropriate use of funds.

Ms. Arellano answered, “Yes, one of the projects right now is the Cherokee Transit Line. The condition with that is that for CMAQ regulations, you can only do three years of CMAQ funding for new start-up projects, so you are limited in that you can’t go back every year and ask for funding because after the three years you are no longer eligible.”

Mr. Burrell asked, “Do all projects have to go through the MPO’s and RPO’s?”

Ms. Arellano answered, “Yes.”

Ms. Szlosberg thanked everyone for their coordination with the transit division, and she noted that one of the things she would like to see between now and the time this comes before the committee again, is to check with the division engineers, all our partners within the Department, and the MPO’s and RPO’s to make sure this change is not going to cause a lot of problems for them. She added that she wants to be sure that we reach out to everybody for their input.

Seeing no further questions, Ms. Szlosberg adjourned the meeting at 11:40 A.M.

The next meeting for the Environmental Planning and Policy Committee is scheduled for Wednesday, September 3, 2008 in the Board of Transportation Room (Room 150) of the Transportation Building.

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