

## Iowa DOT Transportation Alternatives Program Competitive Process Justification Reply—August 18, 2016

### Purpose and Background

The purpose of this document is to help the Iowa Department of Transportation (Iowa DOT) meet new Federal requirements affecting suballocation of funds and project selection for the Transportation Alternatives (TA) Set-Aside of Surface Transportation Block Grant (STBG) Program funds. This is in response to a request for clarification dated August 2, 2016.

Iowa has been suballocating previous transportation enhancement funds and current TA funds to Regional Planning Affiliations (RPAs) and Metropolitan Planning Organizations (MPOs) to ensure that smaller communities have an opportunity to compete for funds and projects meet local priorities across the State. The suballocation allows each area to know how much funding is available. The Federal Highway Administration (FHWA) appreciates that the Iowa DOT developed a project selection process to ensure fair and equitable distribution across the State.

The Moving Ahead for Progress in the 21<sup>st</sup> Century Act (MAP-21) established new requirements for suballocation and project selection under the Transportation Alternatives Program (TAP). The Fixing America's Surface Transportation (FAST) Act retained the MAP-21 requirement. FHWA outlined the requirements in guidance for suballocation of TA funds at [www.fhwa.dot.gov/environment/transportation\\_alternatives/guidance/guidance\\_2016.cfm#Allocations](http://www.fhwa.dot.gov/environment/transportation_alternatives/guidance/guidance_2016.cfm#Allocations), and the competitive project selection process for TA funds at [www.fhwa.dot.gov/environment/transportation\\_alternatives/guidance/guidance\\_2016.cfm#CompetitiveSelect](http://www.fhwa.dot.gov/environment/transportation_alternatives/guidance/guidance_2016.cfm#CompetitiveSelect). See FHWA general guidance on suballocation at [www.fhwa.dot.gov/cfo/suballocation\\_qa.cfm](http://www.fhwa.dot.gov/cfo/suballocation_qa.cfm).

Federal law requires suballocation of STBG and TA Set-Aside funds to urbanized areas with a population greater than 200,000; for Iowa, these areas are Davenport, Des Moines, and Omaha. However, for all other funds, FHWA's guidance states:

*Section 133(d) does not authorize the State to further suballocate the small urban area funds, nonurban area funds, or any area funds to individual MPOs, counties, cities, or other local government entities prior to competitive selection. The statute requires the State to be responsible for the competitive process for these funds (23 U.S.C. 133(d)(2) and 133(h)(4)). However, the State's competitive process may include selection criteria to ensure a distribution of projects among small MPOs, other small urban areas, and nonurban areas across the State. The State may consult with MPOs to ensure that MPO priorities are considered.*

The Federal requirements for the transportation planning process also limit the ability for an MPO to suballocate its STBG funds to individual jurisdictions or specific transportation modes. Procedures or agreements that distribute suballocated STBG (or TA) funds to individual jurisdictions or modes within the Metropolitan Planning Area by predetermined percentages or formulas are inconsistent with the legislative provisions that require the MPO, in cooperation with the State and the public transportation operator, to develop a prioritized and financially constrained Transportation Improvement Program. MPO suballocation procedures shall not be

used unless they can be clearly shown to be based on considerations required to be addressed as part of the metropolitan transportation planning process (see 23 CFR 450.324(j)).

The change in Federal legislation made Iowa's suballocation process noncompliant with Federal requirements. FHWA finds that the only problem is the suballocation of funds prior to project selection; otherwise, FHWA supports Iowa's process as a best practice.

## **Recommendation**

FHWA offers the following recommendations for the Iowa DOT to modify its project selection process. The process also will help the State collect information for the TA annual report requirement under 23 U.S.C. 133(h)(7).

### **State Responsibilities**

- Consistent with other Federal-aid Highway Programs, the State DOT administers TA Set-Aside funds. All TA funds must be used for [eligible projects](#) that are submitted by [eligible entities](#) and chosen through a [Competitive Selection Process](#).
- For funds suballocated to Davenport, Des Moines, and Omaha, the MPOs representing those urbanized areas select projects in consultation with the State.
- The State is responsible for selecting TA projects for Any Area funds, funds suballocated to urban areas with populations 5,001 to 200,000, and funds suballocated to areas with populations of 5,000 or fewer.
- The State cannot further suballocate specific dollar amounts to each RPA or MPO prior to project selection.

### **Statewide Project Solicitation and Evaluation**

- The State and the RPAs and MPOs can have common criteria for project solicitation, evaluation, and recommendation for selection.
  - The State's project solicitation and selection criteria can prioritize geographic and demographic equity.
  - The State may establish minimum or maximum dollar amounts for projects to promote a distribution of projects across the State.
- The State can use the RPAs and MPOs to solicit and recommend projects for funding.
  - The RPAs and MPOs can function as a prescreening process for the State's competitive project selection process.
  - The RPAs and MPOs can submit projects to the State in a preferred rank order indicating local priorities and intent.

### **Statewide Project List**

- The State can collect the projects from the RPAs and MPOs to compile an aggregated master list of projects for the State to consider in its statewide project selection process.
  - The State can use this process to collect project information for the TA annual report requirement.
  - Although the State is not responsible to select projects for the funds suballocated to Davenport, Des Moines, and Omaha, the State needs to collect project information from these MPOs for the TA annual report.

### **Statewide Project Selection**

- The State can select projects from the aggregated master list.
  - The State should verify that the projects are [eligible projects](#) that are submitted by [eligible entities](#).
  - The State should verify that the projects can be phased and/or completed in a cost-effective manner.
  - The State can prioritize the statewide project list based on RPA and MPO rankings and geographic and demographic equity.
  - The State can develop a selected projects list.
  - The State can inform the RPAs and MPOs of the State's decision; the State may offer the RPAs and MPOs an opportunity for feedback, if desired.

FHWA believes this modification to Iowa's process will continue to value the role of the RPAs and MPOs, and allow the State to add value to the project selection process. The State will maintain program management and oversight and meet the Federal statutory requirements.

FHWA will not require the State to reevaluate projects selected prior to August 18, 2016.