

Session Six

Financing: Leveraging Funds for ITMS

Mark R. Norman, Institute of Transportation Engineers — presiding

Federal Funding

Sheldon G. Strickland
Federal Highway Administration

Mr. Strickland provided a summary of the various sources of federal funding available for ITMS. These sources focused on the Intermodal Surface Transportation Efficiency Act (ISTEA) and other related legislation. Mr. Strickland made the following major points in his presentation relating to the provisions of ISTEA addressing ITMS, the funding available through these programs, the requirements to obtain these funds, and the procedures to be followed.

- ITMS, IVHS, and other related advanced technology programs are clearly needed to deal with current traffic congestion and air quality problems. Although it is not easy to design, fund, implement, and operate these systems, it is clearly worth the effort to pursue these projects.
- ISTEA is supportive of ITMS. The provisions of ISTEA clearly endorse the notion that traffic operational improvements and the operating costs for these systems are eligible for federal funds. This represents a change from the old policies. Previously, capital costs were eligible, but not operating or start-up costs. ISTEA clearly includes "integrated traffic control systems" in the definition of operational improvements. Start-up costs for a 2-year time period and integrated traffic control systems are both specifically referenced.
- The three primary sources of federal funds within the ISTEA are the National Highway System (NHS - \$2.8 billion FY 92), the Surface Transportation Program (STP - \$3.2 billion FY 92), and the Congestion Mitigation and Air Quality Improvement Program (CMAQ - \$826 million FY 92). The start-up costs available through NHS funds are only eligible for a 2-year period. The STP and CMAQ programs, however, can fund both start-up and long-term operating costs. To apply for CMAQ funding, the project must be listed in the state implementation plan (SIP) and the project must clearly make a contribution to improving air quality in the area. STP funds are determined primarily by the MPO, in consultation with the state. CMAQ funds should supplement or augment, rather than replace, existing operating funds. It may be possible to qualify for up to 100 percent federal funding under the NHS, STP, and CMAQ programs.
- Before operating a system, however, planning and design work must be conducted. Federal funding sources that can be used for planning activities associated with ITMS include the two historically available programs, Highway Planning and Research (HPR - \$278 million FY 92) and Metropolitan Planning (PL - \$116 million FY 92), and the new IVHS Planning and Deployment Assistance program (\$7 million FY 92). Funds in this program are targeted for the 75 largest cities in the country. Areas must apply for these funds, which can be used for IVHS planning. FHWA division offices should be contacted for more information on this program.
- A longer-shot source of funding might be the Congestion Pricing Demonstration Program (Section 1012 - \$25 million FY 92). Congress provided this funding to demonstrate congestion pricing strategies, which might include some ITMS activities.
- In terms of obtaining funding, the ISTEA makes it clear that the state DOTs and the MPOs are the critical links in the decision-

making process. There are four major activities within ISTEA that provide support to market IVHS and ITMS to decision makers. These include the requirements contained in the Congestion Management System (Section 1034), the Clean Air Act and SIP, Metropolitan Planning and TIP (Section 1024), and Statewide Planning and TIP (Section 1025). The common elements of all these are that congestion must be reduced and/or prevented, and the project must contribute to clean air and air quality improvements.

- The recommended steps for deployment include:
 - Develop an areawide Traffic Management Plan using IVHS or HPR funds.
 - Incorporate these into the Congestion Management Plan through the MPO and state planning process.
 - Obtain endorsement by the MPO as part of the Long Range Plan and SIP.
 - Include the project in the Transportation Improvement Program (TIP).
 - The project is then eligible for NHS, STP, and CMAQ funding.

State Programs

David W. Brewer

California Department of Transportation

Mr. Brewer provided an overview of the funding programs available in California and the approaches that have been used in the state to implement ITMS. Mr. Brewer covered the following major topics in his presentation.

- In 1989, new state legislation altered the approach used in California to fund ITMS and other related projects. This legislation, called the Transportation Program for the 21st Century, anticipated many of the changes made at the federal level in the ISTEA. Three different programming documents were required as the focus of the program. These included the Highway Systems Operations and Protection Plan, the State Highway

Improvement Program, and the Traffic Systems Management (TSM) Program. This last program is the one most relevant to IVHS and ITMS. The TSM program established a 10-year funding target of \$1 billion for traffic management systems, required Caltrans to annually establish a priority listing of projects for funding, and called for the development of congestion management programs in the urbanized counties. The intent of the TSM program was to provide for effective traffic management systems in major urbanized areas of the state.

- Most of the projects funded through the TSM program fall within three categories: traffic operations centers and related surveillance and information systems, freeway ramp metering systems and HOV bypass lanes, and traffic flow improvements on conventional streets and roads. It was determined that eligibility would be limited to retro-fitting existing projects. It was also determined that this program should focus on the high-priority congested corridors. The annual priority listing is developed by Caltrans, based on criteria established by the state Transportation Commission. This list must be presented to the commission by December 1 each year. Funding is then allocated to projects during the year, up to the limit of the dollars available.
- The state expects the ISTEA and related programs to provide significant funding for ITMS and IVHS programs. It is a challenging time for Caltrans, the MPOs, and others to work out ways to coordinate the funding and operation of these programs.
- State legislation that would allow for the implementation of the ISTEA programs in California is still pending. As a result of a conference in February, there is general agreement between the state, MPOs, transit agencies, and local jurisdictions on how the programs should be implemented. Elements of this approach include distributing the formula funds from STP and the air quality and congestion mitigation program to the