

Chapter IV Funding Programs

On June 9, 1998 the federal government enacted major transportation legislation, the Transportation Equity Act for the 21st century (TEA 21). The TEA 21 legislation provides funding for highway and transit projects during the six year life of the bill. Furthermore, it has changed the way we think about, and plan for transportation improvements. The TEA 21 bill is due to expire on September 30th, 2003 and due to the timing of this document the next transportation bill has yet to be passed by congress. The next transportation bill has been given the name of SAFETEA (Safe, Affordable, Flexible, Efficient) and will undoubtedly build on the successes of the current bill, TEA 21.

TEA-21 builds on the initiatives established in the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), which was the last major authorizing legislation for surface transportation. This new Act combines the continuation and improvement of current programs with new initiatives to meet the challenges of improving safety as traffic continues to increase at record levels, protecting and enhancing communities and the natural environment as we provide transportation, and advancing America's economic growth and competitiveness domestically and internationally through efficient and flexible transportation. Here is the actual language of the TEA 21 bill in regards to the Seven Planning Factors (23 U.S.C. 134(f)(1)(A-G) and (23 U.S.C. 135(c)(1)(A-G); 49 U.S.C. 5303(a)(1)(A-G)):

"The metropolitan (and statewide) transportation planning process for a metropolitan area (or State) under this section shall provide for consideration of projects and strategies that will:

- A. Support the economic vitality of the metropolitan area (or State), especially by enabling global competitiveness, productivity and efficiency;
- B. Increase the safety and security of the transportation system for motorized and non motorized users;
- C. Increase the accessibility and mobility options available to people and for freight;
- D. Protect and enhance the environment, promote energy conservation, and improve quality of life
- E. Enhance the integration and connectivity of the transportation system, across and between modes, for people and freight;
- F. Promote efficient system management and operation; and
- G. Emphasize the preservation of the existing transportation system."

One of the most ground-breaking elements of the ISTEA legislation and carried over under TEA 21 was the recognition of the interdependence of different modes of transportation in the functioning of the overall system. The planning requirements put a greater focus on coordination with citizens and the private sector, while linking transportation planning to the Clean Air Act Amendments (CAAA). It also provided increased flexibility to state and local governments

when they selected projects for federal funding with the requirement that all plans were financially constrained by the amount of available funds. The regional long range transportation plan, transportation management systems and the Transportation Improvement Program were all byproducts of the planning process and developed using the sixteen factors established in the ISTEA legislation which has now been refined to seven factors in the TEA 21 transportation bill.

Surface Transportation Program (STP)

STP is used by state and local jurisdictions for road and transit projects. Local projects are eligible for funding from the annual allocation of STP Funds to the Metropolitan Planning Organization (MPO). Road projects must be located on roads functionally classified as a rural major collector or higher. Ten percent of the STP fund is set aside for the Transportation Enhancement fund and ten percent is set aside for the Safety program. The remaining funds are used statewide or distributed to the MPO for use in the urbanized areas (STPU), rural areas (STPR), and small cities in rural areas with a population of 5,000 to 50,000 (STPC).

STP-Urban

The Grand Rapids Metropolitan Area is projected to receive approximately \$6.2 Million (this is an estimated amount as the new Transportation bill is not final) for local projects in the urban area for fiscal year 2004. Fiscal year 2005 is programmed at approximately \$6.3 Million and fiscal year 2006 is programmed at approximately \$6.5 Million. Projects are selected by the TIP Development Committee and recommended to the GVMC Technical and Policy Committees with the final approval at the GVMC Board. These projects include resurfacing, capacity improvements, reconstruction, lane widening, new roads, intersection improvements and corridor studies. Transit projects are also eligible for STP flexible funds, known as STP-FLEX. Eligible projects include bus replacement, rehabilitation, communication & maintenance equipment, operational support equipment and services, facility renovations and items related to the American Disabilities Act.

STP Small Urban Program

The Small Urban Program is funded with a non-mandatory set aside of federal STP funds for urban areas between 5,000 and 50,000 population located within an MPO's rural area. Approximately 50 cities share this program and submit project requests to the MDOT for their possible selection. In Kent County, the City of Lowell is an eligible recipient of these funds.

STP-Rural

Functionally classified roads outside the urbanized area boundary are eligible for STP-rural program funds. Transit providers in the rural area are also eligible for STPR funds for projects such as bus replacement or rehabilitation; communication and maintenance equipment; operational support equipment and items related to services under the American Disability Act. In Kent County there

is approximately \$530,000 available for STP-Rural in each year of the Transportation Improvement Program.

In Kent County, the Village of Caledonia, the City of Cedar Springs, the Village of Sand Lake, the Village of Kent City and the Village of Casnovia are eligible recipients of road funds. The Grand Rapids Area Transit Authority (ITP *The Rapid*) selects transit projects in the rural area from the established specialized services committee and the Kent County Road Commission represents townships in rural Kent County. Ottawa County projects are selected by the Ottawa County Rural Task Force and submitted to GVMC for inclusion in the metropolitan TIP.

STP-Enhancement

Ten percent of Michigan's STP funds are set aside for Transportation Enhancement Activities (STPE). These monies are designated specifically for the enhancement of the intermodal transportation network such as landscaping, installing bicycle paths, historic preservation and mitigation of storm water runoff. The Michigan Department of Transportation has established an application process to distribute about \$23 million statewide for use on transportation facilities. Projects were submitted for evaluation and selection for FY2004. Once these projects are selected they will be amended into the Transportation Improvement Program.

STP-Safety

TEA-21 also allocates ten percent of STP funds for local safety projects statewide. The Safety program (STPS) represents a consolidation of former federal-aid categories and allows for items such as upgrading traffic signs and signals, replacement of guardrail or eliminating the need for guardrail, replacement of bridge railing and approach guardrail, removing roadside obstacles, and small intersection improvements.

The Michigan Department of Transportation issued a call for projects in November of 2002 with a deadline for submittal of February 14, 2003 for fiscal year 2004 funds. Currently MDOT is in the project review and selection phase with some projects being awarded to each metropolitan area in the state. The Grand Rapids Metro area receives approximately \$200,000 in STP-Safety funds each fiscal year.

Transportation Economic Development Fund

The Transportation Economic Development Fund (TEDF) was created through state enabling legislation in 1987 to alleviate transportation related barriers to economic development. The program mission continues to be: *enhance the ability of the state to compete in an international economy, to serve as a catalyst for economic growth of the state, and to improve quality of life in the state.* The program is divided into five categories. The GVMC area is eligible for Category A, C and D funds.

Category A	Road Projects related to target industries and redevelopment.
Category C	Traffic congestion relief in urban counties.
Category D	Improvements in rural counties to create an all-season transportation network.
Category E	Improvements related to the commercial forest industry in Michigan.
Category F	Road improvements in cities and rural counties.

The Grand Rapids Metropolitan area receives approximately \$3 Million for Category C funds each fiscal year.

National Highway System (NHS)

NHS funds can be used for traditional highway projects in NHS corridors, or for other transportation improvements such as transit capital or improvements needed to accommodate rail or bus lines; start-up costs of traffic management systems; transportation planning, research and development; or wetland mitigation. The NHS is comprised of 163,000 miles of rural and urban roads which are most important to interstate travel and national defense, roads that connect with other modes of transportation, and roads essential for international commerce. The NHS funding level is \$28.6 billion for the 6 years of the Act. Funding levels for the yet to be passed transportation bill (SAFETEA) are not yet known. These funds will be distributed based on a formula which has been revised to include each State's lane-miles of principal arterials (excluding Interstate), vehicle-miles traveled on those arterials, diesel fuel used on the State's highways, and per capita principal arterial lane-miles. The Act expands and clarifies eligibility of NHS funding for certain types of improvements such as publicly owned bus terminals, infrastructure-based intelligent transportation system capital improvements, and natural habitat mitigation. Michigan projects are selected by the state Department of Transportation in consultation with the MPO. There are 4,711 miles of NHS routes in Michigan. The average annual apportionment of NHS funds for Michigan is expected to be \$165 million.

Interstate Maintenance & Construction (IM/IC)

Under TEA-21, the Interstate Maintenance Program (IM) provides funds to rehabilitate, restore, resurface and reconstruct our network of Interstate highways. The program has primarily addressed reconstruction of bridges, interchanges, and overpasses along interstate routes. Expand and improve projects are not eligible for IM funds except for high-occupancy vehicle lanes. The state has the flexibility in transferring up to 20 percent of IM funds to the NHS or STP fund.

In 1992, the last mile of Interstate was completed in Michigan, therefore the amount of Interstate Construction (IC) program funds is limited. All interstate funding is programmed by MDOT in consultation with the MPO. This program is 90 percent federally funded.

Congestion Mitigation/Air Quality (CMAQ)

CMAQ funds are federal Transportation Equity Act for the 21st Century funds which link transportation to the Clean Air Act Amendments. These funds are used to implement transportation control measures which demonstrate emission reductions. The State of Michigan has received approximately \$34 million annually for use in the Grand Rapids, Muskegon and Detroit areas. Kent, Ottawa and Muskegon Counties have been re-designated as maintenance areas. The State of Michigan has requested re-designation to an attainment area for West Michigan.

The types of projects funded in the Grand Rapids area include bus replacements, bicycle paths, intersection improvements, ridesharing programs and an Ozone Action! day awareness program. As part of project selection, the projected volatile organic compounds (VOC's) and nitrogen oxide (Nox) reductions are analyzed. These emissions are the precursors of Ozone of which the West Michigan region (Muskegon County) is in non-attainment.

Bridge Replacement and Rehabilitation Program (BRRP)

The BRRP continues a traditional funding program for the repair of publicly-owned bridges. Apportionment is based on the square footage of "deficient" highway bridges surveyed by the state and inventoried in a priority system established by federal transportation legislation. This program is funded at 80 percent through the TEA-21 legislation with the local match provided by the Critical Bridge program at the state level.

Congressionally Designated Projects

Federal funds designated by Congress for specific projects are referred to as demonstration projects (DEMO.) In Michigan, many of these projects are listed in the actual TEA-21 & Build Michigan II legislation or subsequent appropriation bills. In the Grand Rapids area, Lake Michigan Drive is the only project currently funded with demonstration funds, however, the Right-of-way acquisition for the South Beltline (M-6) was partially funded with congressionally designated demonstration funds.

State Infrastructure Bank Projects

Michigan is one of the 39 states participating in the original SIB pilot established under the National Highway System Designation Act of 1995. As of October; 1998, one loan has been made and several are pending review and approval. The program provides loans and credit enhancements for publicly owned transportation infrastructure projects.

The State Infrastructure Bank will finance transportation infrastructure projects through low interest loans and credit enhancements. Qualified borrowers include

public entities, such as political subdivisions, state agencies, regional planning commissions, transit agencies, port authorities, and economic development corporations. Private companies and non-profit organizations that are developing a publicly owned transportation facility are also eligible for SIB financing.

Federal Transit Administration Funds (FTA)

There are specific federal aid programs available for public transportation agencies authorized through the Transportation Equity Act for the 21st Century (titled TEA-21). In addition to the funding sources listed below, the ITP is eligible for flexible TEA-21 funds such as Surface Transportation Program (STP) funds and Congestion Mitigation and Air Quality (CMAQ) funds. Transit agencies in air quality non-attainment and maintenance areas, such as Grand Rapids, are eligible to receive funding from the CMAQ program.

Operating Assistance

Operating needs for the Interurban Transit Partnership (ITP) are identified in the Annual Service Plan and a corresponding operating budget for the upcoming fiscal year. Levels of service for regular route and demand response service are specified in this plan. ITP budgets all federal, state and local operating assistance based on the recommendations of this plan.

The Annual Service Plan and budget are approved by the ITP board before grant applications are officially submitted to the Federal Transit Administration. Any requests for State and Federal funding, including local match requirements are presented to the GVMC committees as part of the TIP development process. Grant applications are submitted to the FTA for all capital assistance proposed in this TIP document.

The *Section 5311* statewide program provides operating assistance for transit service in areas with populations less than 50,000. Funding for operating assistance is provided as a percentage of eligible costs, not to exceed 50 percent of the operating net eligible costs. The Rural Transit Assistance Program (RTAP) provides grants for transit research, technical assistance, training, and related support services in the non-urbanized areas of the state. In the Grand Rapids area, *Section 5311* funds are primarily used to develop and implement a demand-response service beyond the ITP service area boundaries.

Capital Investments

Capital projects presented in the TIP are from ITP's Short Range Transportation Plan and the Fleet Replacement Program. All capital investments included in the TIP are approved by the ITP Board and the GVMC Board.

The *Urbanized Area Formula Program* (Section 5307) is distributed to urban areas based on a formula which considers rider ship, vehicle hours of travel, revenue miles, and population. For 2001, the ITP received an apportionment of approximately 4.5 million in Urbanized Area Formula Funds for capital expenses.

The *Section 5310* Elderly and Persons With Disabilities Program (formerly 16(b)(2)) provides capital equipment to private nonprofit organizations or public transit agencies that coordinate specialized transportation services for seniors and persons with disabilities. This grant program is matched by the state and administered by the grantee. The program, administered through ITP, has benefited numerous agencies in Kent County such as the American Red Cross, Senior Neighbors, Goodwill, Hope Network, ASCET, and Kent County Community Mental Health.

The *Section 5309* Program (formerly Section 3) was designed as a discretionary fund for capital assistance. Funds from this program can be earmarked for specific states or localities. In fiscal year 2000, ITP received \$1.39 million for the preliminary design work and site acquisition for a Surface Transportation Center. Currently, ITP staff continues to work to secure additional federal funds for future transit facilities and transit related projects.