



NORTHEAST OHIO AREA WIDE COORDINATING AGENCY

MEMORANDUM

TO: NOACA Board of Directors

FROM: Grace Gallucci, Executive Director

DATE: September 4, 2015

RE: **Resolution 2015-054 – Toll Credits Policy**

ACTION REQUESTED

The Board of Directors is asked to approve a policy for the use of Toll Credits that have been allocated to NOACA by the Ohio Department of Transportation (ODOT). The Policy Committee recommended this item for approval at its July 10, 2015 meeting.

BACKGROUND

Advancement of funding through recent bonding against the Ohio Turnpike and Infrastructure Commission revenues, that include increased tolls, will result in ODOT earning a significant balance of Toll Credits (TC) over the next few years. These credits are being made available to the MPO programs.

It is important to note that TCs are not “cash” or additional funding, but instead are credits that can be applied to federal aid transportation projects. Utilizing TCs increases the percentage and amount of federal funding that is used to finance an eligible project. NOACA will be allocated nearly \$7.6 million in TC authority annually, for SFYs 2016 – 2020. This amount is proportionate to its share of the total statewide MPO programs annual budget.

NOACA is responsible for developing its own policies and procedures for applying TCs to its Surface Transportation Program and Transportation Alternatives Program. Staff presented this item for information and the development of policy recommendations to the Policy Committee in 2015. The Policy Committee recommended the application of TCs to the following programs:

Urban Core Communities – Projects sponsored by, and located within, communities identified in the current NOACA Urban Core Communities Policy are eligible for 90% NOACA funding participation, utilizing 10% TCs.

Environmental Justice Communities – Projects sponsored by, and located within, communities identified in the current NOACA Environmental Justice Communities Policy are eligible for 100% NOACA funding participation, utilizing 20% TCs.

Transportation for Livable Communities Initiative (TLCI) – Studies and implementation projects identified for funding through the NOACA TLCI Program are eligible for 100% NOACA funding participation, utilizing 20% TCs. However, the use of TCs for TLCI study projects is approved as a pilot for SFY 2016 only. After SFY 2016 the use of TCs for TLCI studies will be reevaluated by the NOACA Policy Committee.

The policy also contains parameters for the application of TCs, including ODOT and NOACA requirements and management procedures.

FINANCIAL IMPACT

Approved use of TCs will increase the federal share on NOACA funded projects which would lead to greater NOACA funding participation per project or program.

CONCLUSION/NEXT STEPS

With Board approval, the policy will be implemented as stated.

GG/rl/2862b

Approved:

Policy Number:

Effective:

Responsible Division:

Date:

TOLL CREDITS POLICY

POLICY STATEMENT:

The Northeast Ohio Areawide Coordinating Agency (NOACA) may receive Toll Credits (TC) to use at its discretion to increase the federal payable share of projects financed through the Surface Transportation Program (STP) and Transportation Alternatives Program (TAP). This policy establishes requirements and eligibility criteria as determined by the Board of Directors for the application of Toll Credits to NOACA funded projects.

AUTHORITY:

23 U.S.C. 120(J), Federal Payable Share
ODOT MPO and Large City Program Toll Credits Policy

PURPOSE:

Section 120(j) of Title 23 U.S.C. permits the use of Toll Credits to fulfill some or all of the federal matching fund requirements normally associated with the financing of eligible Title 23 and Title 49 surface transportation capital, operating, or planning projects. The application of TCs increases the federal share of a project, thereby reducing required non-federal match requirements.

Toll Credits are credits that states earn from nonfederal capital expenditures that public or private agencies, such as the Ohio Turnpike, make "to build, improve, or maintain highways, bridges, or tunnels that serve the public purpose of interstate commerce." Advancement of funding through bonding against the Ohio Turnpike and Infrastructure Commission revenues, that include increased tolls, will result in the Ohio Department of Transportation (ODOT) earning a significant balance of credits. These credits have been made available to NOACA funding programs.

It is important to note that TCs are not "cash" or additional funding, but instead are credits that can be applied to federal aid transportation projects. Utilizing TC increases the percentage and amount of federal funding that is used to finance an eligible project above the typical 80% federal payable share. At the same time it results in a proportionate reduction of the total number of fundable projects in a given program year.

REQUIREMENTS:

ODOT Requirements:

- TC can be applied only to active project phases – no retroactive TC application to a project phase once federal authorization has been granted
- TC usage must be recorded in ODOT's project management system (Ellis) and included in project federal authorization requests
- TC cannot be applied to State Infrastructure Bank (SIB) loans or Federal Emergency Fund projects
- TC will not be advanced from a future SFY and cannot be swapped between NOACA or other MPO programs
- TC can be carried forward until the lapse period specified in the ODOT MPO and Large City Program policy
- Amount of TC will not be adjusted up or down with annual ODOT budget true-ups
- ODOT will monitor and be the official record for the tracking of NOACA TC balances

NOACA Requirements:

- Approval of TC will be contingent upon the availability of funding in the current NOACA Transportation Improvement Program (TIP)
- Approval of TC is subject to the availability of adequate TC balances for the respective NOACA program as determined by ODOT
- Projects that propose added capacity through expansion of the existing facility will not be considered for TC in order to be consistent with the NOACA Regional Transportation Investment Policy, which limits these projects to 50% NOACA funding participation.

ELIGIBLE PROJECTS AND PROGRAMS:

The NOACA Board of Directors will consider the approval of TC to increase the federal payable share for the following NOACA funded projects and programs:

Urban Core Communities – Projects sponsored by, and located within, communities identified in the current NOACA Urban Core Communities Policy are eligible for 90% NOACA funding participation, utilizing 10% TCs.

Environmental Justice Communities – Projects sponsored by, and located within, communities identified in the current NOACA Environmental Justice Communities Policy are eligible for 100% NOACA funding participation, utilizing 20% TCs.

Transportation for Livable Communities Initiative (TLCI) – Studies and implementation projects identified for funding through the NOACA TLCI Program are eligible for 100% NOACA funding participation, utilizing 20% TCs. However, the use of TCs for TLCI study projects is approved as a pilot for SFY 2016 only. After SFY 2016 the use of TCs for TLCI studies will be reevaluated by the NOACA Policy Committee.

PROCEDURES:

NOACA staff will evaluate potential TIP projects to determine the applicable federal payable share consistent with this policy. Projects proposed for TC utilization will be presented to the appropriate committees and Board through the standard NOACA Plan and TIP amendments procedures. The Board of Directors will approve the use of TCs for projects consistent with this policy. The Board of Directors also reserves the right to approve any exceptions to this policy should it deem appropriate. Staff will retain records of all approved TC uses and coordinate with ODOT to ensure accurate project programming with ODOT and the TIP/STIP.

POLICY TERMINATION:

This policy is contingent upon the allocation of TCs to NOACA from ODOT. Should ODOT cease the allocation of TCs to NOACA this policy will terminate.

**RESOLUTION 2015-054
(TOLL CREDITS POLICY)**

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE
NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**

WHEREAS, the Northeast Ohio Areawide Coordinating Agency (NOACA) is the Metropolitan Planning Organization (MPO) for the counties of Cuyahoga, Geauga, Lake, Lorain, and Medina, and the areawide water quality management agency for the same region; and

WHEREAS, Section 120(j) of Title 23 U.S.C. permits the use of Toll Credits to fulfill some or all of the federal matching fund requirements normally associated with the financing of eligible Title 23 and Title 49 surface transportation capital, operating, or planning projects; and

WHEREAS, the advancement of funding through recent bonding against the Ohio Turnpike and Infrastructure Commission revenues, that include increased tolls, will result in the Ohio Department of Transportation (ODOT) earning a significant balance of Toll Credits (TC); and

WHEREAS, the credits are being made available to NOACA in the amount of \$7.6 million annually, through State Fiscal Year 2020, to increase the federal participation rate for NOACA Surface Transportation Program (STP) and Transportation Alternatives Program (TAP); and

WHEREAS, TCs are not “cash” or additional funding, but instead are credits that can be applied to federal aid transportation projects to increase the percentage and amount of federal funding that is used to finance an eligible project; and

WHEREAS, NOACA is responsible for developing its own policies and procedures for applying TCs to its Surface Transportation Program and Transportation Alternatives Program; and

WHEREAS, a Toll Credits Policy was developed with Policy Committee input; and

WHEREAS, the policy contains parameters for the application of TCs, including requirements, eligible projects and programs, and management procedures; and

WHEREAS, eligible programs include the NOACA Urban Core Communities, Environmental Justice Communities, and Transportation for Livable Communities Initiative (TLCI) study and implementation projects;

WHEREAS, the TLCI study projects are approved as a pilot only and will be reevaluated by the Policy Committee after one year; and

WHEREAS, the proposed policy has been reviewed and recommended for approval by the Policy Committee.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Northeast Ohio Areawide Coordinating Agency, consisting of 45 principal officials serving general purpose local governments throughout and within the counties of Cuyahoga, Geauga, Lake, Lorain, and Medina that:

Section 1: The Toll Credits Policy (attached) is approved for inclusion to the NOACA Regional Transportation Investment Policy (RTIP).

Section 2: NOACA staff will report back to the Policy Committee after one year with an evaluation of the application of TCs to Transportation for Livable Communities Initiative (TLCI) study projects.

**RESOLUTION 2015-054
(TOLL CREDITS POLICY)**

Section 2: The Executive Director is authorized to transmit certified copies of this resolution to appropriate federal, state, and local agencies.

Certified to be a true copy of a Resolution of the Board of Directors of the Northeast Ohio Areawide Coordinating Agency adopted this 11th day of September 2015.

Secretary: Michael P. Jensen

Date Signed: September 11, 2015