



Chicago Metropolitan Agency for Planning

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MEMORANDUM

To: STP Project Selection Committee

From: CMAP Staff

Date: September 19, 2018

Re: Use of Transportation Development Credits with STP-Funded Projects to Aid Disadvantaged Communities

As part of the agreement for locally programmed Surface Transportation Program (STP-L) funding approved in October 2017, the parties agreed that providing assistance to disadvantaged communities so that they may have more opportunities to access the federal funds was a desired outcome. The issue of “haves versus have-nots” was raised as a point of concern in the discussions leading up to the agreement. The STP-L program provides an 80 percent federal cost-share with the remaining 20 percent of a project's cost funded through state or local sources. While not the only barrier to reinvesting in local infrastructure, supplying the required match can be challenging and may discourage local officials in disadvantaged communities from seeking funding for needed projects.

Federal law allows states to accrue transportation development credits (TDCs), also known as “Toll Credits”, when capital investments are made on federally approved tolled facilities. The TDCs can be used in place of the 20 percent local/state match and a project can be funded at essentially 100 percent federal funds. The Illinois Tollway has historically generated a great deal of these credits, considerably more than are used in a given year, and previously Illinois Department of Transportation (IDOT) policy has allowed them to be used on transit projects but not local roads projects. IDOT has now drafted a new policy that includes local use on non-transit project types, referred to as Transportation Development Credits for Highways (TDCH). The use of TDCs for transit projects is still handled under the existing IDOT policy for transit projects and remains unaffected.

The following CMAP policy would be part of the STP-L application and program management guidelines. It is intended to complement IDOT's TDCH policy to consider TDCHs for use on local agency projects if the request is in accordance with MPO policy. By using TDCHs, the overall STP program will be reduced in size, so the region must judiciously use them. This policy is wholly to support disadvantaged communities.

Proposed Policy

1. Eligible municipal jurisdictions are determined based upon CMAP's Local Technical Assistance (LTA) program community need measures, which may be updated from time to time. Eligibility for City of Chicago projects is based on a computation of these capacity measures at the Chicago Community Area (CCA) geography. Only jurisdictions or CCAs in the highest need group are considered eligible to utilize TDCHs as local match for STP-L. Eligibility is determined at the time of application for STP funds. TDCH-eligible geographies for the January 2019 call for shared fund projects are those included in Cohort 4 per the CMAP FY19 Community Cohorts information [document](#).
2. STP-L projects that are being implemented by private or non-profit entities may not use TDCHs for the purpose of supporting disadvantaged communities.
3. The project limits must be entirely within the TDCH-eligible jurisdiction(s) or Chicago Community Areas(s) to qualify to request TDCHs to support disadvantaged communities. For multijurisdictional projects, all municipal partner agencies or CCAs must be TDCH-eligible. Contiguous projects may not be "split" in order for one or more portions to be eligible for TDCHs. No project or project phase granted the use of TDCHs may be combined under a single funding agreement or contract with any other project or phase that is not eligible for or was not granted use of TDCHs.
4. Eligibility for TDCHs does not guarantee that the project will be selected for STP-L funding or that IDOT will ultimately approve the use of TDCHs for that project.
5. The TDCHs can be used on any project type that is eligible under the Surface Transportation Block Grant program.
6. TDCHs cannot be used for "non-participating" or individual ineligible scope or pay items, regardless of overall project eligibility.
7. No more than 20 percent of the STP program in any federal fiscal year may be composed of TDCHs. The use of TDCHs within the threshold shall be determined by the programming decisions of the individual Councils or CDOT for the local programs and the STP Project Selection Committee for the Shared Fund.
8. The TDCHs cannot be used retroactively on projects that were programmed prior to the establishment of this policy, and the use of TDCHs must be requested on the project application. Once a program of projects is adopted by the selecting body, TDCHs cannot be added to individual projects.
9. TDCHs cannot be used as local match on the right-of-way acquisition phase of any project. All other eligible phases, per council or CDOT policies for the local programs or STP Project Selection Committee policies for the Shared Fund, can use TDCHs as match.

10. CMAP staff will be responsible for tracking the use of the TDCHs for local match on all STP-L programmed projects in the CMAP region. The TDCHs must be approved by IDOT and identified in the TIP.

ACTION REQUESTED: Discussion

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