

American Recovery & Reinvestment Act Transportation Eligibility

The Vermont Agency of Transportation (VTrans) is working with the Vermont League of Cities and Towns and all of Vermont's regional planning commissions, including the Chittenden County Metropolitan Planning Organization, to identify and assess all so-called "shovel ready" transportation projects to identify viable candidates for federal stimulus funds.

The key factors that will determine viable candidates for Vermont's anticipated \$125.8 million in stimulus highway and bridge money come down to two basic criteria: eligibility and readiness. The American Recovery & Reinvestment Act requires that about \$44 million of Vermont's allocation must be obligated within 120 days of the date that the Federal Highway Administration apportions the funds or states will lose up to 50 percent of the money apportioned to them, as well as any eligibility for redistribution of funds recaptured from other states. The rest of Vermont's apportionment must be obligated within one year of apportionment. Chosen projects also must comply with chapter 1 of title 23 of the U.S. Code, which limits the use of stimulus funds to highway infrastructure that is either part of the Federal Highway Aid Network or to off network bridges longer than 20 feet that are classified as either structurally deficient or functionally obsolete.

This eligibility requirement is not unusual. The regular federal formula funds that VTrans annually receives come with the same restrictions, which are outlined in Title 23 or Title 49 of the United States Code. This limitation unfortunately disqualifies many municipal roadways and bridges from consideration. Vermont lobbied Congress to provide more flexibility to how stimulus funds can be used, but the bill passed by Congress did not provide such flexibility. The Federal Aid Highway Network generally includes:

- The Interstates and National Highway System (i.e. I-89; US Route 4)
- Urban and rural principal arterial routes (generally numbered State and U.S. highways).
- Other connector highways that provide motor vehicle access between arterial routes, including "major collectors" on the town highway network.

In essence, the only town roadways eligible for stimulus funds are Class 1 roads as well as some Class 2 roadways that meet the definition of a town highway "major collector." VTrans is working with VLCT and the regional planning commissions to review all municipal requests to ensure that only ones that meet these strict criteria are considered for stimulus funding.

There is one exception to these general eligibility rules. Title 23 allows a small amount of federal funds to be used on local roads off the Federal Highway Network in areas where the population is less than 5,000. VTrans is working with FHWA to identify just where these areas are in Vermont. We believe that Vermont will be able to target less than \$500,000 of its \$125.8 million highway and bridge funding to these local roadways.

Enhancement Projects:

Normal federal rules require a 10 percent set aside of STP funds for transportation enhancement projects. The American Recovery & Reinvestment Act requires only 3 percent. This means about \$3.75 million of Vermont's \$125.8 million in highway and bridge stimulus funds must be spent on enhancement projects. Examples of enhancement projects include bike paths, sidewalks, refurbishing historic transportation buildings (like railroad stations), etc.

Railroads:

It appears that some of Vermont's \$125.8 million in highway and bridge money can be targeted towards rail infrastructure improvements. The American Recovery & Reinvestment Act does, however, include an independent program with \$8 billion for rail, but most of this is discretionary funding in the form of competitive grants, or directed specifically for use by Amtrak. VTrans has about \$45 million worth of needs along the Western Rail Corridor between St. Albans and Rutland. The Agency plans to submit applications for Western Corridor projects that can be ready-to-go within the allotted timeframe.

Airports:

The American Recovery & Reinvestment Act does not allow us to use highway and bridge money for air. The stimulus bill, however, does include \$1.1 billion in airport grants, and an additional \$200 million in supplemental funding for FAA facilities and equipment.

Burlington International plans to submit a grant application for its taxiway project, which is part of its south end development. The airport is independent of VTrans, but the Agency supports its efforts. VTrans will apply for a grant to improve Knapp Airport in Berlin to advance runway/taxiway/apron improvements.

Public Transportation:

The ability to "flex" stimulus bridge and highway funds towards public transportation is allowed. The American Recovery & Reinvestment Act, however, includes targeted funds specifically for public transit, of which Vermont will receive \$5.6 million. This funding alone will allow Vermont reduce its backlog of capital bus purchases by close to 75 percent and replace more than 30 of its older buses with new, environmentally friendly vehicles.

The Stimulus Bill also contains competitive grant money for capital investments that lower greenhouse gas emissions. This is an additional avenue where the State of Vermont or its public transit providers can seek funding for the purchase of new buses.

With such a strong commitment in other parts of the Economic Recovery Act directed towards public transit, Vermont must assess how strong a priority it assigns to flexing highway and bridge money to public transit uses rather than deploying more funds to the considerable deficiencies that exist within its road, culvert and bridge network.

Other Competitive Grants:

The American Recovery & Reinvestment Act provides \$1.5 billion for competitive grants to states, local governments and transit agencies for projects across all surface transportation modes. Money is to be apportioned “geographically.” VTrans believes the Bennington Bypass is a strong candidate for such funding. Other local projects may also qualify. FHWA has 90 days to publish grant competition criteria.

Maintenance of Effort and Job Creation:

VTrans continues to assess the voluminous American Recovery & Reinvestment Act to understand its many details. In many cases, consultation with FHWA will be necessary to ensure correct interpretation. To date, we know the following:

- Vermont must give preference to activities that can be started and completed expeditiously.
- \$44 million of funds must be obligated within 120 days of apportionment.
- The remaining funds must be obligated within one year.
- Stimulus money must be used in a manner that maximizes job creation and economic benefit.
- There is a “Buy American” provision for the purchase of iron, steel and manufactured goods. The provision, however, has exceptions that FHWA will clarify in the coming weeks.
- Transportation projects must be completed within a three-year timeframe from enactment (Feb. 17, 2009).
- Participation rate less than 100 percent federal at the state’s discretion.

The purpose of the American Recovery & Reinvestment Act is to stimulate the U.S. economy and create jobs as quickly as possible. As a result, the Act has strong “maintenance of effort” language that requires the state to maintain all of its current transportation programs. Stimulus funds are not intended to allow states to stop other work it was planning. Thus Vermont must match all its regular federal formula funds within normal timeframes. This means it is essential that all usual transportation revenue remain intact. Vermont cannot redirect state funds previously targeted to be spent on federal-aid transportation projects. In fact, the American Recovery & Reinvestment Act requires that the Governor within 30 days of enactment certify that the state will maintain its effort with regard to state funds, and submit a statement identifying the amount of funds the state planned to spend **from state sources** not only as of the date of enactment, but through the entirety of Federal FY2010.