



Illinois Department of Transportation

Departmental Policies

OPP-03

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TRANSIT TRANSPORTATION DEVELOPMENT CREDITS POLICIES AND PROCEDURES

1. POLICY

It is the policy of the U.S. Department of Transportation to utilize Transportation Development Credits (TDC's) in compliance with the requirements of [Section 120\(j\) of Title 23 U.S.C.: Credit for Non-Federal Share](#).

2. PERSONS AFFECTED

Division of Public & Intermodal Transportation
Office of Finance & Administration: Bureau of Budget & Fiscal Management
Office of Planning & Programming

3. PURPOSE

The purpose of this policy is to establish a) a process for approving the use of Transit TDC's, b) a special account to track Transit TDC's as they are earned and used, and c) how the Illinois Department of Transportation (IDOT) will use Transit TDC's for the non-federal matching share needed to leverage federal funding on eligible Transit projects.

4. PROGRAM DESCRIPTION

Section 120(j) of Title 23 U.S.C. describes terms and requirements for Credit for Non-Federal Share, previously known as Toll Revenue Credits and now known as Transportation Development Credits (TDC's). Under this provision, a state is permitted to use certain toll revenue capital expenditures as a credit toward the non-federal matching share of highway programs authorized by Title 23 and the non-federal matching share (soft match) of Transit projects eligible under/authorized by Title 49.

The amount of TDC's earned by the state is based on actual expenditures made by state toll authorities to build and improve public highway facilities within the state that carry vehicles involved in interstate commerce. IDOT, in close cooperation with the Illinois State Toll Highway Authority (ISTHA), has secured Federal Highway Administration (FHWA) approval of TDC's that may be used for this soft match purpose.

Essentially the program allows any eligible mass transportation carrier, as defined in ILCS 20/2705, to use TDC's to cover all or a portion of the non-federal share on any Transit project authorized by chapter 53 of title 49, U.S.C. It does not provide any additional funding; only a way to leverage federal funds in financing a project. Eligible

mass transportation carriers will either apply to the Federal Transit Administration (FTA) for up to 100% of a project's cash needs, or to IDOT for up to 100% of a project's cash needs if the federal funds will be administered by IDOT. Either FTA or IDOT will make a grant at up to 100%, and pay up to 100%, of the project's cash needs with federal funds.

On September 22, 2004, IDOT was awarded a total of \$696,236,242 of toll revenue credits (now called TDC's) which, by IDOT policy, were for Transit use only (Transit TDC's). On February 29, 2012, IDOT was awarded \$1,144,143,585 of additional TDC's, which due to a policy change, are for Highway (Bureau of Statewide Program Planning) use and purposes (SPP TDC's). If Transit TDC's prove to be insufficient for a Transit project, however, the Bureau of Urban Program Planning (UPP) will request in writing that SPP TDC's be transferred to the Transit TDC pot.

5. POLICY AND IMPLEMENTATION PARAMETERS

The provisions contained herein may, at the department's discretion, be modified on a case-by-case basis as it meets the needs of the department.

- A.** Per federal regulations and guidance, Transit TDC's may only be used to match federal funds for a transit project within the state of Illinois authorized by Chapter 53 of Title 49. Any TDC's established and approved by FHWA do not lapse but remain available until used by the state.
- B.** Transit TDC's cannot be used retroactively, i.e., Transit TDC's cannot be used to match federal funding previously awarded in an executed federal grant and matched with state or local funds.
- C.** At this time the state will not place any limit on the amount of Transit TDC's that any particular agency may use as match. However, this provision may change as credits are depleted.
- D.** Transit TDC's shall be considered "used" once the associated federal transit grant has been awarded and is in current reimbursement status with FTA.
- E.** The Bureau of Urban Program Planning will establish a tracking mechanism for the use of Transit TDC's for transit projects.
- F.** Transit TDC's allow a) the federal funding to be used for up to 100% of project cost, and b) the local cash match required to be reduced by the amount of the TDC's used. For both operating and capital projects, the amount of Transit TDC's to be requested is based on the local share percentage required by the FTA for the project, and equal to the local cash match that would otherwise be required if TDC's were not being used. For example, if the project's federal/local cost share ratio is 83/17, and TDC's will be used in lieu of the 17% local cash match required, the amount of TDC's to be requested is equal to 17% (the local share percentage required) of the project cost. Therefore, if a project cost is \$344,000 and the federal/local cost share ratio is 83/17, the Transit TDC's needed will represent 17% of the project cost, or \$58,480 (the local cash match that would otherwise be required), and the federal share will be \$344,000.

6. APPLICATION/APPROVAL PROCEDURES

- A.** If the federal funds WILL NOT BE administered by IDOT: Federal grant applicant submits a letter to DPIT requesting the use of Transit TDC's, describing the project, identifying both the amount of Transit TDC's requested and the source and amount of federal funding to be used, and attaching a copy of its pending FTA Transportation Electronic Award Management (TEAM) application. The TEAM application must contain a federal grant (project) number that has been permanently assigned to it by the FTA, include a budget that identifies all federal, state, local and Transit TDC funding by project line item, and states, in the Project Description Section, the total amount of TDC's that will be provided by the State and used in the grant in lieu of local (non-federal) cash match.

If the federal funds WILL BE administered by IDOT: Federal grant subrecipient submits a letter to the Division of Public & Intermodal Transportation (DPIT) requesting the use of Transit TDC's, identifying both the amount of Transit TDC's requested and the source and amount of federal funding to be used, and attaching a completed DPIT Capital Assistance Application that provides full details of the project and funding. DPIT will then develop the federal TEAM application as described above.

- B.** DPIT reviews the request and supporting documentation, and if there are sufficient Transit TDC's according to UPP's tracking system, prepares a TDC Approval Memorandum from the DPIT Director requesting approval from the Secretary of Transportation to use Transit TDCs for the project(s) identified, enters the memorandum in the HST system, and transmits the DPIT TDC Approval Memorandum to UPP.
- C.** UPP verifies the availability of sufficient Transit TDC's to approve the request, signs DPIT's TDC Approval Memorandum indicating same, and forwards the DPIT TDC Approval Memorandum for Secretary's approval and signature.
- D.** After Secretary's approval and signature, Secretary's office returns DPIT's TDC Approval Memorandum to UPP for tracking and final distribution.
- E.** DPIT transmits a letter to the grant applicant's appropriate FTA Regional Office, notifying it of the amount of Transit TDC's approved and the project(s) for which they are approved. A copy of the letter is sent to the federal grant applicant.
- F.** The federal grant applicant must attach a copy of DPIT's approval letter to the FTA to its FTA TEAM grant application.
- G.** FTA awards a grant to the federal grant applicant for the specific projects.
- H.** If federal funding subject to a federal or local competitive solicitation process is announced and a potential recipient requires the commitment of Transit TDC's as the local match to leverage that federal funding for a specific transit project, the potential recipient may request a Transit TDC Commitment Letter (Commitment Letter). The Commitment Letter will document IDOT's commitment to reserve the amount of Transit TDC's needed for the project for use if, and only if, the recipient successfully secures federal funding for the project.

The potential recipient submits a letter to DPIT requesting the Commitment Letter, describing the project, identifying both the amount of Transit TDC's

requested and the source and amount of federal funding to be matched, and including a line item budget of all federal, state, local and Transit TDC funding in the project. The process for approving the Commitment Letter will parallel the steps required for obtaining a Transit TDC Approval Memorandum outlined in (B) through (D) above.

Upon notification that it was successful in securing federal funding for the project, the recipient will formally apply to DPIT for the reserved Transit TDC's following the applicable process described in (A) above. Upon notification by the potential recipient or other sources that the potential recipient was unsuccessful in securing federal funding for the project, DPIT will ask UPP in writing to de-commit the reserved TDC's, making them available for approval or commitment requests for other transit projects. IDOT reserves the right to limit the level of Transit TDC's to be reserved for potential projects.

- I. All projects using Transit TDC's shall be processed and administered in accordance with normal federal procedures except that the amount of funds awarded by FTA on the project and the effective federal share will be increased.
- J. If the Transit TDC balance is insufficient for a requested transit project, a request to transfer SPP TDC's for transit use shall be made in writing/memorandum by the UPP. The request shall include the amount requested and a justification for the transfer. Request for concurrence will be sent to the Director of the Office of Planning and Programming. Upon concurrence, the requested amount of TDC's will be deducted from the available SPP TDC total and added to the Transit TDC account balance.
- K. Once the project is closed out, the federal grant applicant is to report the actual amount of Transit TDC's used to complete the project to DPIT. This actual amount will be reported to UPP by DPIT and any necessary adjustments to the Transit TDC balance will be made by UPP.

7. RESPONSIBILITIES

- A. The **Office of Planning and Programming – Urban Program Planning (OPP-UPP)** is responsible for establishing and updating policies and procedures for the use of Transit TDC's. OPP-UPP will track the use of Transit TDC's for transit projects, all requests for the transfer of SPP TDC's to the Transit TDC balance, and the balance of Transit TDC's available. Once the Secretary of Transportation approves the use of Transit TDC's for a project, UPP will forward to DPIT the approval.
- B. The **Division of Public & Intermodal Transportation (DPIT)** is responsible for reviewing all requests for Transit TDC's and generating the DPIT TDC Approval Memoranda, Commitment Letters, FTA notification letters, and applicable HST routing slips and federal grant applications required to document IDOT's approval of Transit TDC's for a specific transit project.

- C. The **Bureau of Budget & Fiscal Management** is responsible for certification of the Maintenance of Effort (MOE) calculation has been performed and submitted to Federal Highway Administration for approval of additional TDC's.

8. **ACCESSIBILITY**

Electronic copies of this policy may be obtained online at the Policy & Research Center Library site on InsideIDOT, the department's internal website.

CLOSING NOTICE

This is a new policy.

Signatures: On file