TRANSPORTATION DEVELOPMENT CREDITS (TOLL CREDITS) FOR FEDERAL TRANSIT ADMINISTRATION PROJECTS

FACT SHEET

Transportation Development Credits (formerly referred to as Toll Revenue Credits) provides a credit toward a project's local share for certain expenditures with toll revenues. The amount of credit toward local share to be earned by a State is based on revenues generated by toll authorities within the State. Under the provisions of 23 U.S.C. 120(j), FHWA oversees the determination of transportation development credit within each State. For the Federal Transit Administration (FTA), the effect of utilizing transportation development credits means that FTA, in essence, provides 100 percent of the total net project cost. For example, if the actual cost of the asset is $500,000, FTA's share at 80 percent equals $400,000. The remaining $100,000 match is transportation development credits, so additional Federal funds are needed to equal $500,000 or 100 percent of the net project cost. FTA calculates a project using transportation development credits as shown in the example, from the Federal Register, below:

Actual cost of the asset	$500,000
	=======
Federal Share (80%)	$400,000
Local Share (20%)	$100,000 (from toll revenue credits)
	$500,000
	=======

In Transportation Electronic Award and Management (TEAM), the recipient will enter the following:

Total project cost	$500,000
Federal Share	$500,000

FTA requires the recipient to state within the comment section of TEAM that transportation development credits provide $100,000 for the local share. FTA will not approve a retroactive application of Transportation Development Credits, nor will FTA allow additional toll credits to be added to a grant after it is executed. Toll Credits can be used for "operating" projects.

Another example:
Since the apportionment stays the same, the toll credit counts towards the apportionment. For example, if the service you are funding is:

$160,000 federal 5307
$40,000 non-federal

And the apportionment of 5307 for the urbanized area is: $500,000

Replace the non-federal with toll credits, and all $200,000 counts against the apportionment, not just the $160,000.

IMPLEMENTATION STATUS
On July 7, 2010, Caltrans held a meeting with FTA Region IX on the implementation of Transportation Development Credits for transit projects. The FTA agreed to allow Caltrans to utilize these credits under the following conditions:

1. Verification from FHWA on Toll Credit Pool (May 13, 2010 Letter from FHWA).
2. Clarification on the methodology for allocation of toll credits to transit agencies.

3. FTA has no system for tracking toll credits; therefore, Caltrans to track all toll credit allocations for transit projects (including projects in urbanized areas). Also, Caltrans will work with the MPO's and RTPA's to develop their own internal tracking system to be consistent with Caltrans.
4. Caltrans report annually on Toll Credit usage and balances for all federal projects.

Next steps include submission of a letter to FTA verifying the toll credit pool amount and Caltrans plan to allocate and track toll credits for Caltrans-managed transit capital and planning projects and for urbanized area transit projects managed by MPOs. DMT and Budgets are working together to develop an internal process to track toll credit allocations, usage, and annual reporting in accordance with FHWA and FTA requirements. The Division of Transportation Planning (DOTP) is also looking into utilizing toll credits for FTA planning funds. Additional information is forthcoming from DOTP.

TEST CASE

DMT has received tentative approval from FTA requesting for the use of existing toll credits by OCTA. OCTA is requesting to use $9.2 million, from their existing Toll Credit Account as match for transit projects. DMT is still in the development phase of tracking toll credits; OCTA was chosen for the test case because of their separate Toll Credit Account. DMT will be able to provide FTA with a single source to track and work out any issues or concerns, before the larger process is finalized.

TRACKING SYSTEM

FTA has identified the fields that are required; these fields have been highlighted on the tracking spreadsheet. All other fields will be required by Caltrans for reporting purposes. The finalized spreadsheet will be emailed to the MPO/RTPA's the week of November 22, 2010, for project input. The MPO/RTPA's will return the completed spreadsheet, by a yet to be determined date, and the data received will be uploaded into DMT's Transportation Development Credit tracking database.

Currently reports are required by FTA and FHWA. The Federal Transparency Act may impose some additional reporting requirements. The impact is unknown at this point.

COMMENTS

Comments on the tracking sheet were due to DMT 10/1/10. The tracking sheet has been distributed through the CFPG and RTPA meeting groups. We addressed comments to our tracking spreadsheet and required data fields by the MPO's at the CFPG meeting October 26, 2010, and received approval from the group to move forward with the data fields required by FTA and Caltrans for reporting purposes. We are in the process of finalizing the spreadsheet for distribution to the MPO/RTPA's for their proposed project listings.

All comments have been addressed in the FAQ's.

FTA SECTION 5310, 5311 and 5316

These programs are administered by Caltrans; we plan to have the credits available by the next call for projects, sometime after the first of the calendar year.

CMAQ/RSTP TRANSFERS

Due to the extra layer of complexity involving flex transfers we feel it is necessary to work out any issues or concerns as we are developing the process for the regular FTA programs.