STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM

The Nevada Department of Transportation (NDOT) administers and implements programs for the State's transportation system. The NDOT's mission is to: "Providing a better transportation system for Nevada through our unified and dedicated efforts."

Annually, the NDOT develops a Statewide Transportation Improvement Program (STIP). The STIP includes a four-year list of federally funded and regionally significant non-federally funded transportation projects and programs consistent with the goals and strategies of the statewide transportation plan. Before a project in a non-attainment area can be included in the STIP, it must be found to be in conformance with the State Implementation Plan (SIP). A SIP is an enforceable plan developed at the state level that explains how the state will comply with air quality standards according to the federal Clean Air Act.

Development of the STIP is completed in cooperation with the State's Metropolitan Planning Organizations (MPOs) and local governmental agencies. A MPO is designated for each urbanized area with a population of more than 50,000. At present, there are four MPOs in the State of Nevada. The US Census Bureau designated three of the MPOs - the Regional Transportation Commission (RTC) of Southern Nevada, the RTC of Washoe County, and the Carson Area MPO (CAMPO). The Tahoe MPO (TMPO) was designated through Congressional action.

MPO's are now required to develop a Regional Transportation Improvement Program (RTIP) for a minimum of every 4 years that is consistent with their Regional Transportation Plan (RTP). These plans/programs must be multi-modal and fiscally constrained. The RTC of Southern Nevada, the RTC of Washoe County, the Tahoe MPO, and the Carson Area MPO follow their locally adopted public participation process in the development of their RTIP's. Upon approval by the Governor of the State of Nevada or his designee (the Director of the Nevada Department of Transportation), the MPO's RTIP's are incorporated without change into the STIP. The STIP development process is summarized in **Figure 1**.

FIGURE 1

STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM

DEVELOPMENT PROCESS

(Applies to all Capacity Projects)

POLICY

1. Each implementing agency shall be responsible for prioritizing the funds under the control of that agency. Eligible MPOs shall be permitted to prioritize the Surface Transportation Program (STP) local, and CMAQ funds allocated by the NDOT to their respective area(s).

2. The maximum amount of flexibility shall be maintained to permit the implementing agencies to address the transportation needs within their respective areas of responsibility.

PROCESS

1. By November 1, the Director notifies each MPO of the funds available for prioritization to their area.

2. By January 1, each implementing agency identifies their capacity increasing projects and provides them to the NDOT and each MPO.

3. By March 1, the NDOT and each MPO, with the assistance of any implementing agency that desires to participate, prioritizes all the capacity increasing projects, assigns fund categories to each project, and resolves any priority issues.

4. By March 31, the MPO completes the air quality conformity analysis for all projects to be implemented in their area over the three year period of the STIP/RTIP.

5. By April 30, each MPO and the NDOT agrees to a draft list of projects.

6. By July 1, the NDOT completes the consultation tours that discuss the STIP and Work Program (WP), and the MPOs complete their respective public participation process.

7. By July 30, each MPO approves their respective portions of the STIP/RTIP and obtains the Governor's approval. Each MPO shall then submit the approved RTIP to FHWA for concurrence in air quality determination.

8. By September 30, the NDOT's Board of Directors approves the NDOT portion and accepts the balance of the STIP/RTIP.

During the course of the year, actions to change the STIP may be required. To notify MPOs or affected local governments of changes in funding categories, to move projects forward in the STIP/RTIP, and to make adjustments to projects in the STIP/RTIP, it is necessary to follow the **Administrative Modification Process** outlined in **Figure 2** and **Figure 3.** To amend projects in the STIP/RTIP, the **Amendment Process** procedures outlined in **Figure 4** must be followed.

The NDOT is required to identify the agencies responsible for carrying out the projects in the STIP. The NDOT is the project administrator, unless otherwise indicated by the project in the STIP pages. By agreement between the NDOT and the Federal Highway Administration (FHWA), a "Federal-Aid Project Stewardship Plan" was adopted. This stewardship plan allows NDOT to delegate project implementation to other governmental agencies.

Included in the STIP are all capital and non-capital transportation projects proposed for funding under the Federal-Aid Highway Act or the Federal Transit Act. The STIP also includes all regionally significant transportation projects in Transportation Management Areas (TMAs) regardless of funding sources. The Secretary of the U.S. Department of Transportation designates TMAs as all urbanized areas with a population of more than 200,000, or upon special request from the Governor and the MPO, or under special circumstances designated for the area such as the Tahoe Metropolitan Planning Organization (TMPO). In addition to meeting all the federal requirements for an urbanized area and MPO, TMAs are also responsible for developing congestion management systems, RTIP project selection, and are subject to a joint federal certification review of the planning process at least every three years.

The number of projects contained in the STIP are limited by the amount of funding anticipated to be available within the four year period. Limiting the projects to the amount of funds available ensures that the STIP is fiscally constrained and financially reasonable. Anticipated funding allocations for the fiscal years contained in the STIP are assumed to be equal to actual appropriations in the previous funding year. Contingency funds are used for cost overruns to reflect actual contractor bid prices and to fund new projects.

FIGURE 2

ADMINISTRATIVE MODIFICATION PROCESS

APPLIES

1. When there is a change in a public funding category with no change in the priority of a project in the STIP/RTIP.

2. When a project is moved from the third or fourth year to the first or second year or a project is moved from the second to the first year of the STIP/RTIP (Project is moved forward).

3. When moving a project from the first to the second, third or fourth year of the STIP/RTIP or moving a project from the second or third year to the fourth year (Project is moved back).

4. When a positive cost estimate change of less than $5 Million is requested/anticipated.

5. When a positive cost estimate change is requested/anticipated that is greater than $5 Million, but less than 20 percent of the estimated dollar amount of the project.

6. When a positive or negative change in the un-programmed balance forward is received.

7. When a positive or negative change in the anticipated fund allocation is received.

8. When a project is added to use Federal Funds for repayment of previously authorized work and all repayments will come from unallocated funds.

9. When a new planning study is identified.

10. When a project is Advance Constructed.

FIGURE 3
ADMINISTRATIVE MODIFICATION PROCESS

PROCESS

1. Within the Transportation Management Areas (TMAs*), determine if the administrative modification will require action by the MPO's governing body. This is done through discussions between the NDOT and MPO staff. If so, then the MPO prepares an agenda item and submits the administrative modification through their local approval process.

2. Within the TMAs, if the administrative modification does not require an action by the MPO's governing body, the NDOT will notify the MPO and request written or documented verbal concurrence of the modification; however when this APPLIES to Sections 5 through 11 in Figure 2, concurrence by the MPO is not required. Upon receipt of written or documented verbal concurrence, the NDOT will complete the programming action.

3. Outside the TMAs, the NDOT will notify by letter the affected political subdivision(s) of the administrative modification. The agency/agencies notified are given 30 days to provide comment regarding the pending action; however when this APPLIES to Sections 5 through 11 in Figure 2, concurrence is not required. Upon receipt of written or documented verbal concurrence, the NDOT will complete the programming action.

4. Within TMAs, if the administrative modification does not require a new air quality conformity determination, the MPO will send written concurrence or documented verbal concurrence.

*Transportation Management Area (TMA) - all urbanized areas over 200,000 in population. Within a TMA, all transportation plans and programs must be based on a continuing and comprehensive planning process carried out by the Metropolitan Planning Organization in cooperation with states and transit operators. The TMA boundary affects the responsibility for the selection of transportation projects that receive federal funds.

FIGURE 4

AMENDMENT PROCESS

(The STIP/RTIP Amendment process may take between four (4) to six (6) months.)

APPLIES

1. When there is a significant change in the design or scope of any project identified in the STIP/RTIP.

2. When a regionally significant project is added or deleted.

3. When there are significant changes in the funding category that alter the overall financial reasonableness of the STIP/RTIP, or when a privately funded project is changed to public funding.

4. When there is a positive change in cost over $5 Million and greater than 20 percent of the estimated dollar amount of the project is requested/anticipated.

PROCESS

1. Within the Transportation Management Areas (TMAs), the NDOT and the MPO determine if the amendment will require the preparation of a new air quality conformity determination for the area covered by the STIP/RTIP. If so, the project will be subject to the process described in the STIP/RTIP approval process.

2. Outside the TMAs, the NDOT will notify by letter the affected political subdivisions(s) of the amendment. The agency/agencies notified are given 30 days to provide any comments regarding the pending action.

3. Once action is taken under item 1 or 2, or comments are received under item 3, the amended STIP will then be submitted to the Governor's designee and then to the Federal Highway Administration (FHWA) for final approval.

METROPOLITAN PLANNING ORGANIZATIONS

Metropolitan Planning Organizations (MPOs) are established under the authority of Title 23 of the United States Code. MPOs are designated for urbanized areas with a population of more than 50,000 by agreement between the Governor and local government units. MPOs are defined as "the forum or body responsible for cooperative transportation decision-making." They are required to develop Regional Transportation Improvement Plans (RTIP's), to be included without modification into the STIP. In addition, the MPOs are required to: "develop plans and programs for adoption, develop long-range capital plans, coordinate transit services and projects, and carry out other activities pursuant to State law."

Currently, the State of Nevada has four designated MPOs throughout the State. These MPOs include: the Regional Transportation Commission (RTC) of Southern Nevada that oversees metropolitan planning activities in Clark County; the RTC of Washoe County that conducts the metropolitan planning activities throughout Washoe County; the Tahoe Metropolitan Planning Organization (TMPO) that has jurisdiction in the Lake Tahoe Basin; and the Carson Area Metropolitan Planning Organization (CAMPO) that includes Carson City and portions of Douglas and Lyon Counties.

MPOs, in cooperation with the State and public transit operators, develop transportation plans and programs for the urbanized areas of Nevada. These plans provide for the development, integration, management, and operation of transportation systems and facilities (including pedestrian walkways and bicycle transportation facilities) that function as an intermodal transportation system for the metropolitan area, and as an integral part of a statewide intermodal transportation system.

Regional Transportation Plan (RTP)

The Regional Transportation Plan (RTP), the central component of the planning process, is first developed in draft form based upon joint staff work through the Regional Transportation Commissions in Clark and Washoe Counties, the Carson Area Metropolitan Planning Organization,

the Tahoe Regional Planning Agency (TRPA), NDOT, and representatives from local governments. Products from this effort include a report documenting short term, multi-modal investment requirements as well as long-term projects that will support the area's transportation goals and objectives. An additional product of the RTP is the development of a travel demand model and the associated socioeconomic, land use, and roadway network databases.

The RTP development process utilizes available public input and technical data, and is reviewed by advisory committees to secure input from local agencies and community representatives. Public hearings are conducted to further ensure adequate public participation in the planning process. When the RTP is complete, it is submitted to the MPOs for adoption and then to the FHWA for an air quality conformity determination.

Under federal law, the Tahoe Metropolitan Planning Organization (TMPO) prepares a Federal Transportation Plan/Regional Transportation Plan (FTP/RTP) that looks at conditions 25 years from now, while focusing its implementation in the next five years. The FTP/RTP identifies transportation services and facilities that could be implemented through existing revenue sources, as well as improvements that could be implemented should new revenues become available.

Regional Transportation Improvement Program (RTIP)

The Regional Transportation Improvement Program (RTIP), a three to five year, multi-modal transportation program for the urbanized areas, outlines programmatic and investment requirements of each transportation system. The RTIP delineates regionally significant federal and non-federal projects that are anticipated to receive funding or action during the course of each of the next four fiscal years for Clark County, the Carson urbanized area, the Lake Tahoe basin, and for Washoe County.

The RTIP includes transit, paratransit, major street and highway capital projects, and transportation system and travel demand management programs. The RTIP streets and highway priorities are reviewed annually. The highway prioritization analysis considers current and future use and the cost-effectiveness of various types of capital improvements, arterial widening, and new construction projects.

Locally funded street and highway projects are determined by the local governments and are included in the RTIP when funding is considered secure and the project is of regional significance. Public transportation projects developed as part of the Short Range Transit Plan (SRTP) are also incorporated in the RTIP. The RTIP is submitted to the State for approval, and when approved, it is incorporated by reference into the STIP that is submitted to the FHWA, the Federal Transit Administration (FTA), and the Environmental Protection Agency (EPA) for acceptance and for air quality conformity determination. Once the STIP is approved, it serves as the basis for federally funded statewide projects.

Funding for federally sponsored transportation projects is based upon the federal fiscal year (October 1 through September 30). Funding for locally sponsored projects is based upon the state fiscal year (July 1 through June 30).

Short Range Transit Plan (SRTP)

The Short Range Transit Plan (SRTP) documents investments in public transit improvements required over a five-year period. Annually, the SRTP is revised in accordance with the Congestion Management Plan, provisions of the Americans with Disabilities Act (ADA), and the RTP. The SRTP is used to guide the implementation of expanded fixed route transit services, on-demand paratransit services, and Transportation Control Measures (TCM's). The expeditious implementation of TCM measures helps provide substantial mobile source pollutant emission reductions needed to reach attainment of the applicable National Ambient Air Quality Standards.

Washoe County Planning Process

The Governor of Nevada designated the Regional Transportation Commission (RTC) of Washoe County as the MPO for the Reno-Sparks urbanized area. Acting as the MPO, the RTC is responsible for carrying out a transportation planning process that results in plans and programs consistent with the planned development of the urbanized area. The RTC's planning process is guided by the development of the Regional Transportation Plan (RTP), a 20-year transportation plan, in

conjunction with the Regional Transportation Improvement Program (RTIP), a five year transportation funding program. The RTP development process includes public participation and advisory committee input. The review process involves local advisory committee comment, thus securing community representation and support prior to submission and adoption.

Clark County Planning Process

The Governor of Nevada designated the Regional Transportation Commission (RTC) of Southern Nevada as the MPO for the Las Vegas urbanized area. The RTC is responsible for carrying out a transportation planning process that establishes a cooperative, continuous, and comprehensive framework for making transportation investment decisions in metropolitan areas which result in plans and programs consistent with the planned development of the urbanized area. The Clark County transportation planning process uses an inter-local agreement between the RTC, the NDOT, and its member entities. This agreement requires that a citizens' advisory committee and a planning technical committee be maintained for the purposes of reviewing transportation plans and programs developed to enhance the region's mobility. The central component of the planning process is the Regional Transportation Plan (RTP). The RTP development process utilizes available public input and technical data. Public hearings are conducted to further ensure adequate public participation in the planning process. The RTP is then submitted to the RTC for adoption. After the RTC adopts the RTP, it is submitted to various local and regional agencies for concurrence. The RTC also has oversight responsibility for developing the Regional Transportation Improvement Program (RTIP) that outlines programmatic and investment requirements of the transportation system. The RTIP delineates regionally significant federal and non-federal funded projects over the preceding four fiscal years. The planning process follows that of the RTP, which is inclusive of public hearing and participation prior to adoption.

Tahoe Metropolitan Planning Organization Planning Process

The Tahoe Metropolitan Planning Organization (TMPO) is the policy body responsible for the cooperative decision-making process in the Lake Tahoe Basin, including the City of South Lake Tahoe. The TMPO Board of Directors is comprised of fourteen voting members of the Tahoe

Regional Planning Agency (TRPA). TMPO's mission is to make policy decisions on transportation plans and programs. As required by law, TMPO prepares a Federal Transportation Plan (FTP) and a Regional Transportation Plan (RTP) that forecasts transportation conditions twenty-five years in advance, while focusing on implementation planning five years in advance. The Regional Transportation Improvement Program (RTIP) for the Lake Tahoe Region is a five year, basin-wide, intermodal program of transportation projects consistent with Tahoe FTP/RTP and related transportation planning processes. The RTIP is prepared by TRPA staff on behalf of the TMPO, in cooperation with Caltrans, the NDOT, the FHWA, and others. Opportunities for public involvement are provided throughout the plan's development process.

Carson Area Metropolitan Planning Organization Planning Process

In 2003, the Governor designated the Carson Area Metropolitan Planning Organization (CAMPO) as the agency responsible for transportation planning for the Carson urbanized area. The boundaries of the new urbanized area include Carson City and portions of northern Douglas County and western Lyon County. CAMPO consists of representatives from Carson City, Douglas and Lyon Counties and the Nevada Department of Transportation (NDOT).

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

The Recovery Act signed into law by President Obama on February 17th, 2009 includes measures to modernize our nation's infrastructure, enhance energy independence, expand educational opportunities, preserve and improve affordable health care, provide tax relief and protect those in greatest need.

Implementing the American Recovery and Reinvestment Act of 2009 (Recovery Act)

The American Recovery and Reinvestment Act provides approximately $201 million in Nevada highway transportation funding. Thirty percent of these funds are dedicated to local transportation organizations in Clark County and Washoe County. Meanwhile, approximately seven million are allocated to rural areas. The Nevada Department of Transportation has worked closely

with Governor Jim Gibbons and the State Transportation Board, as well as state legislative leaders and local government partners, to responsibly and equitably utilize transportation funding established in the recovery package to advance jobs and economic growth, as well as provide transportation improvements for the state. Half of economic recovery projects were required to be federally certified for construction within 120 days (approximately mid-June 2009), and the remainder must be certified by February 2010. NDOT already has many of these transportation projects "shovel-ready" to utilize funding made available by the recovery package. Nevada economic recovery transportation projects were selected based on engineering needs and the projects' ability to advance jobs and economic growth while providing important transportation improvements equitably throughout the state. All projects must fulfill the following parameters established in the federal economic recovery package:

- 50% of economic recovery projects were required to be federally certified for construction within 120 days (approximately mid-June 2009). The remainder must be ready within one year and must be able to be completed within three years.
- Project must be on roads normally eligible for federal transportation funds.
- Project must make a structural improvement to the road.
- Project design must be complete.
- Project must be in current, approved local and statewide transportation plans (including STIP).
- Project must have completed environmental clearances/reviews pursuant to the National Environmental Policy Act.
- Any needed right-of-way for project must be certified, with ownership and property rights acquired and in the public domain.
- Project must be able to follow all processes for normal federal transportation funding (such as contracting, wage, accounting and other practices).
- Economic stimulus funding must be used to supplement, and not supplant, Nevada's existing state transportation funding, programs and upcoming projects.

To ensure that Nevada maximizes use of economic recovery transportation funds, high-priority highway preservation projects, as well as unfunded, low-cost improvements that will bring large benefits, were selected. Numerous highway preservation projects such as repaving were selected because they provide this high benefit-cost ratio and follow the Nevada Department of Transportation's Financial Consequence-Based Pavement Management System. This system pro-actively repairs roadways before more costly, time-involved repairs are needed and has, in the past, saved the department up to $42 million per year.

The Nevada Department of Transportation and other partners hosted workshops in Las Vegas and Reno to provide additional information for contractors, subcontractors and vendors interested in bidding on recovery act projects. These workshops were part of NDOT's Disadvantaged Business Enterprise program's (www.nevadadbe.com) initiative to provide highway project opportunities for small, woman-owned and disadvantaged businesses.

Reporting

To provide transparent and accountable use of current state highway funds, the Nevada Department of Transportation reports quarterly on major state transportation projects. NDOT will adhere to the same values of transparency and accountability for funds spent under the American Recovery and Reinvestment Act by reporting in the following ways:

- The Nevada Department of Transportations Web site (Nevadadot.com) will provide updates on recovery project information.
- NDOT will provide reports to the federal government detailing economic recovery project evaluations by project, by amount and by employment created.
- Project updates will be provided to the State Transportation Board.

The Future

Transportation projects are an investment in our country, our economy, our workforce and our future, and the Nevada Department of Transportation looks forward to moving Nevada's transportation, economy and employment forward with these important transportation programs

funded by the American Recovery and Reinvestment Act. Following the American Recovery and Reinvestment Act, the Nevada Department of Transportation will:

- Utilize Nevada's approximately $201 million in economic recovery transportation funding to advance jobs and economic growth through transportation projects across the state.
- Oversee advertisement, administration and construction of state economic recovery improvement projects.
- Continue to coordinate with local governments to help invest economic recovery funding directed to local transportation agencies.
- Aggressively plan to utilize any recovery funding unable to be used by other states.
- Pursue grant money established in the recovery act to advance additional projects that will improve Nevada transportation and job opportunities.

Fully utilize normal annual federal funding to further capacity (widening) and other transportation improvements not funded through economic recovery funding.

OTHER TRANSPORTATION PROGRAMS

Federal Lands Highway Programs (FLHP)

The Federal Lands Highways program (FLHP) provides for transportation planning, research, engineering, and construction of highways, roads, and parkways and transit facilities that provide access to or within public lands, national parks, and Indian reservations. There are five programs that are funded under Federal Lands Highways: Park Road and Parkways, Indian Reservation Roads, Public Lands Highways, Forest Highways, and Refuge Roads. Project selection and evaluation under these categories are as follows:

- PARK ROADS and PARKWAYS are evaluated at the regional or local level and submitted to the NDOT.
- PUBLIC LANDS HIGHWAYS are discretionary funds. The NDOT applies annually to the FHWA for project approval. Selection of projects is done on a nationwide basis by the FHWA. Per the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy

for Users (SAFETEA-LU) regulations, new eligible uses of Public Lands funds include: maintenance of Forest Highways, signage identifying public hunting and fishing access and for facilitating the passage of aquatic species beneath roads in the National Forest System.

- FOREST HIGHWAYS - After consultation with local constituents, selection and evaluation of projects are a joint effort between the US Forest Service and the NDOT.

- INDIAN RESERVATION ROADS are evaluated by the Bureau of Indian Affairs and submitted to NDOT. IRR funding, which can be used for a highway, road, bridge, parkway, or transit facility program or project on an Indian reservation may also be provided directly to a requesting Indian tribal government or consortium.

- REFUGE Roads funds are provided for the maintenance and improvement of federally owned public roads that provide access to or within a unit of the National Wildlife Refuge System.

Congestion Mitigation and Air Quality Program (CMAQ)

The Congestion Mitigation and Air Quality Improvement Program (CMAQ) provides funding for projects and programs in air quality non-attainment and maintenance areas for ozone, carbon monoxide (CO), and particulate matter (PM-10, PM-2.5) which reduces transportation related emissions. Projects eligible for CMAQ funding include those that improve traffic flow and intersections, construct high occupancy vehicle lanes, and allow implementation of Intelligent Transportation System (ITS) strategies. Eligibility is expanded to include projects and programs that:

- Establish or operate advanced truck stop electrification systems
- Improve transportation systems management and operations that mitigate congestion and improve air quality
- Involve the purchase of integrated, interoperable emergency communications equipment
- Involve the purchase of diesel retrofits that are for motor vehicles or non-road vehicles and non-road engines used in construction projects located in ozone or particulate matter non-attainment or maintenance areas and funded under 23 USC
- Conduct outreach activities that provide assistance to diesel equipment and vehicle owners and operators regarding the purchase and installation of diesel retrofits

Project evaluation and selection of CMAQ funds are done by the MPO's and local regions that are classified as being in non-attainment. CMAQ funds cannot be used for capacity enhancing projects.

Interstate Discretionary Programs

On an annual basis, the NDOT applies to the FHWA for Discretionary Funds. Project evaluation and selection is done on the national level by the FHWA. Eligible projects must be construction-ready in states that have obligated or will obligate all available funds in the following fiscal year. Applications are submitted only for projects that will be ready for authorization by September 1 of the following fiscal year; and, in the case of construction projects, construction must begin within 90 days of obligation.

The FHWA uses the following criteria to evaluate submitted projects:

1. Segments not open to traffic, or projects that will close gaps in the Interstate System.

2. For States that submit more than one project, consideration to the individual State's priorities, if specified.

3. Requests for funding usually far exceeds the available funds. Identification and commitment of other funding sources to complement the requested Interstate Discretionary funds is considered an important factor for approval of applications.

In addition to the above criteria, project selection will also consider national geographic distribution among all of the discretionary programs as well as congressional direction or guidance provided on specific projects or programs.

Set-Asides for Sound Wall and Landscaping Programs

The NDOT places a high priority on minimizing the impacts of its programs and projects on the public. Sound walls are often required through the National Environmental Policy Act of 1969 (NEPA) for noise abatement, and to satisfy aesthetic concerns from many homeowners who wish to be shielded from highway noise. Similarly, the visual appeal of the state's transportation

infrastructure is an important component in the planning process. The NDOT has developed a Landscape and Aesthetics Master Plan that maximizes the beauty and visual appeal of Nevada's roadways. The Landscape section of NDOT has completed Landscape and Aesthetics Corridor Plans for I 80, US 6/US 50, US 93/US 95, US 395, SR 28, SR 207, and SR 431. Both programs are funded through the Department's annual budget process. The State Transportation Board has adopted policies regarding the criteria for funding these programs.

Special Considerations for Congressionally-Earmarked Projects

Some projects are moved forward through the political process to receive dedicated "earmarked" funding from Congress. Often, these projects coincide directly with established NDOT projects that have gone through the Project Evaluation Process. If a project is not on the short-range element list and receives earmarked funding, the Department will reevaluate the merit of the project in light of the available funding.

GROUPED CATEGORIES

Additional transportation projects such as safety/hazard elimination, statewide pavement maintenance, interstate maintenance, bridge, enhancement, scenic byway, recreational trails, transit, and hazard elimination/railroad crossings are identified annually. Within the STIP, these programs are listed in grouped categories. The individual projects are shown in the NDOT's Annual Work Program where appropriate.

Highway Safety Improvement Program (HSIP)

The overall objective of the Highway Safety Improvement Program (HSIP) is to achieve a significant reduction in traffic fatalities and serious injuries on all public roads. In fiscal year 2006, the HSIP was established as a core program, separately funded and no longer a takedown or setaside from the Surface Transportation Program (STP). The HSIP requires the responsible state agency, NDOT, to develop and implement a Strategic Highway Safety Plan (SHSP) and submit annual

reports to the Secretary of Transportation that describe at least 5% of the most hazardous locations, progress in implementing highway safety improvement projects, and their effectiveness in reducing fatalities and injuries. The NDOT is required to develop an evaluation process to assess results and use the information to set priorities for highway safety improvements. States with SHSPs have additional flexibility to use up to 10% of their HSIP funds for behavioral and other safety projects if they meet rail grade crossing and infrastructure safety needs as defined in their SHSPs.

The procedures for the selection and development of construction projects funded through the HSIP are defined in the Nevada Department of Transportation's *Safety Procedural Manual*. The procedures contained in the manual establish a comprehensive HSIP, which conforms to the requirements of the Federal Highway Administration's policies. The HSIP consists of three components: planning, implementation, and evaluation. The planning component consists of: a process for collecting and maintaining records on crashes, traffic and highway data; a process for analyzing highway locations and features to determine hazardous conditions; a process for conducting engineering studies of hazardous locations in order to develop highway safety improvements; a process for establishing priorities for implementing safety improvements; a methodology for classifying federal, state and local projects; a process for programming and implementing highway safety improvement projects; an evaluation of cost and safety benefits derived from safety analysis to mitigate or eliminate roadway hazards; an evaluation of crashes before and after the implementation of a safety improvement; and a methodology of determining the overall effectiveness of the prescribed safety improvement.

The NDOT's methodology in conducting a safety analysis is derived annually from the total number of reported traffic crashes. Traffic crashes are encoded into the NDOT's computer database, which classifies crashes by similarities. Traffic crashes are first classified according to severity and location, and then are grouped into one of the forty-one collisions or non-collision classification headings. Under the severity classification heading, crashes are classified as: fatal, nonfatal injury, or property damage. Under the location classification heading, crashes are classified according to: intersection, mile-maker, mid-block, roadway, and then further subdivided by setting such as urban, rural, or industrial.

High crash locations are identified from the Department's database, using a three prong criteria, which measures: crash frequency, crash severity, and crash rate. The criterion developed filters all

high crash location, which are correctable through roadway improvements. Engineering analysis utilizing a multi-disciplinary team of safety engineers, design engineers, district engineers, local entities, and the FHWA rate and review the listing of locations. From this listing, a report is generated specifying recommendations for action. In addition to the recommendations of the multi-disciplinary team, onsite field surveys, public input, and historical data is utilized to analyze proposed safety projects based on the anticipated reduction in the number and/or severity of crashes. The results of these findings assist the Department in determining which recommendation will be programmed first, and are used to establish Nevada's statistics for crash reduction factors. These statistics are then reported to FHWA for incorporation into the national database referred to as the Annual Report to Congress.

Projects that are selected using the above-mentioned methodology are classified as federal-aid, state, or local projects. State projects are submitted to NDOT administration and are financed by annual construction allocations or maintenance funds. Local projects, which are not eligible for federal or state funds, are the responsibility of the local entity. Projects that qualify for federal-aid are then submitted to the NDOT's administration for inclusion in the Work Program (WP).

Each year the Department utilizes a percentage of the Federal Safety Program funding to upgrade and maintain the statewide crash database, develop and implement safety management systems, develop strategic safety plans, evaluate safety engineering software and receive training in new and effective methods of traffic safety engineering. Allocation of funds to these types of activities are determined by management based on the need to meet the overall goals of the Safety Improvement Program and will not exceed $1,000,000.

The NDOT sets aside $400,000 annually for quick action response funding. This funding can be used towards matching local contributions or to augment a district's budget. Safety improvements of $150,000 or less, such as pedestrian flashers, lighting, or increased signage is made available at the request of a local entity or in response to an event. This funding is available on a first-come, first served basis.

Hazard elimination safety projects are selected based on engineering studies that analyze the number of correctable type crashes that produce a benefit/cost ratio greater than 1.0. Prioritization is based on the projects with the highest annual net return in dollars per investment, using the current societal

cost of each type of correctable crash. These funds are also used to maintain and update the Safety Management System, which is used to analyze crash data and is shared with public safety agencies statewide.

Close to twenty percent of all railroad highway grade crossing crashes in Nevada occur at crossings with active control devices. Railroad highway crossing improvement projects are selected for upgrading according to the Nevada Hazard Index, which includes crash data, crossing data, and other engineering factors.

Railroad crossing and protection projects are selected based on engineering evaluations that result in a hazard rating for each crossing. Priorities are determined in part by the ability of the railroad company to develop the project quickly and the availability of their work crews. The ability to obtain funding from local entities is also considered in determining priorities.

State Highway Preservation

The NDOT maintains 5,422 miles of highways. These highways carry 58 percent of Nevada's traffic and 87 percent of the heavy trucks. Today's cost to replace the pavement surface is estimated at approximately $9 billion; therefore, the state's investment in highways is substantial. The NDOT's goal is to continue to maintain Nevada's interstate system and high volume roads at a high level of serviceability by applying timely overlays and reconstructing inferior segments; continue to maintain Nevada's non-interstate principal arterials, minor arterials, and other moderate volume roads at a modest to high level of serviceability by applying timely overlays and reconstructing inferior segments; to further develop economically sound methods to improve low volume roads and maintain them at a limited, but acceptable, level of serviceability; and to continue coordinating and integrating routine pavement maintenance activities with planned overlay and reconstruction work.

The NDOT is responsible for protecting highway assets and preserving existing highways. The NDOT uses the "Project Prioritization" chapter of the "Pavement Analysis Operations Section Manual" to prioritize its preservation projects. Within the goals of the NDOT's action plan, individual projects are prioritized based on pavement age, traffic volume, axle loads, and road conditions. From this analysis, an action list is formulated based on the financial consequences of

not doing the project. Further assessment data is collected from field surveys in conjunction with the District Engineers.

Projects such as crack sealing and surface patching are considered "preventative" maintenance. Projects such as seal coats, overlays, and rehabilitation of existing pavements are considered "major" maintenance.

Interstate Maintenance Program (IMP)

The Interstate Maintenance program (IMP) was initiated to ensure that the Interstate Highway System is maintained on an on-going basis. The purpose of the program is to maintain a reasonably high level of serviceability on the road, while optimizing available funds and minimizing risks to the traveling public. Interstate Maintenance is designated for resurfacing, restoring, rehabilitation, or reconstructing any route or portion thereof on the Interstate System. The NDOT's Materials Division evaluates and prioritizes proposed Interstate Maintenance projects using the same process described under State Highway Preservation.

The Department's first priority for these funds is to maintain our Interstate System. However, a percentage of the Interstate Maintenance funds are set aside to be used for projects utilizing the Department's project selection and evaluation process. States with no remaining work to complete on the Interstate System could transfer surplus Interstate Construction funds to their National Highway System (NHS) fund account.

SAFETEA-LU continues the practice of being able to transfer Interstate Maintenance (IM) funds. A State may transfer up to 50 percent of its IM apportionment to its NHS, Surface Transportation, CMAQ, Highway Bridge Replacement and Rehabilitation, or Recreational Trails Apportionment.

Bridge Program

The Bridge Program (formerly the Highway Bridge Replacement and Rehabilitation Program) provides funding to replace or rehabilitate substandard bridges owned by public agencies.

Bridges that are privately owned, carry railroads, or are predominately for pedestrian/bicycle use are not eligible under this program. A bridge is defined as a structure that carries highway traffic and has a span (length) of greater than 20 feet or more measured along the centerline of the road. A series of pipes or culverts can also be considered a bridge if the length is greater than 20 feet.

The primary focus of the Bridge Program is to replace and rehabilitate deficient bridges. NDOT has determined 85 percent of Bridge Program funds will be used for replacement and rehabilitation projects. The remaining 15 percent will be used to administer the Bridge Program. Administration activities include conducting federally mandated condition assessment inspection, compiling federally mandated inventory data, developing and operating a Bridge Management System, and calculating load ratings for existing bridges.

At least 15 percent of Bridge Program funds must be spent on bridges that are Off the federal-aid system. A road's functional classification is used to define On and Off the federal-aid system. Roads On the federal-aid system includes roadways such as interstate, urban collector, and rural minor arterial while Off-System roads include rural minor collector, rural local, and urban local. Eligible project costs are funded at 95 percent federal and 5 percent local agency. Project costs eligible for Bridge Program funds include preliminary engineering, right of way, construction engineering, and actual construction costs.

Eligibility and priority for funding projects under the Bridge Program are based on a bridge's Sufficiency Rating. The Sufficiency Rating is a numerical assessment of a bridge's serviceability and is based on condition assessment inspection and inventory data. Its value varies from 0 to 100, with 100 representing no deficiencies. A bridge is eligible for replacement when its Sufficiency Rating is less than 50 and is eligible for rehabilitation when its Sufficiency Rating is less than 80. In addition to meeting the Sufficiency Rating requirement, a bridge must also be classified as either Structurally Deficient or Functionally Obsolete. A bridge is considered Structurally Deficient when key elements reach an established level of deterioration. A bridge is considered Functionally Obsolete when it no longer adequately serves the road it carries.

Replacement projects include constructing a new bridge in the same general highway corridor that the existing bridge serves. The bridge does not have to be built at the same location as the old bridge, but the old bridge must be removed. A nominal amount of approach work, sufficient to connect the new facility to the existing roadway or to return the roadway profile to an attainable touchdown point is also eligible.

Rehabilitation projects generally include widening, strengthening, and/or reconstruction of deteriorated elements. A rehabilitation project must correct the deficiencies making the bridge eligible for Bridge Program funds. Major safety defects must also be corrected as part of a rehabilitation project.

The NDOT will make available to interested agencies a listing of bridges eligible for replacement and rehabilitation. Each agency can request funding for eligible bridges using NDOT's "Project Submittal Application Form." NDOT will then compile a list of all local agency requests and include them with eligible NDOT bridges. A priority will be established for all bridges statewide based on the Sufficiency Rating, criticality of the structure and nature of the deficiency/problem. The lower the Sufficiency Rating, the higher the priority. Funding levels are not sufficient to replace and rehabilitate all eligible bridges; in general, funds are allocated to accomplish rehabilitation and replacement of critically important structures.

NDOT will administer the design and construction of most Bridge Program projects. However, certain agencies can administer their own projects under the Stewardship Program. NDOT's standards, policies, and procedures must be used for projects on the federal-aid system, while local agency standards may be used for projects off the federal-aid system.

Transportation Enhancement Program

The Transportation Enhancement Program was established by Congress as part of the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). The Enhancement Program was included

in the new transportation bill, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), including the requirement that ten percent of Surface Transportation Program (STP) funds be set aside for transportation enhancement activities.

Transportation enhancements are transportation-related activities designed to strengthen the cultural, aesthetic, and environmental aspects of the Nation's intermodal transportation system. The Transportation Enhancements Program provides for the implementation of a variety of non-traditional projects, such as the restoration of historic transportation facilities, bicycle and pedestrian facilities, landscaping and scenic beautification, and mitigation of water pollution from highway runoff. Eligible Transportation Enhancement activities are listed as follows:

- Provision of facilities for pedestrians and bicycles.
- Provision of safety and educational activities for pedestrians and bicyclists.
- Acquisition of scenic easements and scenic or historic sites (including historic battlefields).
- Scenic or historic highway programs (including the provision of tourist and welcome center facilities).
- Landscaping and other scenic beautification.
- Historic preservation.
- Rehabilitation and operation of historic transportation buildings, structures, or facilities (including historic railroad facilities and canals).
- Preservation of abandoned railway corridors (including the conversion and use of the corridors for pedestrian or bicycle trails).
- Inventory, control and removal of outdoor advertising.
- Archaeological planning and research.
- Environmental mitigation to address water pollution due to highway runoff or reduce vehicle-caused wildlife mortality while maintaining habitat connectivity.
- Establishment of transportation museums.

The STP Transportation Enhancement Program is <u>not</u> a grant program. It is a reimbursement program, with funds being reimbursed following the expenditure of funds for the completion of a project or a phase of a project. NDOT retains responsibility for the projects funded under the enhancement program.

Every two years, the Nevada Department of Transportation (NDOT) requests applications for potential projects to be programmed using transportation enhancement funds in the State Transportation Improvement Program (STIP). NDOT works cooperatively with local and regional

governmental entities and the Statewide Transportation Technical Advisory Committee (STTAC) to develop a list of projects that can be funded under this program.

The Transportation Enhancement Program funding application is a two-step process. Prior to submitting an application for Transportation Enhancement Program funding, potential applicants must first submit an "Intent-to-Apply Form". Information contained in the Intent-to-Apply Form is used to determine the proposed project's eligibility. If the proposed project is located on property not owned by the applicant, the name of the property owner must be provided with the Intent-to-Apply Form.

If their proposed project is deemed eligible, applicants who submitted an Intent-to-Apply Form will be invited to attend an application workshop to be conducted by the NDOT. Attendance at this workshop is mandatory. Applicants not in attendance will not be eligible to submit an application for Transportation Enhancement Program funding

Only applications for transportation enhancement funding submitted to NDOT by State agencies, eligible federal agencies, city, county governments or other eligible local public agencies (including general improvement districts), and Indian tribal governments will be accepted for consideration.

Applications for projects located within metropolitan planning areas must be submitted through the designated Metropolitan Planning Organizations (MPO). The State's designated MPOs are the Regional Transportation Commissions of Southern Nevada, the Regional Transportation Commission of Washoe County, the Tahoe MPO, and the Carson Area MPO. Copies of all

applications submitted to the MPOs must also be sent to the NDOT**.** All other applications for projects must be submitted directly to the NDOT.

The transportation enhancement funding application period opens on the first working day of July in even numbered years. The due date for submittal of the Intent-to-Apply Form is August 15th. The Transportation Enhancement Application Workshop is held by September 15th. The due date for

submittal of enhancement applications to NDOT is December 15th**.**

Proposed transportation enhancement projects must satisfy the following screening criteria to be eligible for prioritization.

1. Projects must be related to surface transportation which includes all modes of transportation except aviation and military transportation. This relationship must be one of function, proximity, or impact. For example, a bikeway is a functional component of the transportation system. Removal of outdoor advertising in the view shed of a highway is justified in light of its proximity. However, in the case of historic preservation projects that are not historic transportation facilities, proximity is not a substantial enough relationship to transportation to qualify the project for enhancements funding. Additional discussion, beyond proximity, is needed to establish the relationship to transportation. Control of water pollution from a highway to protect or improve a drinking water supply would qualify based on the highway's impact on water quality. The transportation mode must be open to the general public and serve a transportation need for the general public.

2. Projects must be selected from the twelve transportation enhancement activity categories listed in Section 1007c of the SAFETEA-LU.

Scenic Byways Program

The mission of Nevada's Scenic Byway Program is: "To identify, promote, and protect the State's most exceptional roadways for the traveling public and for the betterment of Nevada communities." National Scenic Byways Program (NSB) discretionary funds are available to develop scenic byways programs, and to implement projects on highways of outstanding scenic, historic, cultural, natural, recreational, and archaeological qualities designated as National Scenic Byways, All-American Roads, America's Byways, State scenic or Indian tribe scenic byways. SAFETEA-LU provisions include additional funding for technical support and educational activities provided by the "America's Byways Resource Center." There are eight eligible grant categories for the use of these

funds: Establishing State Byway Programs, Developing Corridor Management Plans, Safety Improvements, Byway Facilities, Access to Recreation, Resource Protection, Interpretive Information, and Development of a Byway Marketing Plan.

Annually, Scenic Byway grant applications are solicited from state agencies, local governments, and various local groups who support the Byways. Prioritization of Scenic Byways discretionary grants is a cooperative effort between local communities, local governments, and state agencies. Completed applications are submitted to the Scenic Byways Committee. The Committee includes a representative from the Nevada Commission on Tourism, the Nevada Division of State Parks, the U.S. Bureau of Land Management, and the Nevada Department of Transportation. The Committee conducts a preliminary review of the grant applications and prioritizes them before they are sent to the FHWA Divisional Office. Prioritization of the applications is based on overall project appeal, the project's benefit to the Byways and the State, community support, right-of-way needs and the project costs. Additional criteria include: is the project on a National or All-American Byway, consistent with the Corridor Management Plan, and/or based on a prior grant award. The categories used for project prioritization are not weighed. The FHWA divisional office reviews the applications and provides their recommendations before they are submitted to the FHWA national headquarters. Final project selections are made by the FHWA on a national level. Passing lanes are no longer eligible for expenditure of Scenic Byway Program funds.

America's Byways Resource Center

America's Byways Resource Center provides technical support to conduct educational activities for National Scenic Byways, All-American Roads, and America's Byways. Funds are available to provide proactive, technical and on-site assistance that includes training, communications, publications, conferences, meetings, and other appropriate assistance to local officials and organizations associated with the byways program. Funds are available until expended, and subject to the overall Federal-aid obligation limitation. The Federal share is 100 percent and funds are not transferable.

Recreational Trails Program

The Recreational Trails Program is an assistance program of the U.S. Department of Transportation's Federal Highway Administration (FHWA). Federal transportation monies benefit recreation by making funds available to the states to develop and maintain recreational trails and trail-related facilities for both non motorized and motorized recreational trail users.

Recreational Trails Program funds are distributed to the states by legislative formula: half of the funds are distributed equally among all states and half are distributed in proportion to the estimated amount of non highway recreational fuel use in each state.

Projects eligible for these funds include maintenance and restoration of existing recreational trail, development and rehabilitation of trail side and trail head facilities, trail linkages for recreational trails, purchase and lease of recreational trail construction and maintenance equipment, and construction of new recreational trails. Per SAFETEA-LU regulations, new eligibilities for funding include construction and maintenance equipment, real estate costs, educational program costs, state administration costs and assessment of trail conditions. The state has established a State Recreational Trails Advisory Committee that represents both motorized and non-motorized recreational trail users. Applications for recreational trail funds are submitted to the State Parks Division and are then prioritized by an Advisory Committee.

Safe Routes to School

The purpose of the Safe Routes to School Program is: 1) to enable and encourage children, including those with disabilities, to walk or bicycle to school: 2) to make bicycling and walking to school a safer and more appealing transportation alternative, thereby encouraging a healthy and active lifestyle from an early age: and 3) to facilitate the planning, development, and implementation of projects and activities that will improve safety and reduce traffic, fuel consumption, and air pollution in the vicinity of schools. This program identifies obstacles to children walking and biking to school and develops site-specific school plans to mitigate these impediments. The program is available to all grade K-8 schools including public, private and tribal schools. Schools develop Safe Routes to School Action Plans by involving stakeholder entities (i.e.,

school representatives, law enforcement, public works, parent groups, advocacy groups, health departments, etc.) in a holistic approach to plan development while addressing the Education, Encouragement, Enforcement, Engineering, and Evaluation techniques and options. Each state receiving program funds must use a sufficient amount of the funds to employ a full-time position as coordinator of the State's Safe Routes to School Program.

Infrastructure improvement monies (70%) for facility needs that have been identified as obstacles to walking and bicycling will be available through a grant process for those schools with Safe Routes to School programs and plans. Each State will receive no less than $1 million for projects geared toward providing a safe and appealing environment. Projects include sidewalk improvements, traffic calming and speed reduction improvements, pedestrian and bike crossing improvements, on-street biking facilities, off-street biking and pedestrian facilities, secure bike parking, and traffic diversion improvements in the vicinity of schools (within approximately 2 miles). Non-Infrastructure monies (30%) for Education, Encouragement and Enforcement will be available through the same grant process.

Schools must have gone through the evaluation/planning process and be implementing a comprehensive Safe Routes to School Action Plan in order to be eligible. Only applications submitted by eligible local public agencies, tribal governments, city/county governments, federal and state agencies will be accepted for consideration. Private groups may apply for project funding, but must apply in cooperation with, and through, a public entity or agency. This is a reimbursement program. No match is required. Grant applications will be evaluated and ranked by the State's Bicycle Advisory Board. A priority list of projects is submitted to the Director of the NDOT for consideration and approval. Upon approval by the Director, Safe Routes to School projects will be included in the STIP and submitted to the FHWA for approval. Once approved, NDOT's Stewardship Program for project oversight will administer selected infrastructure projects. Post-construction or activity evaluation of the effectiveness in achieving the objectives will be required.

FUNDING

Funding for the State of Nevada's transportation systems is derived from a variety of revenue sources, including federal, state, and local resources. Revenues are collected through fuel taxes, vehicle privilege taxes, licenses, registrations, and motor carrier fees.

Federal Funding Categories

The Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991 established several new programs, including the National Highway System (NHS) that incorporates most of the previous interstate and primary programs, and the Surface Transportation Program (STP) that incorporates the previous secondary, urban, hazard elimination, and rail-crossing programs. The ISTEA also established the Congestion Mitigation and Air Quality (CMAQ) program for projects that have substantial air quality benefits, or are included in the State Implementation Plan (SIP).

The Transportation Equity Act for the 21st Century (TEA-21) maintained the major programs established under ISTEA including the CMAQ, STP, NHS, and Transportation Enhancement Programs (TEP). A new funding category was established as part of TEA-21 called the "Minimum Guarantee." Now, SAFETEA-LU continues the funding concepts established under ISTEA and TEA–21 but replaces TEA 21's "Minimum Guarantee Program" with the new "Equity Bonus Program."

National Highway System (NHS)

The National Highway System (NHS) funding level is set by such transportation acts as the ISTEA, TEA-21, and now with SAFETEA-LU. These funds were distributed based on a formula, which was revised to include each State's lane-miles of principal arterials (excluding interstate), vehicle miles traveled on those arterials, diesel fuel used on the State's highways, and per capita principal arterial lane-miles. Nevada receives over $46 million in such funding annually. TEA-21 expanded and clarified eligibility of NHS funding for certain types of improvements, such as publicly owned bus terminals and infrastructure-based intelligent transportation system capital improvements. SAFETEA-LU continues this eligibility and expands it to include Environmental Restoration and Pollution Abatement to minimize the impact of transportation projects, control of noxious and aquatic noxious weeds and the establishment of native species.

The program provides funding for improvements to rural and urban roads that are part of the NHS, including the Interstate System and designated connections to major intermodal terminals. Under

certain circumstances, NHS funds may also be used to fund transit improvements in NHS corridors. The State may transfer up to 50 percent of the NHS funds to the Interstate Maintenance (IM) Program, Surface Transportation Program (STP), Congestion Mitigation Air Quality Program (CMAQ), Highway Bridge Program (HBP) or Recreational Trails Program.

Surface Transportation Program (STP)

The Surface Transportation Program (STP) provides a flexible funding source that may be used by states and localities for projects on any federal-aid highway, including the NHS, bridge projects on any public road, transit capital projects, and intracity and intercity bus terminals and facilities. A new provision in TEA-21 permitted a portion of funds reserved for rural areas to be spent on rural minor collectors. TEA-21 expanded and clarified STP eligibilities, such as environmental provisions, programs to reduce extreme cold starts, modification of sidewalks to meet Americans with Disabilities Act (ADA) requirements, infrastructure-based intelligent transportation systems capital improvements, and privately owned intercity bus terminals and facilities. SAFETEA-LU expands STP eligibilities to include advanced truck stop electrification systems, high crash/high congestion intersections, and environmental restoration and pollution abatement, control of noxious weeds and aquatic noxious weeds, and establishment of native species. In addition, SAFETEA-LU established the 'Highway Safety Improvement Program' (HSIP) as a separately funded core program no longer funded by a takedown from the STP Program.

Surface Transportation Program funds are distributed among the states based on each state's lane-miles of federal-aid highways; total vehicle-miles traveled on those federal-aid highways, and estimated contributions to the Highway Account of the Highway Trust Fund. The STP funding category is very flexible and can be used for new construction, maintenance, transit, ridesharing/employer trip reduction, centralized traffic signal control systems, and traffic management programs. STP funds cannot be used to build new capacity projects for single occupancy vehicles, unless the projects are included in the Congestion Management System required of all urban areas with a population of 200,000 or more.

STP funding is divided into several subcategories:

- STP Enhancements projects receive 10% of the STP funding or, if greater, the dollar amount of the enhancement set aside for the State.

- STP Statewide projects receive 37.5 % percent of the remaining allotted funds.

- STP Urbanized over 200,000 in population received 62.5 % of the remaining allotted funds.

- STP Areas < 5,000 projects in areas with less than 5,000 in population receive a portion of the STIP funds based on funds apportioned to the state.

Congestion Mitigation and Air Quality Program (CMAQ)

The Congestion Mitigation and Air Quality Improvement Program (CMAQ) provides a flexible funding source to State and local governments for non-capacity transportation projects and programs to help meet the requirements of the Clean Air Act. Funding is available for areas that do not meet the National Ambient Air Quality Standards (nonattainment areas) as well as former nonattainment areas that are now in compliance (maintenance areas). The formula for distribution of funds, which considers an area's population by county and the severity of its ozone and carbon monoxide problems within the nonattainment or maintenance area, with greater weight given to areas that are both carbon monoxide and ozone nonattainment/maintenance areas, is continued. SAFETEA-LU requires the Secretary of Transportation to evaluate and assess the effectiveness of a representative sample of CMAQ projects, and maintain a database. SAFETEA-LU adds the new requirement that States and MPO's give priority in distributing funds for projects and programs to diesel retrofits and other cost-effective emission reduction activities, and cost-effective congestion mitigation activities that provide air quality benefits.

Equity Bonus Program (EBP)

The Equity Bonus Program (EBP) which replaces the Minimum Guarantee Program provides funding to States based on equity considerations. These include a minimum rate of return on contributions to the Highway Account of the Highway Trust Fund, and a minimum increase relative to the average of the apportionment under TEA-21. Selected States are guaranteed a share of

apportionments and High Priority Projects not less than the State's average annual share under SAFETEA-LU.

High Priority/Demonstration Projects

Demonstration projects are designated for funding by Congress. These funds cannot be used for any other purpose without Congressional action. The High Priority Projects Program provides designated funding for specific projects identified in SAFETEA-LU

The Internal Revenue Service collects federal funds as transportation user fees. Revenues are placed in the Highway Trust Fund and appropriated to the States. Funds are paid out on a reimbursable basis for eligible highway projects and transit capital projects. Under SAFETEA-LU, Congressional earmarks for High Priority Projects within the State of Nevada totaled $315 million.

FEDERAL TRANSIT ADMINISTRATION

The Federal Transit Administration (FTA) through SAFETEA-LU provides transportation funding for urban and rural public/specialized (elderly/disabled) transportation. Funding is available for capital purchases (buses, vans) and operating expenses to provide services for employment, medical appointments, nutrition, education, and shopping. NDOT administers approximately $8 - $9 million dollars in federal funds annually. Just under 1 million rides are given each year through rural and small urban (under 50,000 in population) transit programs administered by the Department. NDOT provides one half (10%) of the 20 percent non federal match required for capital purchases through the small urban and rural programs.

In 2007, the Nevada Legislature appropriated $250,000 from the State General Fund to the Department of Transportation for rural transit operations for the Elderly and Persons with Disabilities Program. This program provides capital as well as operating funds for transportation services for the elderly and persons with disabilities. These appropriated funds will generate matching funds for approximately $1,250,000 in federal monies.

The following are categories funded by the FTA:

49 USC 5307 [Urbanized Area Formula Grants]- provides grants to urban areas with a population of more than 50,000, to assist in providing public transportation. Funds are to be used for capital (transit vehicles, etc.), and planning. In areas under 200,000 in population funds may be used for operating expenses. The MPO representing each metropolitan planning area administers the funds.

49 USC 5309 [Bus and Facility Grant]- provides discretionary funds to assist state and local public bodies in capital acquisition. Eligible costs include procurement of buses, paratransit vehicles, related capital equipment, passenger shelters, and construction/reconstruction expenditures to build or improve existing transit facilities. Funding is discretionary and is allocated on a national basis, rather than a formula distribution to the state.

49 USC 5310 [Elderly Persons and Persons with Disabilities]- authorizes capital grants to private nonprofit organizations for the purchase of rolling stock (buses, paratransit vehicles) to be used for the operation of transportation services for the elderly and persons with disabilities. These funds are available for use statewide, including the urbanized areas of the state.

49 USC 5311 [Non Urbanized Area Formula Program] - authorizes capital, administrative, and operating assistance to state agencies, local governments, Indian tribes and colonies, nonprofit organizations, and private operators for the development of public transportation services. All projects must benefit residents in non-urbanized areas of the state. Funds cannot be used in the urbanized areas. SAFTEA-LU added a new section to provide direct grants to Indian Tribes for public transportation on Indian Reservations.

49 USC 5316 [Job Access and Reverse Commute (JARC)]- provides funding for local programs that offer job access for low-income individuals who may live in the city and work in suburban locations. SAFETEA-LU changed this program from a discretionary program to a formula program based on the number of low-income persons residing in the state.

49 USC 5317 [New Freedom Program] - was designed to encourage services and facility improvements to address the transportation needs that go beyond those required by the Americans with Disabilities Act. The new formula grant program provides for associated capital and operating costs.

FEDERAL AVIATION ADMINISTRATION

The Federal Aviation Administration (FAA) funds airside airport improvements that include runways and taxiways and all associated aviation support infrastructure through the National Plan of Integrated Airports. Airports that are not eligible for federal funding are funded through county, airport authority or local monies. FAA's responsibilities include the administration of federal funding for eligible airport improvement projects. Airside projects typically are not included in the state STIP. Landside airport projects like access roads and the highway infrastructure that supports the airport are usually included in the STIP. Federal airport improvements and new construction funding is provided through the Airport Improvement Program (AIP). The AIP provides federal funding for Nevada's aviation facilities on a matching ratio of 95 percent federal and 5 percent non federal monies. In 2005, the Nevada Legislature appropriated $500,000 to match part or all of the non-federal share for eligible airports that received federal funding in 2006. A process for equitable disbursement of the $500,000 was developed and the funds have been obligated to eighteen eligible rural Nevada airports. The $500,000 appropriated will generate matching funds for approximately $19 million in federal monies.

Aviation projects eligible for federal funding include land acquisition, runway/taxiway and apron construction, fire and crash rescue equipment, and installation of lighting and navigation landing lights. NDOT receives funding for development of statewide and regional airport system plans. Funding applications are submitted directly to FAA for funding anticipated projects. The FAA then prioritizes the available funding for Nevada airports by category of funding and awards funds for selected projects. Not all projects are selected each year. The offer for funding is made by the FAA and subsequent agreements for funding are between the FAA and the Airport.

FEDERAL RAILROAD ADMINISTRATION

The Federal Railroad Administration (FRA) is responsible for administering railroad assistance programs. The 1996 Southern Pacific (SP) and Union Pacific (UP) railroad merger created a Nevada network of rail lines that generally parallel I-80 in the north and I-15 in the south. These lines are operated and maintained by the UP. Since most freight originates at the ports of Oakland and Long

Beach in California and is transported to the Mid Western section of the country, Nevada is considered a "bridge" state with the trains passing through to their final destination. As Pacific Rim trade has dramatically increased causing congestion and capacity issues, rail freight is both a national and state issue in Nevada. The NDOT has participated in projects such as the Reno trench that alleviates at grade crossings increasing the safety and flow of trains across the state. In the past, NDOT using Federal Railroad Administration funds and match provided by the shippers, counties and the railroads has assisted in the building of intermodal facilities, and the rehabilitation of rail lines.

TEA-21 established the Railroad Rehabilitation & Improvement Financing (RRIF) program to provide direct loans and loan guarantees for projects benefiting freight railroads other than Class I carries. The funding may be used to: acquire, improve or rehabilitate intermodal, rail equipment or facilities including track, components of track, bridges, yards, buildings and shops; to refinance outstanding debts; and develop or establish new intermodal or railroad facilities. Entities eligible for direct loans, which, can fund up to 100 percent of a railroad project are railroads, state and local governments, government-sponsored authorities and corporations, and joint ventures that include at least one railroad.

STATE FUNDING SOURCES

In 1911, the State Legislature appropriated the first funding for road construction for the State of Nevada. In 1917, the Legislature enacted the State Highway Law that created the Department of Highways and made Nevada eligible for federal-aid funding for road construction. The Nevada Legislature first enacted a gasoline tax in 1923. The tax rate was 2¢ per gallon, with the first $60,000, plus administrative costs, going to the state. The balance of these revenues went to the counties and was based upon the number of vehicles in each county licensed by the state. Today, the statewide tax on gasoline is 24.75¢ per gallon, with 17.65¢ going to the State Highway Fund, a mandatory 6.35¢ to the cities and counties, and 0.75¢ to the State Petroleum Clean-up Trust Fund. Additionally, counties with less than 400,000 in population may levy an optional gas tax of up to 9¢

per gallon and index it to inflation. Washoe County has indexed their optional portion of taxes they receive to inflation.

Nevada does not typically finance its state highway program from General Fund revenue. These programs are financed almost exclusively from dedicated highway user revenue and federal funds. Federal funds are available only for reimbursement of expenditures on approved projects. Federal aid is not available for routine maintenance, administrative costs, or other non-project related costs.

Article 9, Section 5 of the Nevada constitution provides: "The proceeds from the imposition of any license or registration fee or any other charges with respect to the operation of any motor vehicle upon any public highway in the state and the proceeds from the imposition of any excise tax on gasoline or other motor vehicle fuel, shall, except cost of administration, be used exclusively for the construction, maintenance, and repair of the public highways of this state." Highway user revenues are deposited and maintained in the State Highway Fund.

PRIVATE FUNDING SOURCES

Leveraging state and federal funds plays a major role in bridging the gap between Nevada's transportation needs and available funding. The NDOT works to attract participation from private sponsors, local sources, and in-kind right-of-way donations. By encouraging additional investments from private funding sources, we accelerate transportation improvements and may even encourage new transportation improvements otherwise left unfunded.

Note: FHWA requires that local developers provide a letter of intent or other instrument to confirm funding for all projects programmed within the first two years of the RTP. This commitment must be made prior to FHWA project approval.

CASH FLOW PROJECTIONS

The Transportation System Projects (TSP) document shows needed transportation projects and programs. This document provides decision-makers such as the Nevada State Transportation Board and the Nevada Legislature with a comprehensive view of statewide transportation needs and resources. A good financial planning process allows decision-makers to see the extent the state will be able to address or meet its goals. It should be noted that the STIP is based on the obligation of federal funds, not on cash flow. Cash flow projection is based on the state fiscal year in which cash outlays are actually made. As an example, the entire amount of a $100 million construction project is obligated at one time, as reflected in the STIP, whereas the cash flow for the project occurs over many years.

Since federal funding for transportation is a reimbursable program, the Department must maintain adequate resources for its expenditures. The Department strives to maintain a minimum of $100 million at all times in the State Highway Fund. This is based on the estimated amount needed to cover an average two months of Highway Fund Expenditures. As the level of outstanding construction contracts increases, there may be a need to increase the minimum balance of available cash. In the unlikely event of a cash flow shortfall, the Department can take corrective action, such as delaying bid openings, moving lower priority projects to succeeding years, and deferring other expenses.