



## Carbon Reduction Program Solicitation FAQ

Frequently asked questions for the Fiscal Year (FY) 2023 and FY 2024 solicitation process.

- [General program questions](#)
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### General program questions

*How are the Carbon Reduction Program (CRP) funds administered?*

- CRP funds are administered to small urban metropolitan planning organizations (MPOs) and Area Transportation Partnerships (ATPs) through the standard distribution process for federal formula funds (i.e., Surface Transportation Block Grants, Transportation Alternatives).
- In Minnesota small urban MPOs and ATPs have been delegated the responsibility of distributing CRP funds for projects within their regions. The delegated authority is for CRP target funds provided to Minnesota for population-specific spending (e.g., less than 5000, 5,000-49,999, 50,000-199,999). Project selection includes consultation, cooperation, and coordination.

*Can MnDOT districts submit projects to the ATP or MPO?*

- Yes. Districts can submit a project for FY23 or FY24. Projects are distributed based on population and location, not system-ownership. MnDOT projects selected in FY24 by ATPs will need State Road Construction (SRC) budget authority and the district will be responsible for providing any matching funds. MnDOT will likely have the ability to provide SRC budget authority for a few small projects.

*Can ATP's transfer CRP funds to another ATP if they cannot use the funds in that FY?*

- Yes. It's encouraged to work through the District State Aid Engineer to coordinate with other ATPs if the ATP cannot use the targeted amount of funds. This is specifically an issue if an ATP cannot deliver projects in FY24. State Aid will be responsible for tracking any shifts or swaps among the ATPs. These shift and swaps will not be reflected in the State Transportation Improvement Program (STIP) funding targets.

*Can MPOs or ATPs flex funds to FTA for transit projects?*

- Yes. Up to 100% of the allocated amount of Carbon Reduction Program funds can be flexed to FTA for projects.

*Are Tribes able to apply for CRP funds through the applicable ATP or MPO?*

- Yes, Tribes can apply. There currently isn't any specific guidance on this process.

*Can a MPO use multiple FY CRP funds for one project?*

- Potentially. Coordination must occur with the CRP Coordinator and MnDOT Central Office prior to approving the project.

*Why did MnDOT program the 35% statewide funds for FY23 and FY24 to pedestrian bridge rehabs?*

- This is a two part answer, but the overall intent was to obligate the funds to eligible projects to avoid a lapse in CRP funding.
  - Part 1: The Infrastructure Investment and Jobs Act (IIJA) established suballocations for the CRP funds. For each fiscal year, 65% of the funds apportioned to the State must be obligated in specified areas based on population. The remaining 35% of the funds can be obligated in any area of the state and State DOTs can decide how this portion of the funds is spent.
  - Part 2: MnDOT Operations had discussions internally on how we could spend the CRP funds and where there were funding gaps in our program. It was noted that there was a gap in funding to rehabilitate pedestrian bridges on the MnDOT-owned system. Ten pedestrian bridges were identified as potential locations to program the funds. The decision to program the statewide (35%) CRP funds went through the Carbon Reduction Program sub-workgroup, Climate and Resilience Workgroup, then Transportation Programming and Investment Committee (TP&IC) for approval before going to the Commissioner to commit the funds. The commitment is for \$8-12 million of the approximate \$14.2 million over FY23 and FY24. That means there is the potential for other projects to be programmed using state funds in FY24.

*How will FY25, FY26, etc. projects be selected and programmed?*

- MnDOT will be working with a consultant to develop a Carbon Reduction Strategy (CRS) that will guide how we select and program projects for FY25 and beyond. Stakeholder engagement will occur during the development of this document.

*Are MPO funds to be used on projects programmed within the urbanized area or the metropolitan planning area? Conversely, are ATP funds to be used on projects programmed outside the urbanized area or the metropolitan planning area?*

- **Transportation Management Areas (TMAs):** The CRP apportioned funds may be used within the metropolitan planning area – the funds are not limited to only the urbanized area. ATP targeted funds will program projects in areas outside the metropolitan planning area boundary, but within the ATP boundary.
  - For FY2023, this only applies to Metropolitan Council.
  - Metro COG does not use this determination until Metro COG is officially designated as a TMA.
- **Non-TMA MPOs:** The CRP apportioned funds may only be used within the urbanized area. ATP targeted funds will program projects in areas outside the urbanized area boundary, but within the ATP boundary.
  - This applies for FY2023 to: APO, MAPO, MIC, GFEGF MPO, Metro COG, ROCOG, LAPC
  - This applies for FY2024 to: APO, MAPO, MIC, GFEGF MPO, ROCOG, LAPC
  - Metro COG is still TBD based on when TMA designation is complete.
- ATP targeted CRP funds cannot be used in areas programmed by MPO apportioned funds. Conversely, MPO apportioned funds cannot be programmed in ATP areas. See the previous two bullets for information on specific boundaries.

**NEW**

*What are the steps and process to determine if a project is eligible for CRP funding if that project is not explicitly listed under [23 USC 175\(c\)\(1\)](#), but would fall under [23 USC 175\(c\)\(2\)](#)?*

- The Carbon Reduction Program Implementation Guidance states that “Other projects that are not listed [in 23 USC 175(c)(1)] may be eligible for CRP funds if they can demonstrate reductions in transportation emissions over the project’s lifecycle.”
- Projects that need a determination of eligibility must submit a calculation of anticipated carbon emissions reduction over the project’s life cycle. Methodology should be clear and the calculation must be included with the project eligibility request to OSPH Carbon Reduction Coordinator. This request must be completed and approval occur prior to submittal to a MPO or ATP for inclusion in the project selection process. The OSPH Carbon Reduction Coordinator will review the submittal and coordinate with FHWA and FTA as applicable to ensure the project would be considered eligible if selected.

**NEW** *What is defined as ‘sustainable pavement technology’?*

- Sustainable pavement technology is defined as a technology that reduces CO2 emissions, in the context of CRP. The results of a lifecycle assessment or Environmental Product Declarations (EPDs) should be used to demonstrate that a particular pavement technology reduces CO2 emissions. Some examples of technologies or strategies that may reduce CO2 emissions given specific state and/or project considerations include:
  - Reduced material hauling distances (use of local materials)
  - Use of dry aggregates

- Optimized use of asphalt binder content
- Decreased use of virgin materials
- Increased use in recycled materials
- Use of Portland limestone cement
- Optimized use of cement binder content

**NEW** *What is considered ‘substantial reduction’?*

- At this point, if a DOT can demonstrate that the sustainable pavement technology and construction materials has a lower global warming potential (GWP) than the “business as usual” technologies and construction materials used, it should be eligible for CRP funding. As part of FHWA’s efforts with the Inflation Reduction Act (IRA), FHWA is working with the Environmental Protection Agency (EPA) to determine a specific criteria to be used in the future.

**NEW** *What cost/expense could an entity request? Is it the entire cost of using a material/technology on a particular project? Or only the difference in cost between using a sustainable material/tech vs a traditional material tech (i.e., if the traditional approach cost \$1 and the sustainable approach cost \$2, the entity could claim the difference of \$1 as an eligible CRP expense)?*

- For the purposes of CRP, it is appropriate that the entire cost of using a material/technology on a particular project be eligible. This may be different in the forthcoming Inflation Reduction Act (IRA) program for low carbon materials and products; however, those details have not been determined at this point (as of 2/7/23).

**NEW** *Are pilot projects eligible?*

- Yes, pending underlying eligibility of the project. If the State/local agency is looking to fund a pilot/demonstration project coordination needs to occur with FHWA-MN Division and FHWA-HQ prior to project approval and programming.

**NEW** *Demonstrating a need for a public transit route 23 USC 142, does it cover operating questions?*

- **Waiting for a response from FHWA. Emailed on 1/26/2023.**
- FTA’s response: For types of eligible projects almost all public transportation projects will be allowable. For specifics examples please check out the ‘Transit Flex’ section on page 5 of this guidance document: [INFORMATION: Carbon Reduction Program \(CRP\) Implementation Guidance \(dot.gov\)](#). For eligible applicants, they should only be states and local or regional public agencies who are recipients or subrecipients of FTA program funds. Non-profits or private entities would not be eligible. If there is a specific application to have reviewed coordination should occur with FTA regional offices.

## Project specific questions

*Are electrification of a jurisdiction's fleet an eligible project (e.g., purchasing EVs for staff use at a city (not public vehicles))?*

- From FHWA: The purchase of zero emissions fleet vehicles is an eligible expense. It is not just limited to construction-related vehicles as the division office had interpreted. Keep in mind, as stated in section G.1. of the CRP guidance, "Projects are subject to requirements under the National Environmental Policy Act (42 U.S.C. 4321 et seq.), the Uniform Relocation Assistance and Real Property Acquisition Act of 1970 (42 U.S.C. 4601 et seq.), and other applicable Federal laws. Projects funded with CRP funds are required to be treated as projects on Federal-aid highways (23 U.S.C.175(g))."

*Are soft-matches eligible for projects (e.g., computer purchases as the local match of funds for ITS types of work)?*

- From FHWA: Possibly. It will depend on the type of soft-match proposed. Using the example provided, computer equipment purchase could be eligible if the equipment were only used for the CRP funded project. (Note: I assume this is specialized equipment but still want to make that clarification.) [2 CFR 200.306](#) provides some information regarding soft match.

*Local match requirements: Are in-kind match eligible as a local match to CRP funds (e.g., staff hours for project design)?*

- Response: Yes, as long as the contributions meet all of the criteria specified in [2 CFR 200.306\(b\)](#). 2 CFR 200.306 contains additional requirements for establishing value, etc.

*What transit projects are eligible for CRP funds?*

- Public transportation projects are eligible under [23 U.S.C. 142](#) and CRP funds can be flexed over to FTA for these projects.

*Can we use Volkswagen settlement grants (VW funds) as the local match for Carbon Reduction Program projects?*

- Yes. Volkswagen settlement grants (VW funds) are not federal funds, so they can be used as a local match to CRP funds. Note that using CRP funds will federalize a project and all federal requirements must be followed with these funds, such as Buy America, 2 CFR 200, and NEPA.

**NEW** *Are snow fences eligible projects?*

- Snow fences are eligible expenses, but MnDOT, or applicable jurisdiction, must document how it reduces transportation emissions.

*Are winter maintenance equipment for trails to maintain accessibility throughout the winter months eligible projects?*

- From FHWA: Not eligible.

*Are r-cuts/J-turn installations eligible projects?*

- Eligible without emissions reduction demonstration. 23 USC 175(1)(L) – the Carbon Reduction Protection – references 23 USC 149(b)(5) – CMAQ. (b)(5) addresses improved traffic flow:

(5) if the program or project improves traffic flow, including projects to improve signalization, construct high occupancy vehicle lanes, **improve intersections**, add turning lanes, improve transportation systems management and operations that mitigate congestion and improve air quality, and implement intelligent transportation system strategies and such other projects that are eligible for assistance under this section on the day before the date of enactment of this paragraph, including programs or projects to improve incident and emergency response or improve mobility, such as through real-time traffic, transit, and multimodal traveler information

- R-cuts fall under “improve intersections.”

*Are roundabout installations eligible projects?*

- Eligible without emissions reduction demonstration. 23 USC 175(1)(L) – the Carbon Reduction Protection – references 23 USC 149(b)(5) – CMAQ. (b)(5) addresses improved traffic flow:

(5) if the program or project improves traffic flow, including projects to improve signalization, construct high occupancy vehicle lanes, **improve intersections**, add turning lanes, improve transportation systems management and operations that mitigate congestion and improve air quality, and implement intelligent transportation system strategies and such other projects that are eligible for assistance under this section on the day before the date of enactment of this paragraph, including programs or projects to improve incident and emergency response or improve mobility, such as through real-time traffic, transit, and multimodal traveler information

- Roundabouts fall under “improve intersections.”

*Is pre-design and engineering eligible under CRP, even though MnDOT doesn't allow TA funds to be used on these types of projects?*

- For FY 2023 and FY 2024 projects, CRP funds can be programmed on a transportation alternative project as defined under the Moving Ahead for Progress under the 21st Century Act [[23 U.S.C. 101\(a\)\(29\), as in effect on July 5, 2012](#)], including, but not limited to, the construction, planning, and design of on-road and off-road trail facilities for pedestrians, bicyclists, and other nonmotorized forms of transportation.

**NEW** *Are parking ramp dynamic LED lighting projects eligible?*

- These projects are only eligible if connected to a transportation facility (e.g., Title 23 funded park & ride, a transit facility). Stand alone parking ramps are not eligible for CRP funding.

**NEW** *If a local government leases a vehicle using CRP funds, are there any requirements/restrictions if the local government purchases the vehicle using local funds once the lease ends?*

- Federal interest ends when the lease agreement ends. The local government may purchase the vehicle using local funds.

**NEW** *How does 2 CFR 200: User Fees apply to electric vehicle (EV) chargers*

- The project needs to document how the fees charged for charging at the CRP funded EV charging station will go back to operate and maintain EV chargers. CRP fund recipients cannot make a profit off the installation of EV chargers.

**NEW** *Construction materials eligible:*

- See above responses to questions
  - What is defined as 'sustainable pavement technology'?
  - What is considered 'substantial reduction'?
  - What cost/expense could an entity request?

## Funding solicitation terminology

Allocation – The assignment of funds on any basis other than a statutory formula

Apportionment – the distribution of funds using a formula provided in law (IIJA); typically distributed on the first day of the FFY

Appropriation – a law that makes funds available for obligation and expenditure with specific limitations to amount, purpose and duration

Budget authority – empowerment by legislature that allows agencies to incur obligations

Fiscal Year – a year for accounting purposes

- Calendar Year (CY) is January 1-December 31
- Federal Fiscal Year (FFY) is October 1-September 30
- State Fiscal Year (SFY or FY) is July 1-June 30

Funding Lapse – funding is not obligated in the period of availability

Obligation – a legal commitment to pay a State or entity for project eligible costs.

- This commitment occurs when FHWA approves the project and executes the project agreement.
- Obligated funds are considered “used” even though no cash is transferred.

Obligation Authority (OA) – total amount of funds that may be obligated in a year

Obligation Limitation (OL) – a limit or ceiling on the total obligation that can be incurred each year

Outlay – actual cash payments made

Period of availability – period which funds are available for obligation (use)

Set-asides – law requiring states to use certain sums of their apportionments only for special purposes.

Suballocation – The assignment of funds within an allocation that is based on specific terms to specific areas

- CRP funds are based on defined urban areas based on population ranges

Solicitation – A process used to inform agencies and contractors of an opportunity to compete for a grant or contract that provides information about project and proposal or bid submission requirements