

Carbon Reduction Program Funding

Background information

The Carbon Reduction Program (CRP) is a new program created by the Infrastructure Investment and Jobs Act (IIJA)¹. The purpose of the program is to reduce carbon dioxide (CO₂) emissions from on-road highway sources.

Funding for the program is suballocated into 2 main categories:

- Areas based on population (65%)
 - Urbanized areas with an urbanized population greater than 200,000 (obligated in MPA)
 - Urbanized areas with an urbanized area population between 50,000 and 199,999 (obligated in MPA)
 - Urban areas with population between 5,000 and 49,999
 - Areas with populations of less than 5,000
- Statewide (35%)

Minnesota will receive approximately \$20.5 million for Federal Fiscal Year (FFY) 2022 and \$20.9 million for FFY2023 in CRP funds. It's expected that Minnesota should continue to receive approximately \$20.9 million annually. As such, Minnesota must solicit and select eligible projects for CRP funding.

The goal is to spend the \$20.5-20.9 million annually. This requires teamwork, coordination and cooperation at all levels of government. Therefore, MnDOT is soliciting projects for State Fiscal Year (FY) 2023 and FY 2024 use of CRP funds. These will use the oldest FFY funds first to avoid a lapse in funding.

Key aspects of the FY2023 and FY2024 Carbon Reduction Program solicitation include:

- Consultation, cooperation & coordination
- Eligible projects
- Applications
- Evaluation & prioritization
- Obligation of funds
- Project suggestions
- Future solicitations
- Questions

Note that this solicitation process for FY2023 and FY2024 is not indicative of future CRP solicitations.

Over the next year, MnDOT will work with our transportation partners and a consultant to develop a Carbon Reduction Strategy, which will define the carbon reduction priorities and process in Minnesota for future years of CRP funds.

¹ Pub. L. 117-58 (Nov. 15, 2021)

Eligible projects

Projects that support the reduction of transportation emissions, including, but not limited to:

- a project described in [23 U.S.C. 149\(b\)\(4\)](#) to establish or operate a traffic monitoring, management, and control facility or program, including advanced truck stop electrification systems
- a public transportation project eligible under [23 U.S.C. 142](#)
- a transportation alternative (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
- a project described in [23 U.S.C. 503\(c\)\(4\)\(E\)](#) for advanced transportation and congestion management technologies, these include:
 - advanced traveler information systems;
 - advanced transportation management technologies;
 - advanced transportation technologies to improve emergency evacuation and response by Federal, State, and local authorities;
 - infrastructure maintenance, monitoring, and condition assessment;
 - advanced public transportation systems;
 - transportation system performance data collection, analysis, and dissemination systems;
 - advanced safety systems, including vehicle-to-vehicle and vehicle-to-infrastructure communications, technologies associated with autonomous vehicles, and other collision avoidance technologies, including systems using cellular technology;
 - integration of intelligent transportation systems with the Smart Grid and other energy distribution and charging systems;
 - integrated corridor management systems;
 - advanced parking reservation or variable pricing systems;
 - electronic pricing, toll collection, and payment systems;
 - technology that enhances high occupancy vehicle toll lanes, cordon pricing, or congestion pricing;
 - integration of transportation service payment systems;
 - advanced mobility, access, and on-demand transportation service technologies, such as dynamic ridesharing and other shared-use mobility applications and information systems to support human services for elderly and disabled individuals;
 - retrofitting dedicated short-range communications (DSRC) technology deployed as part of an existing pilot program to cellular vehicle-to-everything (C-V2X) technology, subject to the condition that the retrofitted technology operates only within the existing spectrum allocations for connected vehicle systems; or
 - advanced transportation technologies, in accordance with the research areas described in section 6503 of title 49.
- deployment of infrastructure-based intelligent transportation systems capital improvements and the installation of vehicle-to-infrastructure communications equipment;
- a project to replace street lighting and traffic control devices with energy-efficient alternatives
- development of a carbon reduction strategy developed by a State per requirements in [23 U.S.C. 175\(d\)](#);

- a project or strategy designed to support congestion pricing, shifting transportation demand to nonpeak hours or other transportation modes, increasing vehicle occupancy rates, or otherwise reducing demand for roads, including electronic toll collection, and travel demand management strategies and programs
- efforts to reduce the environmental and community impacts of freight movement
- a project that supports deployment of alternative fuel vehicles, including—
 - acquisition, installation, or operation of publicly accessible electric vehicle charging infrastructure or hydrogen, natural gas, or propane vehicle fueling infrastructure; and
 - purchase or lease of zero-emission construction equipment and vehicles, including the acquisition, construction, or leasing of required supporting facilities
- a project described in [23 U.S.C. 149\(b\)\(8\)](#) for a diesel engine retrofit
- certain types of projects to improve traffic flow that are eligible under the CMAQ program, and that do not involve construction of new capacity [[§ 11403](#); [23 U.S.C. 149\(b\)\(5\)](#); and [175\(c\)\(1\)\(L\)](#)]
- a project that reduces transportation emissions at port facilities, including through the advancement of port electrification
- any other STBG-eligible project, if the Secretary certifies that the State has demonstrated a reduction in transportation emissions, as estimated on a per capita and per unit of economic output basis. [[§ 11403](#); [23 U.S.C. 133\(b\)](#) and [175\(c\)\(2\)](#)]
 - Note: FHWA will issue guidance on how the Secretary will make such certifications.
 - Per [23 U.S.C. 175\(c\)\(2\)](#) Flexibility, in addition to the eligible projects under paragraph (1), a State may use funds apportioned under section 104(b)(7) for a project eligible under section 133(b) if the Secretary certifies that the State has demonstrated a reduction in transportation emissions- (A) as estimated on a per capita basis; and (B) as estimated on a per unit of economic output basis.

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Applications

To apply for funding, please submit a project application to the applicable Metropolitan Planning Organization (MPO) or Area Transportation Partnership (ATP) by the due date. This may vary based on MPO or ATP.

The project application should include:

1. A description of the proposed project in detail including project location and what will be constructed or planned (maps are helpful). See [CRP Eligible Projects](#) for what's eligible.
2. Approximate carbon reduction the project will have. Use [CMAQ Emissions Calculator Tools](#) to calculate the estimated carbon reduction for the project.
3. Total project cost
4. Total amount of CRP funds requested (maximum of 80% of the project total)
5. Total amount and source of local funds committed to the project (minimum of 20% of project total)
6. Total amount and source of additional federal funds obligated to the project already, if applicable.
7. Identify the jurisdiction responsible for completing the project and receiving the CRP funds as partial reimbursement.
8. Identify the timeline for the project to be let and anticipated completion date.
9. Identify if and to what degree the project impacts disadvantage communities per Justice40 using the [Climate and Economic Justice Screening Tool](#). Include a map in the application submittal.
10. Identify how the project meets the regional priorities related to carbon reduction
 - Regional priorities may vary. Contact the applicable MPO or ATP for specific documents to reference.
11. Identify how the project meets Minnesota carbon reduction priorities
 - [2022 Statewide Multimodal Transportation Plan \(SMTP\)](#)
 - [Minnesota Climate Action Framework](#)
 - [Pathways to Decarbonizing Transportation report](#)

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Evaluation & prioritization

Applicable Metropolitan Planning Organization (MPO) or Area Transportation Partnership (ATP) staff will conduct a preliminary evaluation to rank all applications for FY 2023 and FY 2024 solicitation using the following criteria:

1. Project eligibility to receive CRP funds
2. Cost-benefit analysis using a ratio of reduction of carbon dioxide emissions to total CRP funds requested.
3. Project consistency with the goal and objectives of the Metropolitan Transportation Plan and/or the Regional Active Transportation Plan
4. Project consistency with Minnesota carbon reduction priorities (see Applications point 11 above)
5. How the project impacts Justice40 defined disadvantaged communities using the [Climate and Economic Justice Screening Tool](#).
6. Project initiation and completion timeline

Criteria weighting will vary based on the MPO or ATP's regional priorities. Contact the applicable MPO or ATP to confirm what their evaluation weighting will be and if there are additional criteria added to these six base criteria.

Proposed projects will be ranked in priority order. Starting with the #1 ranked project, the requested CRP funds will be deducted from the available funding pool, then funds from the #2 ranked project will be deducted, etc., until all the funds have been accounted for.

MPO or ATP staff will present their preliminary project ranking to the applicable technical committees or boards that follow the organization's standard approval process for review, consideration and recommendation.

Obligation of funds

The selected project(s) will be amended into the applicable Transportation Improvement Program (TIP) and subsequently into the Minnesota Statewide Transportation Improvement Program (STIP) for obligation of funding. FY 2023 funds must be obligated in the applicable 2023-2026 TIP and 2023-2026 STIP no later than June 7, 2023. FY 2024 funds must be obligated in the applicable TIP and STIP no later than June 7, 2024.

Project suggestions

Projects need to be obligated using the CRP funds in FY2023 and FY2024 for this solicitation. That means that projects must be included in the applicable TIP and STIP no later than June 7, 2024. In order to do this, projects for this solicitation may be add-on carbon reducing components to an existing project in the applicable TIP and STIP. These add-on components cannot be already federally funded if already locally funded, the add-on components of the project can apply for the CRP funds.

The purpose of these funds is not to remove existing federal funds and replace with CRP funds on projects already programmed in the TIP and STIP, so that the existing federal funds are used on another project. Instead the purpose is to add or create new opportunities to further reduce carbon dioxide (CO₂) emissions from on-road highway sources. Specific questions can be directed to Anna Pierce (see contact information in the questions section below).

Example 1: Project A is a FY2023 federally funded STBGP pavement project. This project originally included a shared-use path within the right-of-way to increase connectivity within a community and promote alternative travel modes. Due to inflation or other cost increases, the shared-use path component was removed from the project, but the STBGP funded portion of pavement project is still included in FY2023 of the TIP and STIP. Project A could apply for CRP funds to supplement this gap in funding to fund the shared-use path component of the project.

Example 2: Project B is a FY2023 federally funded STBGP pavement project. This project includes a shared-use path within the right-of-way to increase connectivity within a community and promote alternative travel modes. The shared-use path component is currently funded 100% with local funds and the pavement portion of the project is currently funded 80% with STBGP funds in FY2023 of the TIP and STIP. Project B could apply for CRP funds to supplement the local funded portion of the project for the shared-use path component to reduce the total local match of the project.

A MPO or ATP may choose to focus the solicitation on certain eligible project typologies as listed above under the eligible projects section. Confirm with the applicable MPO or ATP if there are certain projects that will not be considered for FY 2023 or FY 2024 funding.

Future Solicitations

In calendar year 2023, MnDOT with a consultant will develop a Carbon Reduction Strategy (CRS). The CRS will document the programming priorities and processes for CRP funds in Minnesota. It will also develop a review and update cycle for the CRS. The CRS is due to USDOT by November 15, 2023.

Engagement with transportation partners and stakeholders will occur throughout 2023 on the priorities and processes for programming CRP funds. The CRS will guide the CRP solicitation process for FY 2025 and beyond.

Note that the FY 2023 and FY 2024 solicitation process is not indicative of future CRP solicitations. Lessons learned from the FY 2023 and FY 2024 solicitation will be taken into consideration as the CRS is developed.

Consultation, cooperation & coordination

Establishing the definitions of consultation, cooperation, coordination and designated recipient help set the stage for how and why there are various solicitation processes for the CRP funds.

- [Consultation](#) occurs when one or more parties confer with other identified parties in accordance with an established process and, prior to taking action, considers the views of the other parties and periodically informs them about action taken.
- [Cooperation](#) occurs when the parties involved work together to achieve a common goal or objective
- [Coordination](#) occurs when parties involved work together to develop and adjust plans, programs, and schedules to achieve general consistency as appropriate.
- [Designated recipient](#) is an entity selected to receive and allocate an amount of funds that are attributable to urbanized areas of 200,000 or more in population, or a State or regional authority if the authority is responsible under the laws of a State for a capital project and for financing and directly providing public transportation.

Urbanized areas that are TMAs (>200,000)

Per [23 CFR 450.332\(c\)](#), in areas designated as TMAs, the MPO shall select all 23 U.S.C. and 49 U.S.C. Chapter 53 funded projects in **consultation** with the State and public transportation operator(s). In order for funds to be obligated to a project, the project must be included in the approved TIP and in accordance with the priorities in the approved TIP. The State shall select projects on the NHS in **cooperation** with the MPO, from the approved TIP. TMAs are considered **designated recipients** of federal funds. It's presumed that TMAs will also be **designated recipients** of CRP funds.

Urbanized areas that are not TMAs (50,000-199,999)

Per [23 USC 175 \(e\)\(4\)](#), a State shall **coordinate** with any metropolitan planning organization (MPO) that represents the urbanized area prior to determining which activities should be carried out under the project. This is a new process for the selection of projects funded through the Carbon Reduction Program in areas of 50,000-199,999 people. [23 CFR 450.332\(b\)](#) states that in metropolitan areas not designated as TMAs, the State and/or the public transportation operator(s), in **cooperation** with the MPO shall select projects to be implemented using title 23 U.S.C. funds (other than Tribal Transportation Program, Federal Lands Transportation Program, and Federal Lands Access Program projects) or funds under title 49 U.S.C. Chapter 53, from the approved metropolitan TIP.

Rural Areas (<50,000)

Per [23 USC 175 \(e\)\(5\)](#), a State shall **consult** with any regional transportation planning organization (RTPO) or metropolitan planning organization (MPO) that represents the rural area prior to determining which activities should be carried out under the project.

Questions

If you have any questions about the Carbon Reduction Program and/or the solicitation, please contact MnDOT Carbon Reduction Program Coordinator Anna Pierce at 651-366-3793 or anna.m.pierce@state.mn.us. Specific local questions can be directed to the applicable MPO or ATP.