



U.S. Department
of Transportation

**Research and
Special Programs
Administration**

Memorandum

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Subject: **INFORMATION:** Recommendations from the Program
Review on Operations Funding

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From: Allan J. DeBlasio
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Reply to
Attn. of: DTS-42

To: Christine Johnson
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Thru: John P. O'Donnell
Director, Office of System and Economic Assessment

As you are aware, Volpe Center staff has completed the first phase of a review that investigated how operations projects compete for funding in the existing transportation decision-making process. In this memorandum, I will identify possible actions that you and your staff can implement in the near future and possible options that you and your staff might consider as you prepare for the reauthorization of Transportation Equity Act for the 21st Century (TEA-21).

Based on our review of ten sites, we have deduced three *principal observations* from our work:

1. There is limited use of federal funds for operations activities by local and state highway agencies.
2. There is limited knowledge of guidelines regarding federal funding for operations activities.
3. The definitions of management and operations used by U.S. Department of Transportation (DOT) differ from those used in the field. State and local highway managers more often use the terms operations and maintenance.

From these observations and the findings that substantiate them, we identified several potential activities that can be undertaken in the near future:

1. *Increase the awareness and understanding of local and state highway managers and public officials*
 - Clarify and circulate existing guidelines for operations funding. This should include a clear definition of the federal view of operations.
 - “Get the message out” that funding is available and the use of federal funds for operations is a priority for the Department. Produce and distribute information on eligible activities to elected and appointed officials.

- Highlight existing training courses covering operations.
- Provide more “operations” education and training at the local and MPO level.
- Provide examples of successful implementations of operations activities at the state and local level and promote more peer-to-peer communication among local and state planning staffs.

2. *Encourage operations planning at the local level*

- Investigate the possibility of funding operations plans. The process to develop these plans would be similar to early deployment planning (EDP) process, which brought traditional and non-traditional transportation stakeholders together to focus on a specific topic (ITS).
- Investigate the possibility of funding operations planning activities. These activities are similar to traffic or infrastructure needs studies; studies that local highway managers felt would help them support and improve the operations of their transportation system.
- Aid planners in incorporating operations into the metropolitan area planning process by providing examples where this has occurred. Provide them with the tools needed to make them more comfortable in evaluating operations projects.

3. *Encourage system appraisals*

- Provide information on developing performance measures and evaluations. Strongly promote the work that your staff is doing in this area. Develop training courses to promote the development and use of performance measures.
- Provide information and funding for maintenance management systems. Several highway managers looked at maintenance management systems as tools to improve the operations of their transportation system. Several also used the outputs of the systems to provide their elected officials with information they needed to make more informed decisions on funding operations activities.

4. *Streamline requirements*

- Investigate the feasibility of reducing the amount of federal paperwork required for small operations projects.
- Review the possibility of reducing the number of approvals required to advance an operations project. Instead of having a sequential approval process (preliminary engineering, design, right of way, and construction), investigate the feasibility of a “program” approval for operations activities.
- Investigate the potential for streamlining the level of audits required for operations activities.
- Investigate the feasibility of providing direct funding to regions or urban areas.

Based on our interviews and analysis, we identified four options that would increase local and state emphasis on operations and that might be considered for the reauthorization of TEA-21:

1. Status Quo
2. Dedicated Funding
3. Flexible Funding
4. Expansion of an Existing Program

The **Status Quo** option is the option with which the state DOT managers are most comfortable. The decisions on the use of federal funds would primarily remain in their hands, and the information provided to local highway managers and MPO staff on the use of federal funds for operations might be limited. Local officials fear that the Status Quo option would not meet their operational needs and that the level of these needs will increase. Under this option, more “marketing” would be required to promote the use of federal funds for operations as well as a heavy emphasis on education and training.

The **Dedicated Program** option, which sets aside a portion of federal funding specifically for operations, would ensure that operations activities are funded. This option appeases managers in smaller cities and towns who have a greater need for operations funding. Because of the lack of knowledge of federal guidelines and the different definitions used by local officials, a strong definition of eligible activities must be developed. Under this option, the previously mentioned concerns on the loss of funding that the interviewees expressed would have to be addressed.

The **Flexible Program** option would require the expenditure of federal funds for operations to meet a national goal that would have to be established. This option would allow state and local officials to meet this goal over a period of time, for example the life of the next transportation legislation and would allow the rate of expenditure to vary from year to year during this period. The goal could also be different for different metropolitan areas, such as reducing it for areas experiencing a high growth rate and in need of additional infrastructure. This option would also force the consideration of “operations” into the planning process, as planners would have to determine how to meet the goal by the end of the timeframe. Providing these planners with education and training is an important aspect of this program.

The **Expansion of an Existing Program** option would broaden an existing program, such as the CMAQ Program, by emphasizing operations activities. Both local and state transportation officials have had experience with the CMAQ Program and have used it to fund “operations” and other innovative projects. The use of a portion of these funds is also determined by the MPO. If the CMAQ Program were used, then the three-year phase-out period would have to be lengthened or completely eliminated or lengthened or eliminated for operations activities to address the concerns of the interviewees. The program would also have to be expanded to include small urban areas and areas in attainment of air quality standards, areas not currently eligible for CMAQ funding.