NORTH CAROLINA
Department of Transportation

NCDOT Toll Credit Pilot Program for Projects with Local Match

March 2025

Connecting people, products and places safely and efficiently with customer focus, accountability and environmental sensitivity to enhance the economy and vitality of North Carolina

Presentation Outline

- Toll credit overview

- Pilot program details

- Application window

- Available resources

- Review application

Toll Credit Review
What are toll credits?

Image Source: FHWA Center for Innovative Finance Support

- FHWA uses toll credits to reward states for spending toll revenue on projects that would otherwise require federal-aid support.

- Toll credits do NOT generate new money.

- Toll credits allow states to use their existing Federal funds to fulfill the non-Federal match requirements on Federal-aid projects.

- Toll credits can be applied to any Federal-aid transportation project; they are NOT limited or restricted to toll projects or Divisions with toll facilities.
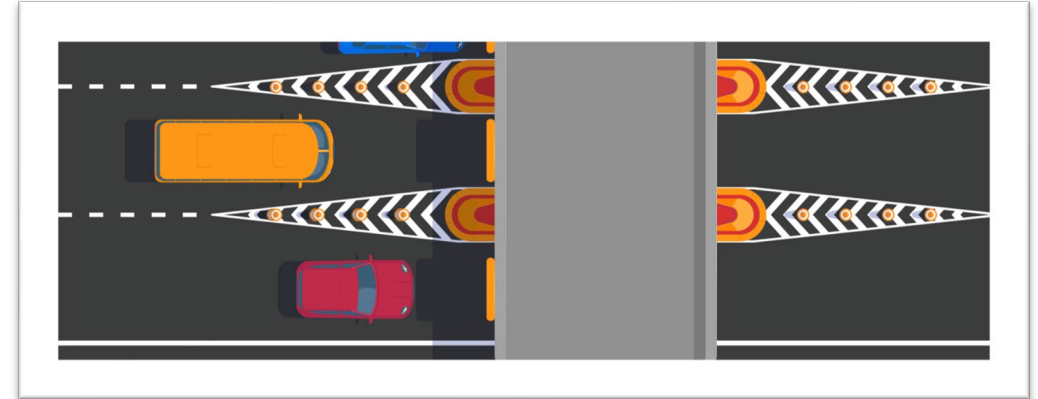
- Managed by the Division of Planning and Programming.

Toll Credit Review

Toll Credits give State DOTs more flexibility over how to allocate their Federal dollars

✓ Toll Credits ARE:

- A tool that State DOTs can use **to increase the federal share** on Federal-Aid projects, beyond the normal 80%

- Earned when toll revenues are used to fund transportation projects

- Requested from FHWA

- A way to consolidate Federal funds on fewer projects

⊗ Toll Credits are NOT:

- Additional Federal funding

- An increase in the amount of total spend authority available to the Department

| Toll Revenue COLLECTED | → | Toll Revenue REINVESTED | → | Toll Credit EARNED | → | Toll Credit USED |

Toll Credit Review
Toll Credits consolidate existing Federal funds on fewer projects

EXAMPLE
($400M Federal-aid)

No Toll Credits Used

$400m Federal Aid available

5 projects = $500m total costs

| 20 | 20 | 20 | 20 | 20 |
| 80 | 80 | 80 | 80 | 80 |
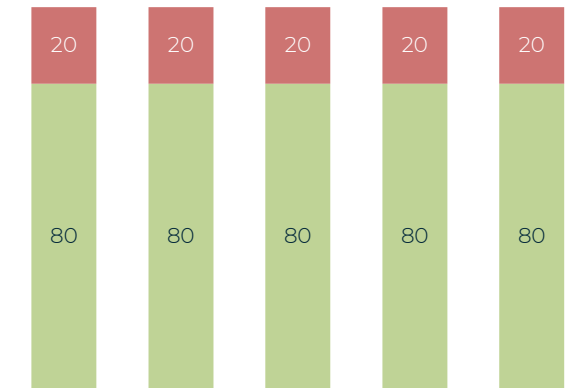
■ Local ($100m)   ■ Federal ($400m)

80% Federal
and 20% Local

$80m Toll Credits Used
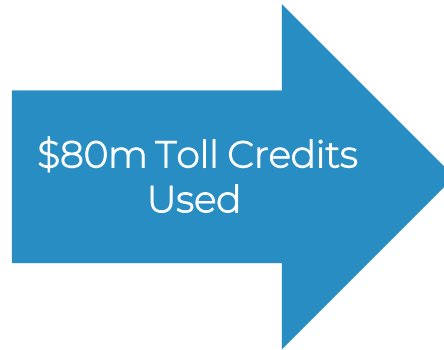
Toll Credits Used

$400m Federal Aid available

4 projects = $400m total costs

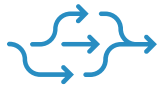| 100 | 100 | 100 | 100 |

100%
Federal
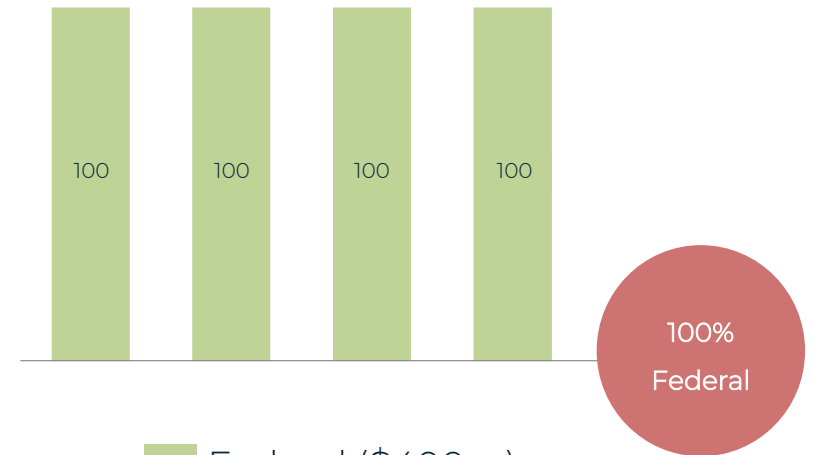
■ Federal ($400m)

100% Federal

The Benefits of Using Toll Credits
Provide the Department with another tool to optimize use of available funding

Program Benefits

- Funding Flexibility: Tool to **maximize benefits of both state and federal funding** for DOT's capital program

- August Redistribution: Some fund categories are more difficult to obligate. Toll credits allow more of those funds to be applied to projects. This provides the Department with **more flexibility in August redistribution requests**

Project Benefits

- Soft Substitute for Non-Federal Match: can be used for key projects that would benefit from a "soft substitute" of the non-Federal match.

- Partner support: can be used to support our local partners.
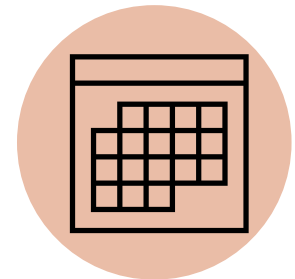
Pilot Program for projects with local match
Overview

Advisory Committee:

- Leigh Wing / Ryan Brumfield / Julie White / Mark Gibbs / Drew Cox

Recommendations:

- DPP to maintain flexible discretion over most toll credits:

  - Target underutilized federal funds.

  - Alleviate State match constraints to keep projects on schedule.

- Pilot program for projects with local match

  - Competitive application program for projects using local match.

  - Opportunity for local governments to apply for Federal toll credits on certain LAPs.

  - If selected, the project's local match requirements will be fulfilled using Federal funds.

Pilot Program for projects with local match
Purpose

Pilot program goals:

- Minimize project delivery delays caused by local funding constraints.

- Target Federal funds that are difficult to use:

  - **TAP** – Transportation Alternatives
  - **CMAQ** – Congestion Mitigation & Air Quality
  - **CRP** – Carbon Reduction

- Allow locals opportunity to participate in this Federal-aid financing tool

Weighted Scoring:

- 29%   Economic distress
- 28%   Project delay
- 28%   Cost increase
- 15%   Committee review

Limited resource: Pilot program limited to $10M credits

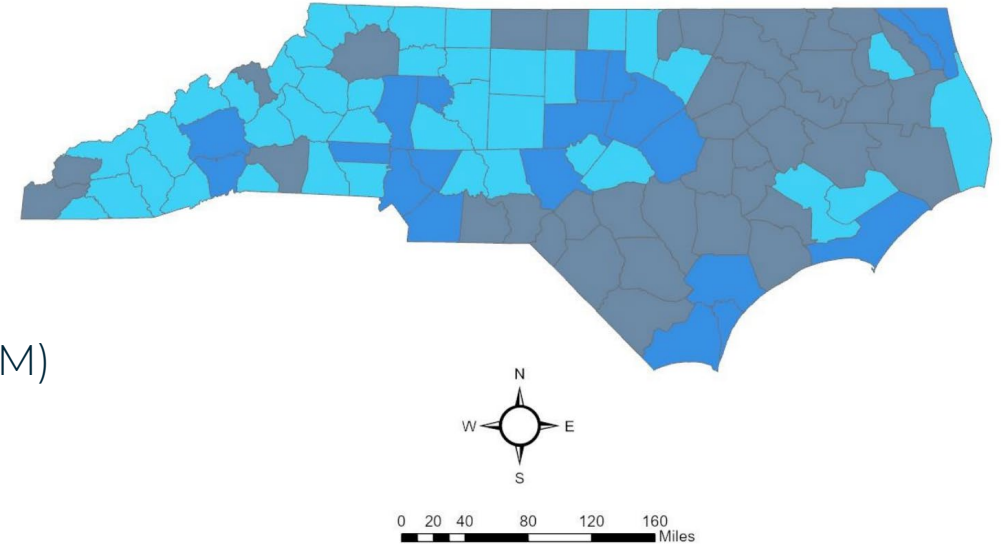Toll credits will only be used to cover the match on increases and not the entire project

Pilot Program for projects with local match
Scoring Criteria

29% = Economic Distress Score (1-100)

- County distress ranking (tier) (NC Dept of Commerce)

- Average municipal household income (if applicable) (NC OSBM)

- Municipal poverty rate (if applicable) (NC OSBM)

- Projects located **outside** of municipal boundaries will only receive a score for the county tier.

- Projects **within** municipal boundaries will receive an economic distress score based on the **average** of:

    1) county tier
    2) household income
    3) poverty rate

Pilot Program for projects with local match
Scoring Criteria

28% = Delay Score

- Tiered score based on years of delay

- Baseline measure: the date the project (or phase) was originally programmed in the STIP

- Please work with your local Division office to confirm the baseline dates from the STIP

28% = Cost Increase

- Average of both the amount and the percentage of the increase

- Baseline measure: the project costs originally programed in the STIP

- Please work with your local Division office to confirm the baseline costs from the STIP

Reminder: Toll credits will only be used to cover the match on <u>increases</u> and not the entire project

Pilot Program for projects with local match
Scoring Criteria

15% = Delays caused by local match constraints (1-100)

- Applicants may attach statements or letters from local officials and project partners

  - Provide context and verification of circumstances causing match issues.

- Committee members will rate submitted explanations on a 1 to 100 scale for delay.

  - 0 indicates **match funds** are **not** the main cause for project delays

  - 100 indicates **match funds** are the **sole cause** for project delays.

☑ Is context (documentation) provided?

☑ How are match funds causing delay?

Division support needed:

- Help documenting delays (need their input and review)

- Coordination with Local Programs Management Office (LPMO) & STIP

Pilot Program for projects with local match

Smartsheet Application

- Application Window: March 31 – May 31

- Divisions and LPMO to serve as resource.

- Application automatically pulls in economic distress data based on project location.

- DPP support staff will review location and project data to ensure accuracy.

- The committee makes final determinations based on scoring.

- Toll credit awards announced late Summer 2025

Application (NON-DA Funding)

First Name *

Last Name *

Email Address *

Phone Number *

🇺🇸 ▾ | +1 (___) ___-____

What entity do you represent? *
Note: select "other" at the bottom if your entity is not listed.

Select ▾

What is the primary county that your project is located in? *
Select only one

Select ▾

Select additional counties if the project traverses other counties:
Select as many as applicable

Select ▾

Thank You!