



# CARBON REDUCTION PROGRAM

## SMALL URBAN AND RURAL APPLICATION GUIDELINES

### OVERVIEW

On November 15, 2021, the Bipartisan Infrastructure Law (BIL) (also known as the Infrastructure Investment and Jobs Act or IIJA) was signed into law. The BIL authorizes a new Carbon Reduction Program (CRP) to reduce transportation greenhouse gas emissions.<sup>1</sup> Through the Carbon Reduction Program, Oregon is apportioned \$82.4 million over 5 years. These funds are allocated by federal formula to Transportation Management Areas (TMAs), Small Urban and Rural areas, and Statewide projects.

*Table 1: Carbon Reduction Program FY 22-26*

Urbanized Area	Total FY 22-26 <sup>2</sup>
TMA's (Portland, Eugene, and Salem)	\$28.5 million
Small Urban and Rural Areas	\$24.1 million
Statewide	\$29.8 million
<b>Total:</b>	<b>\$82.4 million</b>

The Carbon Reduction Program requires ODOT to develop a Carbon Reduction Strategy in consultation with metropolitan planning organizations (MPOs) designated within the State. The Carbon Reduction Strategy is required to identify strategies and projects for reducing emissions from the transportation sector. To inform the development of the strategy, the Climate Office convened a Consultation Group over the course of 2022 consisting of metropolitan planning organizations, Transportation Management Areas, and stakeholders. The Consultation Group developed key strategies and priorities and project scoring criteria for the Carbon Reduction Program. The strategies and priorities are based on the Statewide Transportation Strategy - A 2050 Vision for Greenhouse Gas Emissions Reduction,<sup>3</sup> Oregon's roadmap to achieving the state's greenhouse gas reduction goals.

Project identification will occur in three stages. Transportation Management Areas will identify projects for their funds based on the Carbon Reduction Program strategies and priorities and existing outreach processes. ODOT will utilize a competitive selection process to identify projects for the Small Urban and Rural areas using the strategies and priorities and project scoring criteria. ODOT will coordinate internally to identify and scope projects for the Statewide funding. ODOT will submit the Carbon Reduction Strategy to FHWA for approval with projects identified for Carbon Reduction Program funding by November 15, 2023.

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<sup>1</sup> [Carbon Reduction Program](#)

<sup>2</sup> All dollar amounts are estimates and are subject to change..

<sup>3</sup> [Statewide Transportation Strategy - A 2050 Vision for Greenhouse Gas Emissions Reduction](#)



## SMALL URBAN AND RURAL AREAS CALL FOR PROJECTS

ODOT will conduct a Call for Projects in 2023 for the Small Urban and Rural area funding. Projects selected will reduce transportation greenhouse gas emissions and implement the Statewide Transportation Strategy. Projects will be consistent with the Carbon Reduction Program and the FHWA eligibility criteria. ODOT will make approximately \$13 million of the Small Urban and Rural area funding available through the 2023 Call for Projects. A second Call for Projects will be issued in 2024 for the remaining Small Urban and Rural area funding.

Funding by geographic region is based on federal formulas. See the Small Urban and Rural Carbon Reduction Program Funding table below. For areas with populations between 200,000-50,000, funding is split based on urbanized area. The funds not assigned to a specific urbanized area are split into two portions and can be spent anywhere in the state that meets the population requirements. The first is for areas with populations between 49,999-5,000. The second is for areas with populations of less than 5,000.

*Table 2: Small Urban and Rural Carbon Reduction Funding for FY 22-26 by Area*

Urbanized/Rural Area	Estimated FY 22-26 Available Funding <sup>4</sup>
Albany Area	\$739,082
Bend Area	\$1,086,556
Corvallis Area	\$809,568
Grants Pass Area	\$655,092
Rogue Valley Area	\$1,997,966
Population Areas 50,000-5000	\$8,323,211
Population Areas <5,000	\$10,319,183

The Small Urban and Rural Call for Projects will open on February 28, 2023 and close on May 31, 2023 at 5:00 p.m. ODOT Climate Office staff will conduct the Call for Projects and score submitted applications. During the Call for Projects, Climate Office staff will be available to support interested applicants in refining project concepts to meet the program’s criteria. Applicants will be notified of the outcomes of their applications in fall of 2023. Following notification, Climate Office staff will work with the ODOT Program and Funding Services unit to program successful projects into the STIP and develop Intergovernmental Governmental Agreements.

## CARBON REDUCTION STRATEGY

The Carbon Reduction Program Strategies and Priorities table presented below includes key strategies and priorities identified by the Consultation Group to guide the implementation of the Carbon Reduction Program in Oregon. Projects must support one or more of the priority areas to be considered eligible for funding. Projects funded through the Small Urban and Rural Call for Projects should support the implementation of state, regional and local plans. Project applicants are encouraged to become

<sup>4</sup> All dollar amounts are estimates and are subject to change.



familiar with ODOT policies and priorities, especially if their project will be located on or involve ODOT right of way.

Table 3: Carbon Reduction Program Strategies and Priorities

Strategies	Priorities
<p><b>Vehicle and Fuel Technology</b></p> <p><i>Increase the operating efficiency of multiple transportation modes through transitions to more fuel-efficient vehicles, fuels that produce fewer GHG emissions or have lower carbon intensity, and improvements in engine technologies.</i></p>	<ul style="list-style-type: none"> <li>• Increase adoption of fuel-efficient vehicle technologies and shift to alternative fuels that produce less emissions, including renewable diesel.</li> <li>• Increase availability of electric (EV) charging infrastructure, expand the charging network, and identify opportunities for new EV charging corridors.</li> <li>• Support transit or public fleets to transition to electric vehicles or low emission fuels.</li> </ul>
<p><b>Transportation Options</b></p> <p><i>Encourage a shift to transportation modes that produce fewer emissions and provide for more efficient movement of people and goods.</i></p>	<ul style="list-style-type: none"> <li>• Expand public transportation service, increase connectivity to transit stops, and improve operations to make transit service more efficient, including vanpool programs.</li> <li>• Implement Transportation Demand Management programs that make it easier for people to choose transportation options consistent with local and state transportation demand management plans.</li> <li>• Invest in strategic infrastructure to close gaps in priority active transportation and public transit networks, and increase safety and connectivity for users.</li> <li>• Support shared mobility, including bike-share, electric bikes and scooters, and other micro-mobility vehicles.</li> </ul>
<p><b>System Operations</b></p> <p><i>Improve the operations of the transportation system and efficiency for all modes through technology, infrastructure investments, and operations management.</i></p>	<ul style="list-style-type: none"> <li>• Invest in traffic management and intersection technologies that reduce emissions, improve system efficiency, and increase safety for vulnerable users.</li> <li>• Expand intelligent transportation system (ITS) technologies to reduce emissions and maximize efficiency of the existing system.</li> <li>• Reduce greenhouse gas emissions from agency operations, materials, and fuels, such as lower carbon materials, renewable energy, fleets, and fuels.</li> </ul>
<p><b>Pricing</b></p> <p><i>Identify sustainable funding sources to maintain and operate the transportation system, provide market incentives for developing and implementing efficient ways to reduce emissions, and to help pay for environmental costs.</i></p>	<ul style="list-style-type: none"> <li>• Support methods to price roadway systems accordingly to balance demand, fund maintenance and operations, and reinvest in transportation choices with considerations for equity impacts, location, and recovering costs from environmental impacts.</li> </ul>



## PROJECT SELECTION CRITERIA

Project selection criteria for scoring the Small Urban and Rural Call for Projects were developed based on the federal Carbon Reduction Program requirements and goals of the Statewide Transportation Strategy. Projects will be scored by ODOT Climate Office staff using the selection criteria. Project applicants are encouraged to consult with ODOT Climate Office staff to ensure their projects meet the goals and criteria of the program.

Eligible projects will be evaluated on the following selection criteria:

1. **Climate Benefits (60 pts)** – Does the project effectively reduce greenhouse gas emissions from transportation?
  - a. Will the project result in a direct reduction of transportation greenhouse gas emissions, or will the project lead to mode shift or the use of less carbon intensive transportation options? *Projects that can show a more direct or a highly probable reduction (rather than potential reduction) will receive more points. Projects that incorporate carbon reduction strategies during construction only or as a minor component of a larger project will be considered for those components only. ODOT will consider funding these projects if they are part of pilot programs that will lead to systemic changes in the agency's project delivery process. The agency must explain why the larger project budget is not sufficient to incorporate these components without CRP funding.*
  - b. Explain when emissions reductions from the project will occur. Will emissions reductions happen quickly or be achieved over a longer time frame? Will the emission reductions be monitored and reported? *Projects that deliver the reductions sooner and that show benefit over a longer time frame will receive more points.*
2. **Local Support and Engagement (10 pts)** – What is the level of community commitment and support for the project? *Please attach or link relevant supporting documentation and plan citations. Letters of support from local jurisdictions, community groups, and other local agencies may also be used as supporting documentation.*
  - a. What community engagement efforts informed development or identification of the project? Is support demonstrated from relevant partners?
  - b. How will the community know the desired outcomes were achieved?
3. **Equity (10 pts)** – Does this project mitigate impacts from emissions or reduce barriers and increase benefits to historically disadvantaged communities? Geographic and demographic considerations, individual project elements, and Justice40 benefits will be considered. *Please attach or link any relevant supporting documentation and plans. The ODOT Social Equity Index and other tools are available.*
  - a. Does the project provide benefits to communities identified by Justice40 criteria? How will this project provide benefits to historically disadvantaged community members?



4. **Opportunities and Innovation (10 pts)** – Will this project provide for new opportunities to reduce emissions, include innovative components, expand multimodal or micromobility options, or target parts of the sector that have been slower to decarbonize?
  - a. Does this funding create opportunities for future investments and actions that expand the initial emissions reduction benefits? Does the project or application build off or support other effective carbon reduction projects?
  - b. Will this project create or encourage emissions reductions beyond what are already expected through existing plans, projects and funding opportunities?
  
5. **Project Readiness (10 pts)** – Does the agency have a plan for implementation, construction and/or maintenance of the project?
  - a. Does the applicant and local jurisdiction guarantee any required staff time, operations, and maintenance for the project after completion?
  - b. What is the certainty from a cost and risk perspective? Are there uncertainties including, but not limited to; right of way acquisition; bridge, structure, or rail impacts; environmental review; utility relocation or drainage modifications; supply chain; and overall feasibility?

## MATCH REQUIREMENTS

Projects will be delivered as federal-aid projects. There is a required 10.27% match from the awarded agency. The Federal share is 100% for projects within Indian Reservations, national parks, and monuments. Tribes may use Tribal Transportation Program funds for the match.<sup>5</sup>

## PROJECT SIZE

The funding available in Table 2 represents the total FY 22-26 funding for each Small Urban and Rural area through the Carbon Reduction Program. ODOT will provide funding for projects up to the amount available for each urbanized or rural area as noted in Table 2. Project costs for selected projects may exceed the limits in Table 2 but ODOT will not provide funding beyond what is available for each urbanized or rural area.

## FUNDING PROJECT COMPONENTS

Applicants looking to fund specific components using Carbon Reduction Funding are eligible to apply. However, as noted in the Project Selection Criteria, *“projects that incorporate carbon reduction strategies during construction only or as a minor component of a larger project will be considered for those components only.”* ODOT will consider funding components of larger projects if they are part of pilot programs that will lead to systemic change but does not expect to fund eligible components simply to help a larger project complete its funding package. The applicant must explain why the larger project

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<sup>5</sup> [Justice40 Non-Federal Match Flexibility - US Department of Transportation](#)



budget is not sufficient to incorporate these components without CRP funding. Oregon law and the American Disabilities Act already require the inclusion of bicycle and pedestrian facilities in many types of construction projects.

## PROGRAMMING AND DELIVERY

ODOT will review applications to ensure they meet program eligibility requirements and the project selection criteria. In addition, ODOT will conduct a scope, schedule, and budget review of projects to assess whether projects can be delivered as proposed. Applicants are encouraged to consider recent market fluctuations, availability of project components, and other project risks when developing their project scopes, budgets, and schedules. Applicants will be notified of the outcomes of their applications in Fall 2023.

Following notification, ODOT will work to program successful projects into the Statewide Transportation Improvements Program (STIP) and develop Intergovernmental Governmental Agreements in accordance with all federal-aid requirements. Projects located within MPO boundaries will need to be programmed into the MPO's TIP following the MPO's outreach and public notice requirements. Obligation will occur after projects have been included in the STIP and agreements have been finalized. The obligation timeline can take, on average, 2-4 months from the initiation of a STIP amendment (adding a project) to the Notice to Proceed. MPO involvement extends this timeline by 1-3 months.

Certified Local Public Agencies will deliver their own projects in accordance with the rules and regulations for federal-aid projects and existing oversight agreements with ODOT. ODOT will deliver projects for applicants that are not certified Local Public Agencies to ensure all federal-aid requirements are met. Awards may be transferred to Federal Transit Administration (FTA) if appropriate. Local agencies are responsible for providing the local match and meeting ODOT reporting requirements for the funding. Construction timelines will vary depending on the staffing availability of the MPOs and ODOT Regions.

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.<sup>6</sup> FHWA has provided guidance stating that many of the projects eligible for CRP funding may meet the requirements for Categorical Exclusions which could reduce project delivery time.<sup>7</sup>

## JUSTICE40 AND EQUITY

Federal-aid recipients, including recipients of Carbon Reduction Program funds, are responsible for involving the public, including traditionally underserved and underrepresented communities. "Underserved populations" include minority and low-income populations but may also include many other demographic categories that face challenges engaging with the transportation process and

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<sup>6</sup> [Carbon Reduction Program \(CRP\) Implementation Guidance \(dot.gov\)](#)

<sup>7</sup> [Policy on Using Bipartisan Infrastructure Law Resources to Build a Better America \(dot.gov\)](#)



receiving equitable benefits.<sup>8</sup> In addition, ODOT is seeking to fund CRP projects that support the federal Justice40 Initiative, which establishes a goal that at least 40 percent of the benefits of federal investments in climate and clean energy infrastructure are distributed to disadvantaged communities.<sup>9</sup>

ODOT has adopted equity as one of the three priorities of the [2021-2023 Strategic Action Plan](#). ODOT has produced a [Social Equity Index](#) which identifies historically excluded and underserved people within Oregon. In addition, ODOT has developed a [Social Equity White Paper](#) which outlines reasons for and strategies for including equity in the planning and project development process. Applicants are encouraged to use a Justice40 tool, ODOT equity tool, or their own equity tools for incorporating equity considerations into their project identification, engagement, and delivery processes.

## BUY AMERICA AND DAVIS-BACON

All projects funded under the program are treated as if they were located on a federal-aid highway. This requires the use of Davis-Bacon wage and Build America, Buy America Act requirements. FHWA has updated guidance around the Build America, Buy America Act to incorporate construction materials due to new provisions in the BIL.<sup>10</sup> Understanding Build America, Buy America Act considerations will be important during the project identification process. Projects considering the purchase of manufactured products and construction materials, such as components for charging stations, alternative fuels, new vehicle purchases, and the construction of facilities, should be aware that Build America, Buy America Act requirements may apply and coordinate with their regional ODOT office to determine affected components.

## FHWA ELIGIBLE ACTIVITIES

The federal list of FHWA eligible activities ([found here](#)) should be used to ensure program eligibility.<sup>11</sup> In addition, all projects selected through the Small Urban and Rural Call for Projects will be expected to support one or more of the strategies and priorities outlined above.

Carbon Reduction Program funds may be obligated for projects that support the reduction of transportation greenhouse gas emissions, including, but not limited to:

- Traffic monitoring, management, and control facilities
- Public transit projects
- Bike, pedestrian, and non-motorized facilities and micromobility projects<sup>12</sup>
- Advanced transportation and congestion management technologies

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<sup>8</sup> [FHWA's Environmental Justice Reference Guide](#)

<sup>9</sup> [Carbon Reduction Program \(CRP\) Implementation Guidance \(dot.gov\)](#)

<sup>10</sup> Memorandum for Heads of Executive Departments and Agencies: Initial Implementation Guidance on Application of Buy America Preference in Federal Financial Assistance Programs for Infrastructure: [M-22-11 \(whitehouse.gov\)](#)

<sup>11</sup> [Bipartisan Infrastructure Law - Carbon Reduction Program \(CRP\) Fact Sheet | Federal Highway Administration \(dot.gov\)](#)

<sup>12</sup> [Transportation Alternatives Set-Aside Implementation Guidance as Revised by the Infrastructure Investment and Jobs Act \(dot.gov\)](#)



- Infrastructure-based intelligent transportation systems
- Energy efficient street lighting and traffic control devices
- Managing or shifting demand, including congestion pricing, tolling and transportation demand management strategies
- Alternative fuel projects, including public charging, hydrogen, natural gas and propane fueling and zero-emission equipment and vehicle purchases
- Diesel retrofits
- Projects to improve traffic flow that are eligible under the CMAQ program, and that do not involve construction of new capacity
- Projects that reduce transportation emissions at port facilities, including through the advancement of port electrification

## REQUIRED DOCUMENTS

Each applicant is required to submit the project application and a separate PDF including additional project information. These documents should not be merged as that will interfere with ODOT's ability to upload data from the application and perform analysis. Applicants should follow the instructions on the final page of the application regarding naming their files and submitting their documents to ODOT.

Additional documents that can be provided to support applications include:

- Map showing project location (if applicable)
- List of additional locations if more than one (if applicable)
- Project cost estimate (required)
- Scope of work and schedule (required)
- Buy America waiver request (if applicable)
- Additional quantitative or qualitative emissions analysis information (optional)
- Letters of Support (optional)
- Other supporting documentation that may support successful award (optional)

Applicants are encouraged to coordinate with ODOT Regions when developing their project concepts. Review and signature by an ODOT Region Manager<sup>13</sup> is required if ODOT will be delivering the project (for non-certified local public agencies) or if the project is located on State right of way. For ODOT delivered projects, applicants should check with their ODOT Region to ensure any necessary administration costs are included their budget estimates.

The cost estimate and scope of work for the project should include sufficient detail for each task. During scope development, applicants should consider risks for the project including but not limited to: right of way availability, utility relocation needs, availability of vehicles on the market, supply chain disruptions, inflation, etc. ODOT will not cover any expenses in excess of the project award.

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<sup>13</sup> [Oregon Department of Transportation: Region Contacts](#)





ODOT is not requiring applicants to quantify the expected greenhouse gas emission reductions from their projects. Applicants may do so if they wish to provide reviewers with a better understanding of the projects expected impacts. FHWA has a suite of estimation tools created for the CMAQ program that can be used to produce estimates for greenhouse gas emissions and other pollutants.<sup>14</sup>

## FREQUENTLY ASKED QUESTIONS

### 1. Who can apply for projects

Counties, cities, tribal governments, and local and state transportation agencies representing urbanized and rural areas with populations of less than 200,000 can apply for Carbon Reduction Program funds through the Small Urban and Rural Call for Projects.

### 2. How do I determine the population of my Urbanized Area?

ODOT will use the adjusted federal-aid Urbanized Area boundaries based on the 2010 Census for determining a project's eligibility.

### 3. When can contracting for the project begin?

Successful project applicants may not begin expending award funds until receiving a notice to proceed from ODOT. Non-certified local public agencies will work with ODOT regional offices to deliver their projects. Projects must be entered into the STIP, have an approved Intergovernmental Agreement, and have completed FHWA requirements to be obligated.

### 4. Can local governments use local forces to deliver projects?

Projects will need to follow federal requirements and approvals for delivery. This includes requests for local forces to deliver projects.

### 5. Is staff time allowed to be funded by CRP to administer the projects?

Time directly attributed to the project is allowed to be charged to the project for ODOT and certified agencies. For non-certified agencies, staff time is not reimbursed. Administration costs are not eligible for funding.

### 6. What is ODOT's role regarding oversight of the funding?

The ODOT Climate Office is responsible for developing the project selection criteria (in coordination with MPOs and stakeholders), conducting the Call for Projects, selecting projects and coordinating with ODOT Program and Funding Services division to coordinate programming projects into the STIP. ODOT Regions will provide oversight or delivery of the project to ensure that all federal-aid requirements are met.

### 7. Who should I contact with questions about CRP?

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<sup>14</sup> [Toolkit - CMAQ - Air Quality - Environment - FHWA \(dot.gov\)](#)



For general program questions please contact Rye Baerg ([rye.baerg@odot.oregon.gov](mailto:rye.baerg@odot.oregon.gov)). For project delivery questions, successful applicants will work with the Climate Office and the regional project delivery teams assigned to their projects. ODOT Regional contacts can be determined by connecting with the appropriate regional office for your agency. Contacts can be found here: [Oregon Department of Transportation: Region Contacts](#).

**8. Is there a minimum or maximum project size?**

No, there is no minimum or maximum project size. However, federal-aid funds do require a significant amount of oversight which may decrease the cost benefit ratio for smaller projects.

**9. How do I determine the urbanized area for my project?**

Applicants may use the Federal Aid Urban Boundaries area on [ODOT TransGIS](#) to help them understand the urban area boundaries for their project. A project that is located in more than one area should select the area where the majority of the project funds will spent.

**10. Do I need to include costs for ODOT delivery in my project budget?**

Yes, if ODOT will be delivering the project, delivery costs should be included in the project estimate and the local match should be adjusted to take this into account. Applicants should contact their ODOT regional office for advice related to delivery cost estimates.

**11. Are there specific guidelines for electric vehicles (EVs) and EV charging stations?**

Yes, FHWA recently released [new rules](#) on the requirements for EV charging stations for the NEVI program. The new rules apply to all FHWA funding including the Carbon Reduction Program. FHWA also recently released [a waiver](#) for EV charging stations for the Build America – Buy America (BABA) requirements. Applicants interested in EV charging stations should become familiar with these rules. ODOT is currently coordinating with FHWA and will update these guidelines when more information is available.

Electric vehicles may be acquired under the Carbon Reduction Program. These vehicles must meet federal standards for BABA provisions. Applicants are encouraged to contact ODOT and FHWA with specific questions related to available vehicles that meet the requirements.

**12. Is the match required to be a cash match?**

Non-cash match may be eligible to meet the program requirements. Applicants with specific match questions should contact the program coordinator.

**13. My jurisdiction is located within a TMA, can I apply for funding through this call for projects?**

No, funding through the Small Urban and Rural Call for Projects is only available for projects located in rural and urbanized areas with populations of less than 200,000. Projects within the TMAs (Portland, Eugene, and Salem) will be selected by the MPO. Interested jurisdictions should contact their MPO about funding opportunities.



**14. How long will the funding be available for our project if it is selected?**

ODOT will work with successful candidates to program their projects into the STIP. Projects are expected to begin no later than a year from selection to begin design. Some projects may need to move quickly for the obligation of funding to ensure funding is not lost due to federal law. Obligation of construction funding should occur no later than 2026.