DEPARTMENT OF TRANSPORTATION

Federal Highway Administration

[FHWA Docket No. FHWA–2010–0027]

Livability Initiative Under Special Experimental Project No. 14

AGENCY: Federal Highway Administration (FHWA), Department of Transportation (DOT).

ACTION: Notice.

SUMMARY: The FHWA is announcing a livability initiative to harmonize and coordinate the Federal-aid highway program with grant-in-aid programs administered by the Department of Housing and Urban Development (HUD) and the Environmental Protection Agency (EPA). Under this initiative, the FHWA will utilize Special Experimental Project No. 14 (SEP–14) to permit, on a case-by-case basis, the application of HUD requirements on Federal-aid highway projects that may otherwise conflict with Federal-aid highway program requirements. One such requirement is contained in HUD’s Section 3 Program, the goal of which is to provide training, employment and contracting opportunities to low and very low income persons residing within the metropolitan area (or nonmetropolitan county) in which the project is located and businesses that substantially employ such persons. The purposes of this SEP–14 initiative is to evaluate the contracting efficiencies and impacts on competition in harmonizing conflicting FHWA and HUD contracting requirements, and to further the goals of the DOT, HUD, and EPA partnership on sustainable communities. This initiative will not result in the diversion of highway funds to housing projects. The statutory funding eligibility requirements must continue to be met in order to use Federal-aid highway funds.

DATES: This new experimental project is being initiated on June 25, 2010.

FOR FURTHER INFORMATION CONTACT: For technical information: Mr. Gerald Yakovenko, Office of Program Administration (HIPA), (202) 366–1562. For legal information: Mr. Michael Harkins, Office of the Chief Counsel (HCC–30), (202) 366–4928. Federal Highway Administration, 1200 New Jersey Avenue, SE., Washington, DC 20590. Office hours are from 7:45 a.m. to 4:15 p.m., Monday through Friday, except Federal holidays.

SUPPLEMENTARY INFORMATION:

Electronic Access and Filing

Interested parties may access the comments received by FHWA by going online and entering the following Web address: http://www.regulations.gov, which is available 24 hours each day, 365 days each year. Electronic submission and retrieval help and guidelines are available under the help section of the Web site.


Background

On March 30, 2010, the FHWA published a notice (75 FR 15767) regarding the FHWA’s proposal to permit, on a case-by-case basis, the application of HUD requirements on Federal-aid highway projects that may otherwise conflict with Federal-aid highway program requirements, such as HUD’s Section 3 Program that requires employment opportunities be provided to low and very low income persons residing within the area in which the project is located. This SEP–14 initiative is being advanced by the FHWA in order to evaluate the potential efficiencies that may be realized by harmonizing FHWA and HUD contracting requirements for jointly funded projects. Additionally, this initiative furthers the June 16, 2009, DOT, HUD, and EPA Interagency Partnership for Sustainable Communities. One of the goals of this partnership is to better align DOT, HUD, and EPA programs to encourage better coordination and location efficiency in housing and transportation choices. More information on the partnership can be found at http://www.fhwa.dot.gov/livability and http://www.epa.gov/smartgrowth/partnership/index.html.

SEP–14

In 1988, a Transportation Research Board (TRB) task force, comprised of representatives from all segments of the highway industry, was formed to evaluate Innovative Contracting Practices. This TRB task force requested that the FHWA establish a project to evaluate and validate certain findings of the task force regarding innovative contracting practices, which are documented in Transportation Research Circular Number 386, titled, “Innovative Contracting Practices,” dated December 1991. In response, the FHWA initiated Special Experimental Project No. 14 (SEP–14) pursuant to the authority granted to the Secretary under 23 U.S.C. 502(a). (http://fhwa.dot.gov/programadmin/contracts/021390.cfm).
The SEP–14 strives to identify, evaluate, and document innovative contracting practices that have the potential to reduce the life cycle cost of projects, while at the same time, maintain product quality. Under SEP–14, the FHWA has the flexibility to experiment with innovative approaches to contracting. However, SEP–14 does not seek alternatives to the open competitive bid process.

The innovative practices originally approved for evaluation were: Cost-plus-time bidding, lane rental, design-build contracting, and warranty clauses. Forty-one states have used at least one of the innovative practices under SEP–14. Based on their collective experiences, FHWA decided that cost-plus-time bidding, lane rental, and warranty clauses were techniques suitable for use as non-experimental, operational practices and in 1995 these were made regular Federal-aid procedures. Additionally, design-build contracting in the Federal-aid highway program was originally conducted under SEP–14 until Congress modified 23 U.S.C. 112 in section 1307 of the Transportation Equity Act for the 21st Century to permanently authorize the use of this contracting method. The SEP–14 continues to be used to test and evaluate experimental contracting practices.

Discussion of Comments

Summary

On Tuesday, March 30, 2010, the FHWA published a notice and requested comment on a proposed contracting approach to be evaluated under SEP–14. Specifically, the contracting approach proposed seeks to harmonize FHWA and HUD contracting requirements by permitting States to apply HUD’s local hiring provisions, which are required by HUD’s Section 3 Program as a condition to using HUD’s Community Development Block Grant (CDBG) funding. The FHWA proposes to advance this SEP–14 approach pursuant to the DOT/HUD/EPA Sustainable Communities Partnership.

The FHWA received 12 comments in response to this notice. Of these comments, nine were supportive (in varying degrees), one was neutral, and one was opposed. As a result of these comments, only one change is recommended for incorporation into the final notice. This change comes from the comment made by the National Housing Law Project, who suggested that the FHWA notify HUD whenever a SEP–14 application is made by a State DOT.

Identification and Response to Comments

The following identifies and summarizes the major comments submitted by all the commenters in response to the March 30 notice, as well as the FHWA response:

1. California Department of Transportation (Caltrans)

The Caltrans states that it would support the proposed SEP–14 approach if FHWA’s regulations are amended to permit geographic preferences.

FHWA Response: The purpose of this experiment is to evaluate the effects, including impacts on competition, of applying HUD contracting requirements to FHWA projects. Once the FHWA determines that enough data has been obtained, the FHWA will consider to what extent a change in the regulations may be warranted.

2. Pennsylvania Department of Transportation (PennDOT)

The PennDOT supports utilizing SEP–14 to permit the use of HUD’s Section 3 Program on joint FHWA/HUD projects. Doing so would enable both PennDOT and the Pennsylvania Department of Community and Economic Development to maximize the use of both agencies’ Federal dollars while reducing the financial burden on municipalities when undertaking these projects. The PennDOT notes that they have abandoned the use of CDBG funds on two projects because of the conflicting requirements between the FHWA and HUD programs.

The PennDOT further notes an additional conflict between FHWA and HUD requirements. Specifically, the FHWA applies a disadvantaged business enterprise (DBE) program where there is a single goal for all disadvantaged businesses while HUD applies a minority and woman owned business enterprise (MBE/WBE) program where there are separate goals for minority and women owned businesses. The PennDOT recommends the application of the FHWA’s DBE program since the FHWA would typically have the larger financial interest in the project.

The PennDOT further recommends that SEP–14 approval be granted for a group or class of projects for administrative convenience.

FHWA Response: The PennDOT provides a good example of the type of problem the FHWA intends to address with this SEP–14 approach. However, the FHWA is not proposing any variations to the DBE program and does not have authority to change HUD’s MBE/WBE program. Since most contractors would likely have certifications for both DOT’s DBE program and HUD’s MBE/WBE program, the FHWA believes that both programs’ program can be consistently applied to joint FHWA/HUD projects. Lastly, the project or projects for which SEP–14 approval will be granted will be determined by the scope of the State’s work plan in which the State may propose to use the SEP–14 approach for one or more projects. However, the FHWA does not believe that approval should be granted for an entire class or category of projects.

3. National Housing Conference (NHC)

The NHC supports the use of SEP–14 to reduce conflicts that would jeopardize the application of HUD’s Section 3 Program to joint FHWA/HUD projects as well as the interest to combine HUD and DOT funding to advance the goals of the Partnership for Sustainable Communities. The NHC further agrees with the requirement for States to address the degree to which the project enhances livability and sustainability in their work plans, but is concerned with the omission of a reference to the importance of affordable housing in advancing livability and sustainability. As such, NHC suggests that the States address the following question in their work plans: “Will the project reduce families’ combined costs for housing and transportation?” Additionally, NHC suggests asking the States whether their transportation and land use plans have been coordinated with affordable housing activities.

FHWA Response: The FHWA appreciates NHC’s comments and fully supports the goals of the Partnership for Sustainable Communities. However, the FHWA declines to incorporate NHC’s specific suggestions. While affordable housing is part of the overall goal of the Partnership for Sustainable Communities, the FHWA’s efforts under the Partnership must be consistent with the agency’s mission, which is to administer the Federal-aid highway program. Since this SEP–14 approach only concerns the administration of the Federal-aid highway program, requirements and data related to affordable housing would be beyond the scope of the experiment.

4. Transportation Equity Network (TEN)

The TEN strongly supports the use of SEP–14 to harmonize conflicting FHWA and HUD requirements. However, TEN suggests that the Federal-aid highway program provide training and employment opportunities to low and very low income persons residing within the metropolitan area in which
the project is located. The TEN also suggests strengthening the criteria for evaluating how projects enhance livability, such as increasing economic development and promoting access to job opportunities.

**FHWA Response:** The Federal-aid highway program already includes an On-the-Job Training Program under which State DOTs are required to offer apprenticeship and training programs targeted to move women, minorities, and socially and economically disadvantaged persons into journey level positions, and an On-the-Job Training and Supportive Services Program under which $10,000,000 every year is made available for training. For more information, please see: http://www.fhwa.dot.gov/civilrights/eeo.htm. Also, the FHWA declines to expand the livability criteria as suggested by TEN. The FHWA believes the livability criteria set out in the notice are sufficient for purposes of the SEP–14 approach to be conducted.

5. American Federation of Labor—Congress of Industrial Organizations, Building and Construction Trades Department (BCTD)

The BCTD supports the SEP–14 approach and the goals established for the Partnership for Sustainable Communities. However, BCTD does not feel that SEP–14 is necessary to allow application of HUD’s Section 3 Program requirements. Rather, BCTD urges the Secretary to amend the regulations. The BCTD also asserts that the FHWA routinely denies requests to use project labor agreements (PLAs) because union hiring hall procedures, which confers a geographic preference for employment, are contrary to FHWA requirements.

**FHWA Response:** The FHWA has long maintained that local hiring preferences are inconsistent with the requirement in 23 U.S.C. 112 to require such plans and specifications and methods of bidding as are effective in securing competition. With this SEP–14 approach, the FHWA is interested in examining the potential impacts on competition and whether competition, cost, and overall project efficiency will be enhanced by allowing the HUD funded work and FHWA funded work to be advertised and awarded as part of a single contract. Once we determine that we have enough data, we will consider to what extent a change in the regulations may be warranted.

6. National Housing Law Project (NHLP)

The NHLP is generally supportive of the SEP–14 approach. The NHLP submitted lengthy comments, but they are generally concerned with ensuring that HUD’s Section 3 requirements are met and further enhance the livability criteria of the SEP–14 work plans. With respect to the livability criteria, NHLP’s comments generally recommend that the SEP–14 focus more on HUD goals and incorporate the promotion equitable and affordable housing, support for existing communities, and valuing communities and neighborhoods. The NHLP also suggests that a percentage of FHWA funds be set aside for training, that the HUD CDBG and Section 3 offices be informed when a SEP–14 work plan is submitted.

**FHWA Response:** With respect to NHLP’s comments to expand the livability criteria to focus more on HUD goals and to set aside funds for training, the FHWA declines to do so for the reasons discussed in response to NHC’s and TEN’s comments: the promotion of affordable housing, while a laudable goal, is not the focus of FHWA’s mission and the Federal-aid highway program already administers a training program. With respect to enforcement of HUD’s Section 3 requirements, HUD will continue to administer the CDBG Program and will ensure that the applicable requirements are met. However, the FHWA agrees with NHLP’s comment regarding the notification of HUD regarding the receipt of a SEP–14 work plan and will work with HUD to develop an appropriate protocol.

7. Transportation for America (TFA)

The TFA expressed strong support for the SEP–14 approach. The TFA suggests strengthening the criteria for evaluating livability by requiring applicants to include housing components and to add explicit language regarding the eligibility of using Federal funds for On-the-Job Training and Apprenticeship Programs. The TFA further suggests that DOT be explicit about how this SEP–14 eligibility furthers the Nation’s livability goals.

**FHWA Response:** With respect to TFA’s comments to strengthen the livability criteria by including housing components and to clarify eligibility for training, the FHWA declines to do so for the reasons discussed in response to NHC’s, TEN’s, and NHLP’s comments: the promotion of affordable housing, while a laudable goal, is not the focus of FHWA’s mission and the Federal-aid highway program already administers a training program through which training activities will be conducted. Additionally, the FHWA believes that the existing livability criteria is sufficient to show how the project will further livability from a transportation perspective.


Brown and Mitchell, Inc., (Brown and Mitchell) a consulting engineering firm in Mississippi, supports the SEP–14 proposal to harmonize FHWA and HUD contracting requirements. Brown and Mitchell represents local communities who have been required to procure and award construction projects separately because of the conflicting requirements in FHWA and HUD regulations. Brown and Mitchell states that requiring projects to be undertaken under separate contracts due to conflicting regulations is a waste of time and taxpayer money in most cases because it is more efficient to procure the work under a single contract.

**FHWA Response:** Brown and Mitchell provides a good example of what the FHWA is trying to accomplish with this SEP–14 approach. Utilizing SEP–14, the FHWA will be able to examine the potential impacts on competition and whether competition, cost, and overall project efficiency will be enhanced by allowing the HUD funded work and FHWA funded work to be advertised and awarded as part of a single contract. Once we determine that we have enough data, we will consider to what extent a change in the regulations may be warranted.

9. Lincoln County Highway Department

The Lincoln County Highway Department (Lincoln County, Minnesota) concurs with the SEP–14 initiative, and notes that cooperation and streamlining of regulations can save money. However, the Lincoln County Highway Department expresses concern that transportation funds continue to be applied to transportation and not housing.

**FHWA Response:** The FHWA is not altering the eligibility requirements for Federal-aid highway funding. The underlying project subject to a SEP–14 proposal must meet existing program funding eligibility requirements.

10. Joyce Dillard

Joyce Dillard comments that the economic component of the HUD funding is critical to low income areas and that suspension of this component could be devastating.

**FHWA Response:** The FHWA is not proposing to alter the economic component of the HUD funding programs. Rather, the FHWA’s SEP–14 initiative would permit the HUD geographic hiring preferences to be
utilized on a joint FHWA/HUD project rather than requiring separate contracts for the HUD and FHWA funded work.

11. American Road and Transportation Builders Association (ARTBA)
The ARTBA commented that, while they are supportive of efforts to ease the contracting process and reduce delay, ARTBA is concerned that using SEP–14 to projects geared toward livability is inconsistent with the purpose and goals of the SEP–14 program. The ARTBA also expresses concern that the HUD and FHWA contracting requirements are designed for distinct and different purposes in that the HUD requirements are geared toward ensuring employment and economic opportunity while FHWA’s are intended to ensure cost-efficient and timely delivery of highway project. Allowing the incorporation of HUD’s hiring preferences would represent a major policy change and undermine the time-tested open and competitive bidding process.

Additionally, ARTBA expresses concern that transportation funds are not diverted toward non-transportation purposes, and that joint FHWA/HUD contracts could lead to participation by contractors who are not prequalified to do highway work.

**FHWA Response:** The primary objective of the SEP–14 initiative is to determine what contracting efficiencies can be realized by harmonizing the HUD and FHWA contracting requirements. This objective falls within the stated purpose of the SEP–14 program. As highlighted by PennDOT, who has abandoned CBGD money on two projects as a result of these conflicting requirements, and by Mitchell and Brown, who provided two examples of projects that were split into separate contracts, there appear to be disincentives for grant recipients to use CBGD funds on otherwise eligible Federal-aid highway activities and inefficiencies in forcing recipients to award separate contracts to resolve the issue. It is possible that competition can actually be enhanced when a single contract is used. The FHWA’s primary intent behind this SEP–14 initiative is to evaluate the contracting efficiencies and inefficiencies associated with joint FHWA/HUD projects.

With respect to livability, it is the DOT’s policy to promote projects that further livability, and the FHWA has set out some criteria for what the agency is looking for with respect to livability. We believe that the inherent nature of projects that qualify for HUD funding most likely satisfy the livability criteria. However, the fact that a project may be a livable project does not make it any less transportation oriented. As stated above, the primary purpose of this SEP–14 initiative is contracting efficiency. However, the FHWA would also like know whether these projects that are jointly funded by FHWA and HUD further livability.

With respect to ARTBA’s concern about the possible diversion of transportation funding to non-transportation projects, and as explained in response to the comments from the Lincoln County Highway Department, the underlying project subject to a SEP–14 proposal must meet existing highway program funding eligibility requirements. The FHWA will not allow highway funds to be diverted to housing projects. Also, with respect to the concern that contractors who are not prequalified to do highway work may be awarded construction contracts, prequalification has always been, and continues to be, a State department of transportation matter. The States will continue to be responsible for establishing the qualification requirements for contractors doing highway work.

12. Maryland Department of Transportation (MDOT)
The MDOT commented that it supports the goals of this SEP–14 initiative to enhance the coordination of the Federal-aid Highway Program with grant programs administered by HUD and EPA. The MDOT further noted the following observations related to the initiative: (1) The FHWA should explore how HUD provisions might be extended to transit projects; (2) MDOT will ensure that, in light of this initiative, it does not create a bias in favor of urban projects over rural projects; (3) the notice is unclear regarding the extent to which HUD planning requirements apply; (4) the initiative should include mechanisms to help recipients identify and monitor HUD Section 3 performance; (5) the FHWA should issue guidance on HUD reporting requirements; (6) the State may need to amend its existing procurement law and minority preference programs in order to take advantage of this SEP–14 initiative; The use of this SEP–14 initiative is not mandatory. States wishing to participate should first ensure that doing so is consistent with State requirements.

(7) The livability factors should be amended to include the degree to which the project enhances access to public transit: The livability factors already address the extent to which the project will enhance user mobility through the creation of more convenient transportation options and whether the project will improve existing transportation choices by enhancing modal connectivity. The FHWA believes that these factors already encompass the degree to which a project may, among other things, enhance access to public transit.

**SEP–14 Initiative**
The FHWA has decided to permit States to request SEP–14 approval for contracting practices intended to enhance livability and sustainability as part of any project that is to be jointly funded with HUD. In order to receive SEP–14 approval, States should follow
the normal process and submit work plans to the appropriate FHWA division office. For more information on the SEP–14 process, please see: http://www.fhwa.dot.gov/programadmin/contracts/sep_a.cfm.

In particular, with respect to projects involving activities that otherwise meet the requirements for the use of FHWA and HUD funds, States may experiment under SEP–14 with combining these funding sources for single, integrated projects that are procured and bid under a single contract while complying with training, employment, and contracting requirements of HUD’s Section 3, to the greatest extent feasible. The purpose of the experiment is to gauge the extent to which HUD funding may be used for highway projects, the effects on competition whenever HUD’s economic opportunity requirements are used on a joint FHWA/HUD project, and the extent to which the alignment of FHWA and HUD requirements further livability.

The FHWA will only consider the possible use of HUD’s economic opportunity requirements under SEP–14 in the context of a joint FHWA/HUD project and only to the extent necessary to comply with applicable HUD statutes. The FHWA will not consider the use of such preferences unless necessary to meet the requirements of a Federal grant-in-aid program.

In developing their work plans, States should address, at a minimum, the following points:

1. Competition
   a. States should describe how they will evaluate the effects of HUD’s economic opportunity requirements on competitive bidding. In doing so, the States may wish to compare the bids received for the proposed project to prior projects of similar size and scope and in the same geographic area.
   b. States should quantify and report on the expected economic benefits from advancing the joint FHWA/HUD project under a single contract.
   c. States wishing to utilize SEP–14 to permit the use of HUD-required hiring preferences on joint FHWA/HUD projects should identify the amount of HUD and FHWA funding involved in the project as well as the estimated total project cost. In order to qualify for a SEP–14 approval to use a geographic preference for a joint FHWA/HUD project, the amount of HUD funding involved with the project must be at least 10 percent of the amount of Title 23 eligible work, or with respect to project finances with $100,000,000 or more in Federal funding in the aggregate, 5 percent of such eligible work. In any event, the FHWA may reject SEP–14 work plans for projects with only de minimis amount of HUD funding.
   d. States should address whether the HUD provision at issue conflicts with FHWA regulations and is necessary to meet HUD program requirements.
   e. The work plan should address the degree to which the project enhances livability and sustainability.

2. Livability
   Livability investments are projects that not only deliver transportation benefits, but are also designed and planned in such a way that they have a positive impact on qualitative measures of community life. This element of long-term outcomes delivers benefits that are inherently difficult to measure. However, it is implicit to livability that its benefits are shared and therefore magnified by the number of potential users in the affected community.
   The workplan should provide a description of the affected community and the scale of the project’s impact. Factors relevant to whether a project improves the quality of the living and working environment of a community include:

   a. Will the project significantly enhance user mobility through the creation of more convenient transportation options for travelers?
   b. Will the project improve existing transportation choices by enhancing points of modal connectivity or by reducing congestion on existing modal assets?
   c. Will the project improve accessibility and transport services for economically disadvantaged populations, non-drivers, senior citizens, and persons with disabilities, or to make goods, commodities, and services more readily available to these groups?
   d. Is the project the result of a planning process which coordinated transportation and land-use planning decisions and encouraged community participation in the process?

3. Sustainability
   Sustainability refers to whether a project promotes a more environmentally sustainable transportation system. The workplan should address the following issues relevant to sustainability:

   a. Does the project improve energy efficiency, reduce dependence on oil and/or reduce greenhouse gas emissions? Applicants are encouraged to provide quantitative information regarding expected reductions in emissions of CO2 or fuel consumption as a result of the project, or expected use of clean or alternative sources of energy. Projects that demonstrate a projected decrease in the movement of people or goods by less energy-efficient vehicles or systems will be given priority under this factor.
   b. Does the project maintain, protect or enhance the environment, as evidenced by its avoidance of adverse environmental impacts (for example, adverse impacts related to air quality, wetlands, and endangered species) and/or by its environmental benefits (for example, improved air quality, wetlands creation or improved habitat connectivity)?
   c. Does the project further the goals of the DOT, HUD, and EPA Sustainable Communities Partnership discussed above?

Issued on: June 21, 2010.
Victor M. Mendez,
Administrator.
[PR Doc. 2010–15438 Filed 6–24–10; 8:45 am]
BILLING CODE 4910–22–P

DEPARTMENT OF TRANSPORTATION
Federal Aviation Administration

Seventh Meeting—RTCA Special Committee 220: Automatic Flight Guidance and Control

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of RTCA Special Committee 220: Automatic Flight Guidance and Control meeting.

SUMMARY: The FAA is issuing this notice to advise the public of a meeting of RTCA Special Committee 220: Automatic Flight Guidance and Control.

DATES: The meeting will be held July 13–15, 2010. July 13th and 14th from 9 a.m. to 5 p.m. and July 15th from 9 a.m. to 2 p.m.

ADDRESSES: The meeting will be held at the Bourbon Orleans Hotel, 717 Orleans Street, New Orleans, LA 70116, Phone: 504–571–4687, Fax: 504–525–8166, E-Mail: http://www.bourbonorleans.com.


SUPPLEMENTARY INFORMATION: Pursuant to section 10(a)(2) of the Federal Advisory Committee Act (Pub. L. 92–463, 5 U.S.C., Appendix 2), notice is hereby given for a Special Committee 220: Automatic Flight Guidance and