



# Memorandum

Subject: **INFORMATION:** Eligibility of Public  
Outreach Costs Related to All-Electronic  
Tolling Implementation

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In Reply Refer To:  
HIPA-10

To: Associate Administrators  
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All-electronic tolling (AET), also known as open road tolling (ORT), uses electronic toll collection (ETC) systems to charge tolls on a facility without the need for a motorist to stop at a toll booth. This memorandum provides guidance on the eligibility of AET systems for Federal-aid highway funds.

Toll authorities conduct AET through the use of vehicle-mounted transponders and/or cameras to capture license plate images. Gantries suspended above the roadway record the transponders or photograph the license plates as vehicles pass beneath at free-flow speeds, allowing the authority to charge the toll to the appropriate motorist.

Federal-aid highway funds may be used to implement an AET system on any toll facility eligible under Title 23, including the capital costs for construction and the public outreach costs associated with educating the traveling public on how to use the system, provided the activities are necessary to meet the objective of the Federal award.

In reviewing such costs for eligibility, division offices should ensure that these costs conform with allowable advertising and public relations costs under 2 CFR 200.421(b)(4) and (d)(3). The period of eligibility for public outreach costs is limited to the development phase and to the initial implementation phase of AET on a facility until steady-state operations begin, typically within the first 6 months of operation. The division office and the project sponsor should establish this time period and the end date for eligibility before procuring public outreach services.

The attached document provides further detail on the eligibility of public outreach costs for the implementation of AET systems. For questions on this guidance, please contact one of the following:

- David Bartz, HIPA-10, at 512-536-5906
- Bob Rupert, HOTM, at 202-366-2194
- Mark Sullivan, HIN, at 202-366-5785

Attachment

## **Eligibility of Public Outreach Costs Related to All-Electronic Tolling Implementation**

### **Background**

All-electronic tolling (AET), also known as open road tolling (ORT), uses electronic toll collection (ETC) systems to charge tolls on a facility without the need for a motorist to stop at a toll booth. Toll authorities conduct AET through the use of vehicle-mounted transponders and/or cameras to capture license plate images. Gantries suspended above the roadway record the transponders or photograph the license plates as vehicles pass beneath at free-flow speeds, allowing the authority to charge the toll to the appropriate motorist.

Compared to traditional toll booth systems, AET reduces the labor and land required to collect revenue, significantly decreasing the operating costs of toll facilities. By enabling the free-flow of traffic, AET also reduces congestion, enhances safety, and improves fuel economy. In addition, AET permits agencies to implement dynamic pricing and congestion-management strategies that are not feasible with traditional toll collection. Due to these significant benefits, the FHWA has encouraged project sponsors to adopt AET. In fact, FHWA's ETC regulation (23 CFR 950.5) requires projects that received tolling authority under the Value Pricing Pilot Program to use this technology. The adoption of AET has been widespread on Federal-aid (and all other) toll facilities throughout the United States since its introduction on the Dallas North Tollway in 1989.

Implementation of AET requires careful consideration of the operational and policy goals of tolling the facility as well as appreciation of the needs of users. Public outreach activities that inform motorists of the upcoming implementation of AET are vital to the efficiency, reliability, and safety of the roadway in question. Public outreach efforts to increase awareness of a new AET facility can help motorists learn how to use the roadway and assist them in making routing choices, improving both efficiency and safety. For example, public outreach activities that raise awareness of the benefits and availability of AET transponders may result in more road users obtaining such transponders, thereby mitigating potential congestion and safety issues associated with new user confusion.

The Surface Transportation Block Grant Program provides for “operational improvements and capital and operating costs for traffic monitoring, management, and control facilities and programs” (23 U.S.C. 133(b)(2)), and “projects and strategies designed to support congestion pricing, including electronic toll collection and travel demand management strategies and programs” (23 U.S.C. 133(b)(12)).

The National Highway Performance Program allows Federal-aid highway funds to be used for “capital and operating costs for traffic and traveler information monitoring, management,

and control facilities and programs” for facilities on the National Highway System (23 U.S.C. 119(d)(2)(J)). The costs of informing and educating the traveling public about the use of a newly implemented AET system may constitute an operating cost of a control facility.

Public outreach costs “to keep the public informed on matters of public concern,” are allowed under 2 CFR 200.421(d)(3). To the extent that public outreach costs are related to safe, convenient, and efficient use of the facility, they fulfill a significant public purpose. Federal-aid highway funds may be used to implement an AET system on any toll facility eligible under Title 23, including the capital costs for construction and the public outreach costs associated with educating the traveling public on how to use the system, provided that the activities are necessary to meet the objective of the Federal award.

In reviewing such costs for eligibility, FHWA division offices should ensure that such costs conform to allowable advertising and public relations costs under 2 CFR 200.421(b)(4) and (d)(3). Specifically, the period of eligibility for public outreach costs is limited to the development phase and to the initial implementation phase of AET on a facility until steady-state operations begin, typically within the first 6 months of operation. The division office and the project sponsor should establish this time period and the end date for eligibility before procuring public outreach services.

While there is no specific rule for these public outreach costs, extending eligibility for public outreach costs beyond the typical 6-month implementation period would primarily benefit the owner-operator of the toll facility and thus would likely be treated as non-eligible operating costs that do not benefit the Federal-aid highway program. Where the project sponsor and State DOT seek to charge outreach costs to Federal-aid beyond the typical 6-month implementation period, the division office should review the proposal, make a determination that the work and the costs are necessary and reasonable for successful accomplishment of the AET facility, and document that determination.