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## OFFICE MEMORANDUM

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**DATE:** June 5, 2018

**TO:** Metropolitan Planning Organizations  
Regional Planning Agencies  
Rural Task Force Members  
County Road Commissions  
Michigan Municipal League  
MDOT Local Agency Program  
MDOT Statewide Planning Section Staff

**FROM:** David E. Wresinski, Director   
Bureau of Transportation Planning

**SUBJECT:** Use of Surface Transportation Program Rural Funds and Rural Task Force  
Federal Funds on Adjusted Census Urban Boundary Area Border Roads

**Executive Summary:**

The Federal Highway Administration (FHWA) and the Michigan Department of Transportation (MDOT) will allow the use of Surface Transportation Program (STP) Rural funds (STP Rural) and Rural Task Force (RTF) federal funds (RTF STP) on roads that make up the border of an Adjusted Census Urban Boundary (ACUB).

**Background:**

Historically, the RTF federal funds were made up of approximately 75 percent STP Rural and 25 percent Economic Development Fund (EDF) - Conservation and Development (C&D) federal funds. Under the Moving Ahead for Progress in the 21<sup>st</sup> Century Act, there were no new allocations of EDF-C&D federal funds because the federal fund (Equity Bonus) behind them no longer existed. To maintain a consistent level of funding for the program, MDOT replaced the EDF-C&D federal funds with STP Flexible funds.

RTF STP funds are made up of approximately 75 percent STP Rural and 25 percent STP Flexible funds. Although there is a small portion of STP Flexible funding as part of the RTF program, the understanding is (and always has been) that these flexible funds are to be used on roads with rural classification and follow the same rules as the STP Rural funding. This includes any RTF STP funds obtained through participation in the Local Federal Fund Exchange Program.

Michigan roads that make up the border of an ACUB are classified as urban roadways. This is described in MDOT's *Guidelines for Proposed Adjusted Census Boundaries*, "Wherever the ACUB follows a highway, road or street, that road shall be considered urban." The classification  
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of these border roads will remain urban. Because FHWA does not allow STP Rural funds to be utilized on roadways with an urban classification, it was the interpretation of MDOT staff that the STP Rural funds could not be used on ACUB border roads.

**Decision:**

MDOT has recently received guidance from FHWA that defines the ACUB border roads as a special case, for which the use of STP Rural funding is allowed. MDOT concurs and will support this guidance.

If you have any questions, please contact either me or John Watkin, Manager, Statewide Planning Section, at 517-373-9038.

cc: John Watkin

BTP:STPD:JW:jlh