9. CALL FOR PARTNERS GUIDELINES FOR THE COMMUTER AND TRANSIT PILOT PROGRAM

BACKGROUND

The Commuter and Transit Pilot Program is supported by Congestion Mitigation and Air Quality (CMAQ) funds through an Advance Funding Agreement with TxDOT. This program helps launch innovative transit and transit supportive solutions that reduce vehicle emissions and vehicle miles traveled across the eight-county Metropolitan Planning Area. Since 1999, H-GAC has partnered with local transit agencies, cities, counties, and management districts to launch pilot projects that have expanded into permanent regional service, significantly improving long-term mobility.

Through a competitive Call for Partners, H-GAC collaborates with eligible sponsors to plan, fund, and implement new or expanded transportation services. H-GAC staff evaluates all proposals to ensure alignment with federal CMAQ eligibility, regional transportation goals, and long-term operational sustainability.

Selected pilots are supported for up to three to five years depending on the funding structure elected by the sponsoring agency. Once the pilot period ends, sponsors transition successful services to alternative funding sources for long-term operations. Historically, the program required project sponsors to provide a 20% local match. The current funding structure for the project, as approved by the Transportation Policy Council, provides Transportation Development Credits (TDC) as a match.

CURRENT SITUATION

Through the most recent Advance Funding Agreement (AFA) with TxDOT, the Commuter and Transit Pilot Program expects to release a Call for Projects and to award up to two (2) new pilot projects next year. The proposed call for projects introduces two policy refinements: transitioning to an annual call to remain responsive to regional needs; and replacing the traditional 20% local match with a 10% local contribution, since the AFA is now matched with TDCs. This contribution will be used to support transportation planning activities approved by TPC in the Unified Planning Work Program and the work of the regional transportation demand management program, Commute Solutions in accordance with H-GAC guidelines.

Staff presented this item to the Regional Transit Coordination Subcommittee (RTCS) during their regularly scheduled October 8, 2026, and also made presentations to TAC and TPC to request feedback regarding the updated program guidelines. Staff continued gathering feedback throughout the month of October in preparation for TAC and TPC action in November 2026. Staff anticipates hosting a preproposal workshop and opening the call for partners in January 2027.

ACTION REQUESTED

TPC approval of the new Call for Partners Guidelines for the Commuter and Transit Pilot Program.

2027 CALL FOR PARTNERS

CONGESTION MITIGATION & AIR QUALITY (CMAQ)
COMMUTER AND TRANSIT PILOT PROGRAM
REQUEST FOR OPERATING PROJECTS

PURPOSE

The Houston-Galveston Area Council (H-GAC) expects the Metropolitan Planning Area (MPA) population to exceed 11 million by 2045, with growth concentrated outside Beltway 8 and SH-99. The U.S. Environmental Protection Agency has designated the region a nonattainment area for ozone under the National Ambient Air Quality Standards. H-GAC recognizes the need for innovative pilot projects to address diverse needs and improve transportation services while leveraging financial resources to reduce vehicle miles traveled and ozone precursor emissions, including nitrogen oxides (NOx) and volatile organic compounds (VOC).

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GOALS

H-GAC seeks to address congestion and air quality challenges affecting the eight-county Metropolitan Planning Area (MPA) through pilot transportation projects with measurable air quality benefits. Projects should demonstrate effectiveness and impacts on sustainability. H-GAC seeks to maximize the number and breadth of pilot projects to impact regional congestion and air quality.

OBJECTIVES

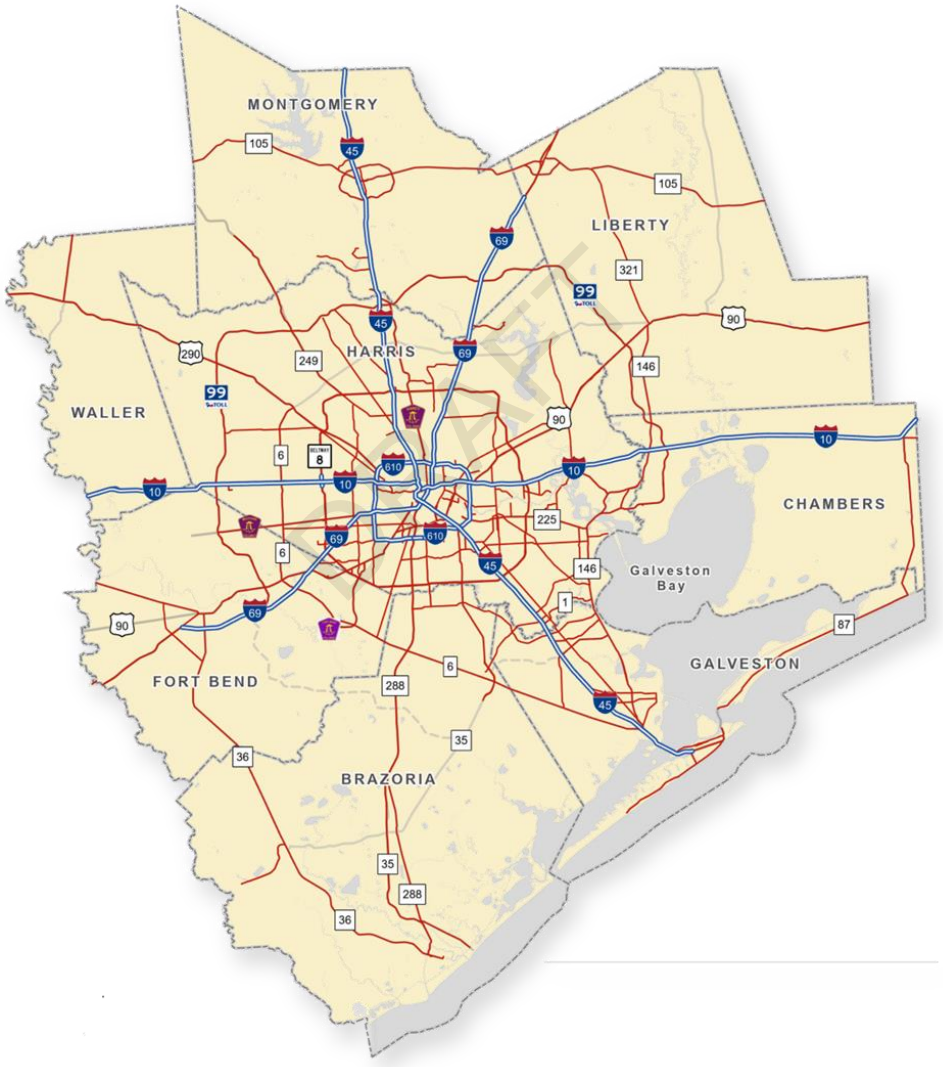
The objective of the program is to support new or expanded transit and transit-supportive solutions that positively impact air quality. This may include:

- Commuter bus, fixed route services
- Reverse commuter services connecting workforce populations to major employment centers located in suburban growth corridors and regional activity centers outside the central business district.
- Use of low-emission or zero-emission vehicles where feasible.
- Microtransit or micromobility services for specific service areas
- Intracity bus service to smaller communities
- Regional vanpool services
- Carshare and bikeshare programs
- First-mile and last-mile services such as shuttles

H-GAC may consider other innovative projects if they meet federal Congestion Mitigation and Air Quality (CMAQ) standards for improving air quality and reducing regional vehicle miles traveled (VMT).

COMMUTER AND TRANSIT PILOT PROGRAM SERVICE AREA

Services must start or end within the service area and primarily serve those who live, work, or attend school within the service area. Operating projects must be associated with the support or service delivery in the eight-county Metropolitan Planning Area, shown below.



ELIGIBILITY AND FUNDING

Eligible applicants: Local governments, public agencies, and nonprofits.

The 2027 annual CMAQ Commuter Pilot Project expects to award up to two (2) new pilot projects that can demonstrate project readiness in 2028.

Typical award range: $2 – $2.5 million per project
Maximum funding per project: $3 million (over 1–5 years)
Total available funding: $6 million

Projects may receive CMAQ funding for a period of up to three to five years, depending on whether the applicant selects the standard pilot structure that allows up to three years of funding or the extended (step-down) funding approach. Both are described below.

Standard Funding Scenario / Requirements (3-Year Pilot Model)

The Standard Funding Scenario serves as the baseline for CMAQ-funded commuter and transit pilot projects. This approach involves projects designed to operate as a pilot for up to three years.

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Funding Structure
Under the standard scenario:

- **Year 1:** 100% federal funding
- **Year 2:** 100% federal funding
- **Year 3:** 100% federal funding

In lieu of a 20% local match, sponsors will contribute 10% of net operating costs to the Houston-Galveston Area Council's Regional Excellence Fund prior to contract execution each year.

Sponsor Contribution Requirements
Under the Standard Funding Scenario, the sponsor must:

1. Contribute 10% of federal grant award annually to the Regional Excellence Fund.
2. Demonstrate the ability to operate and manage the project contract period.
3. Submit required financial information showing anticipated:
    - Ridership
    - Revenues
    - Net operating costs
    - Operating assumptions for all three years
4. Provide a letter of commitment signed by the authorized official agreeing to the 10% contribution.
5. Use procurement procedures for vendor selection that comply with federal requirements (if applicable).

Performance & Reporting Requirements

Project sponsors must demonstrate:

- Monthly operational performance data (e.g., ridership, service hours, cost performance)
- Annual reporting on progress toward:
    - Reducing VMT
    - Increasing mobility options
    - Service to priority populations (identified in the Regional Public Transportation Coordinated Plan)
    - Advancing regional transportation goals
-

All expenditures much be 2CFR 200 and CMAQ guidance allowable for reimbursement.

Project Eligibility

Projects must:

- Reduce congestion and/or emissions
- Provide mobility benefits that align with the Regional Transportation Plan and Regional Public Transportation Coordinated Plan
- Coordinate with local transit agencies or regional partners
- Incorporate zero-emission vehicles for capital investments where feasible, especially light-duty fleets; heavy-duty zero-emission vehicles are encouraged but not required.
- Expand accessibility to transportation to those who need it most.

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Intended Outcome

By the start of the final year of the pilot, the project should be positioned to:

- Continue with local or alternative funding sources, or
- Transition into a modified extended (step-down) funding structure (if approved), or
- Sunset if performance metrics or demand do not support continuation

Match Requirements

In lieu of a 20% local match, project sponsors for this Call for Partners are asked to contribute a reduced amount—10%—to the Regional Excellence Fund to support travel demand management education and outreach initiatives and other activities approved by the Transportation Policy Council in the Unified Planning Work Program.

For this Call for Partners,

- 100% federal CMAQ assistance for net operating costs; and
- A 10% local sponsor contribution to the Regional Excellence Fund

NOTE: The historical 20% local match is not applicable for this Call for Partners.

Funding Schedule (3 years):
Year 1: 100%
Year 2: 100%
Year 3: 100%

Extended Funding Approach (Step-Down, up to 5 Years)

In addition to the Standard Funding Scenario, sponsors may request an Extended Funding Approach using a structured step-down model. This approach allows projects to continue beyond the standard three-year period, up to a maximum of five years.

Step-Down Requirements

- Federal participation in Years 3–5 may not exceed the higher of the Year 1 or Year 2 funding levels.
- Step-down plans must clearly describe how the project will transition toward long-term sustainability, including anticipated local funding, partnerships, or operational adjustments.

Purpose of the Step-Down Option

The step-down structure is intended for projects that:

- Demonstrate strong early performance
- Require additional time to secure long-term funding
- Benefit from a gradual reduction of federal support rather than an abrupt cutoff

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Example Step-Down Funding Structures sourced from Federal Highway Administration CMAQ Guidance)

Example	Year 1	Year 2	Year 3	Year 4	Year 5	Total
A	$300	$300	$200	$50	$50	$900
B	$300	$300	$100	$100	$100	$900
C	$100	$400	$200	$100	$100	$900

These examples illustrate a declining federal share after Year 3, while keeping Years 3–5 at or below the initial funding levels.

PROJECT PROPOSAL

Applicants should coordinate their Commuter and Transit Pilot projects with transit agencies and local governments to ensure added value to the regional transit network and mobility system. Reducing emissions and regional vehicle miles traveled is essential. Narratives must address:

• How the program aligns with the Regional Transportation Plan and Regional Public Transportation Coordination Plan

• How it meets the stated goals and objectives of the Commuter and Transit Pilot Program

Each project proposal must include information about:

- Service details (routes/zones, runs, hours of service)
- Provider of service and procurement process
- Qualifications of provider and staff
- Fares and payment methods
- Estimated ridership (monthly Year 1, annually Years 1–5)
- Plan for sustainability beyond pilot funding
- Completion of Attachment A spreadsheet

For subscription-based services (e.g., bikeshare, carshare): proposals must detail service locations, number of vehicles, hours of operation, staging and deployment, rental/subsidy structure, maintenance and service level standards (i.e., removing and repairing damaged, deficient, unclean or unusable vehicles), customer service, and program sustainability in an Operational Plan.

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MARKETING PLAN

An effective marketing plan is essential to the success of any pilot project. Each project should include a marketing strategy tailored to its service and target market. It is recommended that 2–5% of first-year grant funds be dedicated to a media campaign, as ridership and participation are typically lower during the initial year. Please include a detailed marketing plan in your proposal.

PROJECT FEASIBILITY

Each pilot project will face unique uncertainties, risks, and challenges. In evaluating applications, H-GAC places strong emphasis on program feasibility and long-term viability. Project sponsors should clearly demonstrate how the service will remain sustainable beyond the pilot funding period.

ACCESSIBLE TRANSPORTATION

Transportation accessibility ensures fairness in mobility to meet the needs of all community members. These include:

- Low-income individuals
- Minority populations
- Older adults
- Families or caregivers with children
- Persons with limited English proficiency
- Persons with disabilities

MULTIAGENCY AND PROJECT PARTNERSHIPS

Partnerships that enhance project success and scope are encouraged.
Private providers cannot apply directly but may participate under procurement agreements consistent with federal guidelines.

IDENTIFICATION OF FUNDING SOURCES

Applicants must contribute 10% to the Regional Excellence Fund.

Each application must include a signed letter of commitment from the operating officer of the applicant's agency.

PROJECT COST ITEMS

Applicants must provide a 5-year Operating and Financial Statement with ridership, revenues, and cost projections to demonstrate financial sustainability. Please complete the Financial and Management Plan spreadsheet below with year-by-year ridership, revenue, and cost projections for your proposed pilot project. This information will help H-GAC evaluate the project's long-term sustainability.

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AIR QUALITY REQUIREMENTS

The Houston-Galveston Metropolitan Planning Area (MPA) has been designated a nonattainment area for ozone by the U.S. Environmental Protection Agency. Motor vehicles contribute to ozone formation through emissions of nitrogen oxides (NOx) and volatile organic compounds (VOC). Reducing these emissions through lower vehicle miles traveled (VMT), improved traffic efficiency, or shifts to alternative transportation modes is a key objective of the CMAQ program.

Project sponsors must clearly identify how their proposal will contribute to improved air quality. Applications should describe how the project will reduce ozone formation by demonstrating quantifiable decreases in NOx and VOC emissions. H-GAC will evaluate this information and conduct its own emissions analysis to confirm emission reduction estimates. Operating projects using zero-emission or low-emission vehicles are encouraged where feasible.

Emissions Analysis

All applicants must provide:

- Vehicle year, make, model
- Engine type/fuel type
- Passenger capacity (if applicable)

This information is required by all applicants and will be used to verify air quality benefits and compliance with CMAQ program requirements.

DELIVERABLES

Selected projects will be required to enter into a project agreement with H-GAC and provide the following deliverables:

- Procurement documentation for service operation, as applicable
- Executed contracts within 30 days of execution
- Project Management Plan and Gantt chart updates
- Monthly task progress reports with invoices
- Annual evaluation reports
- Public engagement plan (PEP)
- Program purchase list of materials and equipment
- Any other documentation requested by MPO staff as needed

NOx and VOC emissions report monthly

CRITERIA FOR EVALUATION

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All applications will be evaluated using a 100-point scoring framework. Scores will inform funding recommendations; however, final selections will consider overall program goals, funding availability, geographic distribution, and policy priorities.
The following criteria will be used:

1. Project Justification (5 points)

- Identification of transportation needs
- Description of how the service addresses those needs

2. Project Concept and Approach (20 points)

- Clear purpose, goals, and outcomes
- Stakeholder coordination
- Detailed service description
- Implementation schedule
- Marketing strategy
- Innovation

3. Air Quality and Congestion Reduction (30 points)

- Reduction in VMT
- Increase in PMT
- Estimated emissions reduction (NOx/VOC)
  (Emissions calculations will be performed by H-GAC staff)

4. Financial Sustainability (30 points)

- Five-year Financial & Management Plan
- Step-down transition strategy (if applicable)
- Long-term funding strategy

5. Additional Considerations (15 points)

- Multi-agency partnerships
- Service replication potential
- Economic development support
- Service to segments of the community that have historically demonstrated high need for transit service

- Access to the Regional Emergency Ride Home Program through Commute Solutions and/or provider sponsored Emergency Ride Home Service (2027)

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FINANCIAL AND MANAGEMENT PLAN

Data	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Days of Service per Year						
Daily Passengers (Unlinked Trips)						
Annual Passengers						
Daily Passenger Miles Travelled						
Annual Passenger Miles Travelled						
Daily Vehicle Hours						
Annual Vehicle Hours						
Expenses						
Operating Expenses						
Marketing Expenses						
Administrative Expenses						
Total Gross Expenses						
Funding/Revenues						
Total Gross Expenses						
Fare Charged (average)						
Farebox Revenue (Annual Passengers times average fare)						
Net Expenses						
CMAQ Funding Levels						
CMAQ Funding Dollars Year 1-3						
Local/Non CMAQ Funding Level						
Local Funding Dollars Year 1 -3						
Total Funding Dollars Years 1-3						

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Data	Year 1	Year 2	Year 3	Year 4	Year 5	Total
% Federal Funding Year 4 + 5						
$ Federal Funding Year 4 + 5						
% State Funding Year 4 + 5						
$ Federal Funding Year 4 + 5						
% Local Funding Year 4 + 5						
$ Local Funding Year 4 + 5						
% Other Funding Year 4 + 5						
$ Other Funding Year 4 + 5 (Total)						
Describe other funding source (s)						
Total Funding Year 4 + 5						

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