

**Congestion Reduction Demonstration Agreement**  
by and between the  
**U.S. Department of Transportation**  
and its Chicago-area Congestion Reduction Partners

**Executive Summary**

This Congestion Reduction Demonstration Agreement sets forth an agreement in principle between the U.S. Department of Transportation (the "Department") and the Department's Chicago-area Congestion Reduction Partners (the "Partner Agencies"), comprised of the City of Chicago and the Chicago Transit Authority. Under this agreement, the Partner Agencies agree to implement the following projects and policies, each as further described in Section 4 of this agreement: (i) approximately 10.2 route miles of dedicated Bus Rapid Transit ("BRT") service in the City of Chicago; (ii) a pay-for-use system to manage on-street loading zones; (iii) a peak period surcharge on off-street non-residential parking; and, (iv) a variable pricing plan for metered on-street parking. In addition, the Partner Agencies agree that, unless otherwise provided in this agreement, all such projects and policies will be in operation and effect, respectively, by not later than April 30, 2010. In exchange for these commitments, the Department will allocate approximately \$153.1 million in Federal grant funding to support the project described in item (i) above pursuant to a grant agreement (or a series of grant agreements) to be negotiated by the Department and the Partner Agencies. As a condition of such Federal funding, the Partner Agencies (or their designees) will fund and implement the projects and policies described in items (ii) through (iv).

**Memorandum of Understanding**

**THIS MEMORANDUM OF UNDERSTANDING** (this "MOU"), dated as of April 29, 2008, is made by and among the Secretary of Transportation (the "Secretary"), the Federal Transit Administration ("FTA"), the Research and Innovative Technology Administration ("RITA") (FTA, RITA and the Secretary, collectively, the "Department"), and the undersigned State, county and/or municipal governmental entities, as the case may be (collectively, the "Partner Agencies").

**1. Agreement in Principle.** This MOU sets forth an agreement in principle among the undersigned concerning the terms and conditions of Federal assistance to be provided by the Department for the transportation projects described herein. This MOU represents solely the intent of the parties (including, without limitation, the intent of the Department to allocate funds as set forth in Section 4(a) of this MOU), and no party shall be legally bound hereby. Any agreement between the Department and the Partner Agencies concerning funding of the transportation projects described herein shall be set forth in a grant agreement (or a series of grant agreements) (the "Grant Agreements") to be negotiated and executed by the parties to this MOU. The Department reserves the right in its sole discretion not to fund any of the projects (or any part thereof) described in this MOU or otherwise set forth in the application (the "Application") filed by the Partner Agencies to the Congestion Reduction Demonstration Program (the "CRD Program").

**2. Background.** Transportation system congestion is one of the greatest threats to our Nation's economic prosperity and way of life. Whether it takes the form of trucks stalled in traffic, cargo stuck at overwhelmed seaports, or airplanes stuck on the tarmac, congestion costs the Nation an estimated \$200 billion a year. The problem of traffic congestion in our major metropolitan areas in particular is severe and worsening. In 2005, traffic jams in the Nation's cities cost Americans 4.2 billion hours and 2.9 billion gallons of fuel. Congestion is also affecting the quality of life in America by robbing us of time that could be spent with families and friends and in participation in civic life.

The signatories to this MOU do not believe that gridlock is our inevitable fate. In November 2007, the Department solicited by notice published in the Federal Register (at 72 FR 63951 (2007)) (the "Federal Register Notice") certain metropolitan-area proposals to implement congestion pricing together with complementary transportation solutions, including transit service and innovative technology. In accordance

with the process described in the Federal Register Notice, the Department has selected the Partner Agencies as recipients of Federal assistance in order to support the congestion reduction strategy for the City of Chicago described in the Application.

**3. Designation of Partner Agencies.** In accordance with the Federal Register Notice and for purposes of this MOU, the Department designates each of the following entities a “Partner Agency” (which shall be a “qualified jurisdiction” for purposes of the procedures described in the Federal Register Notice):

- (a) City of Chicago; and
- (b) Chicago Transit Authority.

**4. Grant Agreements.** The Department and the Partner Agencies agree to negotiate a grant agreement (or a series of grant agreements) that would reflect the following terms and conditions:

- (a) **Federal Projects and Sources of Funding.** The Department shall provide funding for each of the following projects (the “Federal Projects”) under the Federal programs and in the amounts provided below, in each case subject to the statutes, regulations and the implementing guidance of the Department that govern such programs and subject to the Partner Agencies’ agreement to commence the Local Projects set forth in Section 4(b):

Project	Source and Amount of Funding
<p><b>Bus Rapid Transit (“BRT”) Projects.</b> The Partner Agencies will implement simultaneously the following BRT projects, each as further described as “Phase I” and “Phase II” in the Application (the “BRT Projects”): (i) 79<sup>th</sup> Street (2 miles), (ii) Chicago Avenue (3.9 miles), (iii) Halsted Street (1.8 miles) and (iv) Jeffrey Boulevard (2.5 miles). In implementing Phases I and II, the Partner Agencies will give priority to the actions set forth on <u>Appendix A</u>.</p>	<ul style="list-style-type: none"> <li>• <b>FTA’s Bus and Bus-Related Facilities Discretionary Grant Program (the “Bus Program”):</b> \$36.9 million in funds appropriated for Fiscal Year 2008 and “prior year” lapsed earmarks (of which \$10.7 million consists of prior year lapsed earmarks currently designated as New Starts funds but which the Department shall re-designate as funds available under the Bus Program pursuant to 49 USC 5309(j)(i), as amended by Section 3011(a) of SAFETEA-LU (Pub. Law 109-59)); and</li> <li>• <b>FTA’s New Starts Program (including the Small Starts and Very Small Starts Program, as applicable (“New Starts”)):</b> \$112.7 million in funds appropriated for Fiscal Year 2007. The Department will reserve through the end of Fiscal Year 2009 approximately \$112.7 million in New Starts funds appropriated in FY2007 and will make such funds available to the City of Chicago (or its designee) for the Federal Projects, provided that such projects (and the project sponsor) satisfy applicable New Starts criteria and other programmatic requirements; provided, further, that the City of Chicago (or its designee) may modify the scope, design and specifications of the Federal Projects to satisfy such criteria and requirements. The Department will use its reasonable best efforts to render a decision on New Starts funding of the Federal Projects prior to the expiration of the exemption under 49 USC 5309(e)(1)(B), as amended by Section 3011(a) of SAFETEA-LU (Pub. Law 109-59), from certain rating criteria available to otherwise qualified projects that receive less than \$25 million in New Starts funding. For purposes of project evaluation and funding under New Starts, there shall be a presumption that each of the BRT Projects is a project separate and distinct from the other projects.</li> <li>• <b>RITA’s Intelligent Transportation Systems Operational Testing to Mitigate Congestion (“ITS-OTMC”) Program:</b> \$3.5 million in funds appropriated when needed and available, but in any event no later than the end of Fiscal Year 2009, subject to appropriation.</li> </ul>

- (b) **Local Projects To Be Implemented by Partner Agencies.** In connection with the implementation of the Federal Projects, the Partner Agencies shall agree to commence the following projects, each as further described in the Application (the "Local Projects"):
- (i) Implementation of a pay-for-use system, with prices varying by time of day or demand, to manage on-street loading zones, consistent with pre-determined occupancy targets that ensure reasonable availability of commercial loading zone space at all times;
  - (ii) Institution of a peak period surcharge on off-street non-residential parking; and
  - (iii) Implementation of a variable pricing plan (with prices varying by level of demand or time of day) and management protocol covering all on-street metered parking owned and currently operated by the Partner Agencies that include the establishment of occupancy goals in each area for applicable spaces that ensures availability at all times, the demonstration of the required authority and approvals, variable charges and other management measures to meet occupancy targets at different times and the supporting analysis to show that implementation is reasonably expected to achieve the occupancy goals at all times.
- (c) **Completion of Projects.** Unless otherwise agreed by the Department and the Partner Agencies, both the Federal Projects and the Local Projects shall be in operation by not later than April 30, 2010. In the event that the action(s) funded in connection with this MOU experience delay due to circumstances beyond the control of the Partner Agencies, the Department may either negotiate an extended completion date or terminate funding for such action(s).
- (d) **Other Terms and Conditions.** Each of the Grant Agreements shall additionally provide that:
- (i) No funds obligated by the Grant Agreements shall be drawn down by the Partner Agencies unless and until:
    - a. all legal authority necessary to implement each of the Federal and Local Projects has been duly adopted and taken effect, which authority shall be adopted and in effect not later than December 31, 2008; and
    - b. the City of Chicago has entered into a long-term concession agreement (or series of long-term concession agreements) for the operation, improvement and maintenance of the metered parking system in the City of Chicago as described in that certain *Chicago Metered Parking System Long-Term Concession Request for Qualifications*, dated as of February 8, 2008, which concession agreement shall be in force and effect not later than December 31, 2008.
  - (ii) The Department reserves the right to de-obligate funds obligated under any of the Grant Agreements (or to require the return of such funds) in the event a recipient breaches or otherwise fails to perform under any of the Grant Agreements;

- (iii) Each Partner Agency makes customary representations to the Department that the Federal Projects comply (or will comply) with all applicable Federal, State and local laws;
- (iv) Each Partner Agency agrees to provide to the Department (and its designees) access to the Federal Projects and all data collected by the recipient with respect to the Federal Projects for purposes of the Department's oversight of the Federal Projects; and
- (v) To the extent requested by the Department, the each Partner Agency agrees to designate an independent third party to perform all program evaluations required by law or as reasonably directed by the Department in order to assist in the evaluation of the Federal Projects.

(e) **Actions Prior to Execution of Grant Agreements.** Prior to the execution of the Grant Agreements, the Department shall have received the following, in addition to usual and customary deliverables:

- (i) A new or amended application to each of the FTA's New Starts Program, the Bus Program and the ITS-OTMC Program, to the extent requested by the Department; and
- (ii) An opinion of counsel from each Partner Agency, satisfactory in form and substance to the Department, concerning the Federal Projects.

**5. Non-Disclosure.** Prior to the public announcement of this MOU by the Secretary, the undersigned agree not to disclose the contents hereof to any third party, except by written agreement of the Department or as required by law.

[Signatures appear on the following page.]

United States Department of Transportation

  
\_\_\_\_\_

Date May 12, 2008

D. J. Gribbin  
General Counsel  
U.S. Department of Transportation

\_\_\_\_\_ Date \_\_\_\_\_

James S. Simpson  
Administrator  
Federal Transit Administration

\_\_\_\_\_ Date \_\_\_\_\_

Paul R. Brubaker  
Administrator  
Research and Innovative Technology Administration

Partner Agencies

\_\_\_\_\_ Date \_\_\_\_\_

Thomas Byrne  
Commissioner  
Chicago Department of Transportation

\_\_\_\_\_ Date \_\_\_\_\_

Ron Huberman  
President  
Chicago Transit Authority

United States Department of Transportation

\_\_\_\_\_ Date \_\_\_\_\_

Authorized Person  
U.S. Department of Transportation

*James S. Simpson*

Date \_\_\_\_\_

James S. Simpson  
Administrator  
Federal Transit Administration

\_\_\_\_\_ Date \_\_\_\_\_

Paul R. Brubaker  
Administrator  
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Partner Agencies

\_\_\_\_\_ Date \_\_\_\_\_

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Commissioner  
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Date \_\_\_\_\_

Ron Huberman  
President  
Chicago Transit Authority

**United States Department of Transportation**

\_\_\_\_\_ **Date** \_\_\_\_\_  
Authorized Person  
U.S. Department of Transportation

\_\_\_\_\_ **Date** \_\_\_\_\_  
James S. Simpson  
Administrator  
Federal Transit Administration

*Cheryl McLennan*  
*for* \_\_\_\_\_ **Date** 4/30/2008  
Paul R. Brubaker  
Administrator  
Research and Innovative Technology Administration

**Partner Agencies**

\_\_\_\_\_ **Date** \_\_\_\_\_  
Thomas Byrne  
Commissioner  
Chicago Department of Transportation

\_\_\_\_\_ **Date** \_\_\_\_\_  
Ron Huberman  
President  
Chicago Transit Authority

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United States Department of Transportation

\_\_\_\_\_ Date \_\_\_\_\_

Authorized Person  
U.S. Department of Transportation

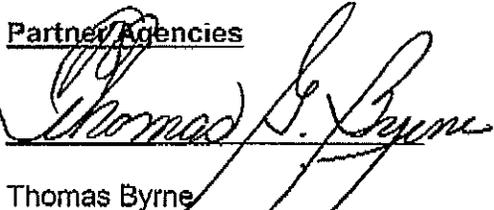
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James S. Simpson  
Administrator  
Federal Transit Administration

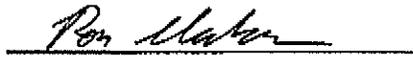
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Paul R. Brubaker  
Administrator  
Research and Innovative Technology Administration

Partner Agencies

  
\_\_\_\_\_ Date 4/29/2008

Thomas Byrne  
Commissioner  
Chicago Department of Transportation

  
\_\_\_\_\_ Date 4/29/08

Ron Huberman  
President  
Chicago Transit Authority

Appendix A<sup>1</sup>

**(A) Implementing Dedicated Bus Lanes** (including (a) striping lanes and modifying curb lane regulations, (b) relocating and/or eliminating bus stops to increase efficiency/travel time of BRT service, (c) maintaining at least the current minimum lane widths for bus, bike and auto as mandated by city ordinance, (d) deploying diamond-shaped symbols on roadway to designate the bus lane, (e) exploring the use of combined bus-bike lanes throughout the BRT network as an objective in accordance with the Chicago 2015 Bike Plan and (f) by the end of Phase II, expanding BRT service beyond the morning and evening peak periods to include all-day operation in the bus-only lanes.

**(B) Implementing Pre-Paid Boarding Mechanisms** (including (a) deploying manned portable fare-collection units at key boarding locations to reduce dwell times via all-door boarding/alighting, and (b) incorporating automated pre-paid boarding areas into transport hubs);

**(C) Implementing Real-time Traveler Information** (including (a) expanding “Bus Tracker” to all bus routes by Q4 2008. Expand travel information display signs at key transfer points and throughout BRT network and (b) incorporating real-time travel information into BRT stations and transport hubs);

**(D) Implementing BRT Service Branding** (including establishing unique system livery and identity by the end of Phase II);

**(E) Implementing Transit Signal Priority (“TSP”)/traffic signal modernization/traffic control aides (“TCAs”)** (including (a) deploying TCAs at key intersections/pinch points to grant bus priority and enforce parking restrictions by the end of Phase I, (b) deploying traffic signal timing/coordination improvements by the end of Phase I, and (c) replacing TCAs with state-of-the-art signal priority by the end of Phase II (including expanding TSP to all signalized intersections and installing TSP at all stop sign-controlled intersections and queue jump locations));

**(F) Implementing BRT/Bus Lane Parking Reconfiguration** (including (a) eliminating on-street parking in BRT lanes during all effective hours, (b) eliminating loading zones that currently allow parking in BRT lanes, and (c) expanding parking capacity on side streets by paving existing parkway space to allow diagonal parking in key locations);

**(G) Implementing BRT/Bus Lane Designation Signals** (including deploying overhead signals along BRT streets to more clearly designate and delineate BRT lanes from general-purpose traffic lanes);

**(H) Implementing Queue Jump Lanes** (including deploying, by the end of Phase II, queue jump lanes and pre-emptive signals at pinch points (congested intersections) to restrict auto traffic and allow BRT service and other CTA bus services to jump traffic queues);

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<sup>1</sup> The terms “Phase I” and “Phase II” have the meanings provided in the Application.

Appendix A (cont'd)

- (I) Implementing Camera Enforcement of BRT/Bus Lanes** (including (a) deploying bus-mounted or other cameras to enforce bus stop and bus lane violations, (b) modifying existing cameras to serve dual purposes, and (c) determining placement for new cameras at locations that yield operational and safety improvements);
- (J) Implementing ITS Standards** (including deploying and conform to the USDOT developed Intelligent Transportation Systems (ITS) standards “Transit Communications Interface Profiles (TCIP)” and “Contactless Fare Media System,” where applicable);
- (K) Implementing Dedicated Hybrid BRT Vehicles** (including deploying newly acquired 60-foot hybrid vehicles as dedicated and uniquely branded BRT fleet vehicles by the end of Phase II);
- (L) Implementing Transit Hubs/BRT stations** (including (a) deploying passenger amenities such as distinctive BRT shelters (i.e., easily recognizable as distinct from other CTA services), signage, lighting, platform heaters, and level boarding, (b) implementing pre-paid boarding areas, (c) planning for the long-term implementation of smart card recharging stations and integrated access to public bicycles and shared cars);
- (M) Implementing Street Resurfacing** (including resurfacing BRT/Bus only lanes, as necessary and in accordance with established resurfacing schedules, by the end of Phase II); and
- (N) BRT Travel Time Savings** (including achieving increased average bus travel speeds of 25 percent by end of Phase I and achieve increased average bus travel speeds of 50 percent by end of Phase II).