

Federal Funding Memo

Review of Changes in Federal Funding Landscape for Public Transportation in 2021

Federal Funding Memo

Review of Changes in Federal Funding Landscape for Public Transportation in 2021

Author(s):

Andrea Arciniegas
Christine Shepherd
Sasha Page

Commissioned by:

Miami's Citizen's Independent Transportation Trust

Place, date:

Washington D.C., 11/8/2021

Status:

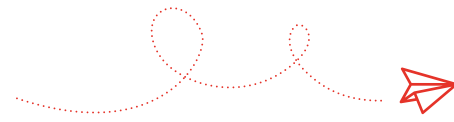
Final

1015 15th St. NW
Suite 600
Washington, DC 20005

www.rebelgroup.com



Table of contents



- 1. Introduction 4**
 - 1.1 Purpose of the Memo 4
 - 1.2 Structure of the Memo 4
- 2. Overview of Existing Federal Funding and Financing Programs for Public Transportation 5**
 - 2.1 Transit Funding Overview 5
 - 2.2 Transit Financing Overview 9
- 3. Miami Dade County’s use of Federal Funding and Financing for its Transit Program 10**
 - 3.1 Formula Programs 10
 - 3.2 Competitive Programs 10
- 4. Proposed Changes to the Federal Funding Structure for Transportation 13**
 - 4.1 Overview of the IJA Funding for Transportation 13
 - 4.1 Transportation Infrastructure: Proposed Changes to Existing Programs and New Programs 14
- Appendix 1 : Further Detail on Existing FTA Grant Programs 26**
 - 1.1 Competitive Grant Programs 26
 - 1.2 Formula Grant Programs 30
- Appendix 2 Further Detail on Federal Highway Administration (FHWA) Funding 35**
 - 2.1 Surface Transportation Block Grant (STBG) program (23 U.S.C. §133) 35
 - 2.2 Congestion Mitigation and Air Quality Improvement Program (CMAQ) – (23 U.S.C. §149) 36
- Appendix 3 : Further Detail of Federal Financing for Infrastructure 38**

Table of Tables

- Table 1: Overview of Existing Funding to Transit Projects 8
- Table 2: Formula Funding Received by Miami Dade County, 2021 10
- Table 3: Funding Miami Dade County has Received from Section 5339b&c, 2016-2021 12
- Table 4: Proposed Changes to Existing FHWA Funding Programs 14
- Table 5: Proposed Changes to Financing Programs 15
- Table 6: New Programs Proposed by the IJA 19
- Table 7: Proposed Changes to Existing Transit Programs 22



1. Introduction

1.1 Purpose of the Memo

We understand that the Office of the Citizens' Independent Transportation Trust (OCITT) seeks to maximize Federal funding and financing opportunities. With the 2021 change in the U.S. presidential administration, OCITT expects new Federal funding priorities for transit. The bi-partisan infrastructure bill, formally known as the **Infrastructure Investment and Jobs Act (IIJA) of 2021**, includes these new Federal funding priorities. The bill passed the U.S. Senate with support from both parties on August 10, 2021. The IIJA passed the U.S. House of Representatives, also with bipartisan support, on November 5, 2021. This memo focuses on how the IIJA will impact the funding levels for transit through existing transit-related grant programs and new grant programs and how this relates to Miami Dade County's use of these funds.

1.2 Structure of the Memo

The memo is structured in three parts:

- Section 2 provides an overview of the existing federal funding and financing landscape for transit.
- Section 3 discusses how Miami has taken advantage federal funding opportunities for its transit plans.
- Section 4 discusses how the new bipartisan infrastructure legislation will impact the existing federal funding legislation, including providing information on what changes are expected in the quantum of funding provided to existing programs as well as new funding programs proposed that are relevant for transit.



2. Overview of Existing Federal Funding and Financing Programs for Public Transportation

The U.S. system of transit grants consists of interwoven funding from federal, state, and local levels. The last time the U.S. Congress approved a significant overhaul to this system was in December 2015, with the passing of the bipartisan-supported Fixing America's Surface Transportation (FAST) Act (Pub. L. No. 114-94). The FAST Act was initially approved for five years, though Congress extended it by one year to September 30, 2021.¹

When first enacted, the \$305 billion Act was the first bill in over 10-years that provided long-term funding certainty (i.e., more than two years) to surface transportation.

While the FAST Act largely maintained the existing program structures and funding shares between highways and transit, it made some changes and reforms, including:

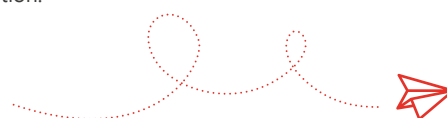
- **Creating the “Innovative Finance Bureau”:** The FAST Act established a “National Surface Transportation and Innovative Finance Bureau” within the Department of Transportation. It was to serve as a one stop shop for state and local governments to receive federal funding, financing, or technical assistance.
- **Making changes to the Transportation Infrastructure Finance and Innovation Act (TIFIA Program):** Of note for transit investments, it made ‘Transit Oriented Development’ (TOD) projects of at least \$10 million or more, eligible for TIFIA credit assistance. TOD projects were defined as “a project to improve or construct public infrastructure that is located within walking distance of, and accessible to a fixed guideway transit facility, passenger rail station, intercity bus station, and/or intermodal facility”.
- **Reinstating the popular bus discretionary grant program (49 U.S.C. 5339):** The Grants for Buses and Bus Facilities Program makes Federal resources available to States and designated recipients to replace, rehabilitate and purchase buses and related equipment and to construct bus-related facilities, including technological changes or innovations to modify low or no emission vehicles or facilities. Funding is provided through formula allocations and competitive grants. A sub-program provides competitive grants for bus and bus facility projects that support low and zero-emission vehicles.

2.1 Transit Funding Overview

2.1.1 Federal Transit Administration (FTA) Funds

Most federal-level assistance to public transportation is provided through the **public transportation program** administered by the **Department of Transportation’s (DOT’s) Federal Transit Administration (FTA)**. The public transportation program was authorized from FY2016 through FY2020 (\$12.2 billion per year) as part of the **FAST Act** and extended by one year as part of the Continuing Appropriations Act, 2021 (\$12.6 billion for FY2021) and Other Extensions Act (P.L. 116-159).

¹ While the IIJA was being debated in the U.S. House of Representatives in October 2021, FAST Act funding was extended for another month beyond September 30, 2021 through a continuing resolution.



The program focuses on **capital expenditures**, but also supports operational expenses in some circumstances, as well as safety oversight, planning, and research.

FTA grants can be divided into two categories: **competitive** (discretionary funding) and **formula** programs. All FTA program funds come with **minimum local match requirements**, generally at 20% for capital activities. Local match cannot come from other U.S. DOT funding or from farebox revenue.”²

All grants have post-award reporting requirements and involve FTA oversight review: the two comprehensive reviews are the Triennial Review (S.5307 recipients) and the State Management Review (S.5311 and S.5310 recipients).

The larger grant programs overseen by FTA include:

1. Capital Investment Grants (49 U.S. Code §5309)
2. Urbanized Area Formula Grants (49 US §5307 and §5336)
3. Rural Area Formula Grants (49 USC §5311)
4. State of Good Repair Grants (49 USC §5337)
5. Bus and Bus Facilities Formula Grants (49 USC§5339a); Bus and Bus Facilities Competitive Grants (49 USC §5339b&c)
6. Seniors and Individuals with Disabilities Grants (49 USC §5310)

The FTA also oversees other, smaller grant programs applicable to transit, which include the Pilot Program for TOD Planning (Section 20005(b)) as well as the Accelerating Innovative Mobility Program, Integrated Mobility Innovation, and the Passenger Ferry Grant Program (5307).

Further information on these programs is provided in Appendix 1.

2.1.2 Federal Highway Administration Funds

The Federal Highway Administration (FHWA) also provides funds for transit through the **Surface Transportation Block Grant Program (STBG)** and the **Congestion Mitigation and Air Quality Improvement Program (CMAQ)**.

The STBG is designed to be used “to preserve and improve the conditions and performance on any Federal-aid highways, bridge and tunnel projects on any public road, pedestrian and bicycle infrastructure, and transit capital projects, including intercity bus terminals.”³ As part of the FAST Act, the STBG received roughly \$58 billion (B) to be allocated to States. The Funds are apportioned as a lump sum – a block grant – to each state. The total apportionment per state is based on a percentage specified in law.⁴ The state is then free to divide this into its own eligible programs, so long as it meets certain requirements. It must provide funds for the “Funding for Transportation Alternatives” Program, state planning and research, and for bridges not on Federal-aid highways. Each state must also suballocate an increasing percentage based on the proportionate share of the state’s population, to urbanized areas with population greater than

² Curriculum for New State DOT Transit Grant Managers in Administering Federal and State Transit Grants, 2014 (II-10)
<https://www.transit.dot.gov/funding/federal-share-local-match>

³ <https://www.fhwa.dot.gov/specialfunding/stp/>

⁴ <https://www.fhwa.dot.gov/fastact/factsheets/stbgfs.cfm>



200,000, areas with population between 5,000 and 200,000, and areas with a population less than 5,000.⁵ Any remaining funds can be allocated to whichever area the state designates.

The **CMAQ Program** received close to \$12B as part of the FAST Act and likewise provides each State a lump sum, which it can flexibly allocate to “transportation projects and programs to help meet the requirements of the Clean Air Act.”⁶ Transit projects can qualify so long as there is demonstrated likelihood that they will “contribute to the attainment or maintenance of a national ambient air quality standard.”⁷

2.1.3 RAISE Grants

In addition to the funding programs listed above, which were authorized and/or replenished by the FAST Act, the **2009 American Recovery and Reinvestment Act (ARRA)** created a program to provide discretionary grants to invest in road, rail, transit, and port projects that promise to achieve national objectives.

After the initial creation of this Program with ARRA, the funds were apportioned to the Program as part of the annual appropriations process.

When initiated, the program was called Transportation Investment Generating Economic Recovery (TIGER) program. It then became the Better Utilizing Investments to Leverage Development (BUILD) Program. Currently, it is called the Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Program. It is administered by several U.S. Department of Transportation Agencies with the grant oversight agency dependent on the transport mode of the project under consideration. Transit grants are administered by the FTA.

Table 1 below provides an overview of the existing Federal funding for transit projects. Detailed information on each of these funding programs is found in Appendix 1 and Appendix 2.

⁵ <https://www.fhwa.dot.gov/fastact/factsheets/stbgfs.cfm>

⁶ <https://www.fhwa.dot.gov/fastact/factsheets/cmaqfs.cfm>

⁷ <https://www.fhwa.dot.gov/fastact/factsheets/cmaqfs.cfm>

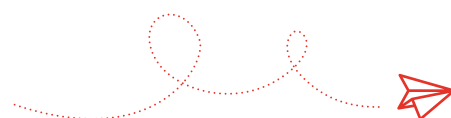


Table 1: Overview of Existing Funding to Transit Projects

Funding Program	Implementing Agency	Section of the United States Code	Type	Average Annual Amount FY2016-FY20 (\$M) ⁸
Capital Investment Grants (CIG) Programs	FTA	49 U.S. Code §5309	Discretionary/Competitive	\$2,301
Urbanized Area Formula	FTA	49 U.S. Code §5307	Formula	\$4,730
Rural Area Formula	FTA	49 U.S. Code § 5311	Formula	\$646
State of Good Repair	FTA	49 U.S. Code §5337	Formula	\$2,594
Bus and Bus Facilities - Formula	FTA	49 U.S. Code §5339a	Formula	\$445.8
Bus and Bus Facilities - Competitive	FTA	49 U.S. Code §5339b & c	Competitive	\$303.8 ⁹
Enhanced Mobility of Seniors and Individuals with Disabilities	FTA	49 U.S. Code §5310	Formula	\$274
RAISE Grants	FTA, FRA, FHWA, Maritime Administration	[ARRA, appropriations each year]	Discretionary/Competitive	N/A
Surface Transportation Block Grant Program	FHWA	23 U.S.C. §133	Block Grant	\$11,654 ¹⁰
CMAQ	FHWA	23 U.S.C. §149	Block Grant	\$2,404 ¹¹

⁸ Figures from APTA Primer on Transit Funding: FAST Act and other related laws

⁹ Of this \$55 million per year was allocated to the 5339c grant program for "Low or No Emissions" projects.

¹⁰ <https://www.fhwa.dot.gov/fastact/factsheets/stbgfs.cfm>

¹¹ <https://www.fhwa.dot.gov/fastact/factsheets/cmaqfs.cfm>



2.2 Transit Financing Overview

In addition to grants, the federal government supports public transportation infrastructure with **direct loans and tax preferences for municipal bonds**.

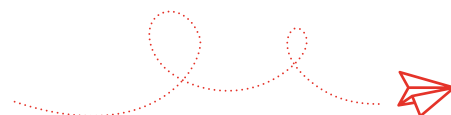
The **Transportation Infrastructure Finance and Innovation Act (TIFIA) Program**, administered by the Department of Transportation's Build America Bureau provides long-term, low-interest loans and other types of credit assistance for the construction of surface transportation projects (23 U.S.C. §601 et seq.). The TIFIA program was reauthorized from FY2016 through FY2020 in the FAST Act (P.L. 114-94). The TIFIA Program received authorization for direct funding of \$300 million for each of FY2019 and FY2020. Further, State departments of transportation can use other Federal-aid highway grant money, both formula and discretionary, to subsidize much larger loans. To date, states have not had to use other grant funding to subsidize credit assistance because the TIFIA program has a relatively large unexpended funding balance.¹² Many transit agencies take advantage of the TIFIA program to finance rail extensions and upgrades to maintenance facilities, among others.¹³

The **Railroad Rehabilitation and Infrastructure Finance (RRIF) Program** initially established by the Transportation Equity Act for the 21st Century (TEA-21) was amended by subsequent acts, including the FAST Act. The program authorizes the Department of Transportation to provide direct loans and loan guarantees up to \$35B to finance the development of railroad infrastructure, including to finance transit-oriented development.

Further information on these two programs is provided in Appendix 3.

¹² <https://crsreports.congress.gov; R45516>

¹³ See: <https://www.transportation.gov/buildamerica/projects/financing-search>



3. Miami Dade County's use of Federal Funding and Financing for its Transit Program

Miami Dade County, through its Department of Transit and Public Works (DTPW) and its Transportation Planning Organization (TPO), receives Federal funds, which it then deploys for its transit program. This section provides a high-level overview of the Federal funds—both through the “Formula Programs” as well as through the Competitive Grant Programs -- that the County has received for transit.

3.1 Formula Programs

As urbanized area with population of over 1 million (M), Miami-Dade County (County) receives large share of formula programs. In 2021, the year for which adequate data could be found, Miami Dade County received around \$95M from transit-related formula programs. The County also received \$30M in “flexed” funds from FHWA monies, which could be transferred to the Section 5307 Urban Area Formula Fund, bringing the total amount of Federal Funding to \$125M.

Table 2: Formula Funding Received by Miami Dade County, 2021¹⁴

Program	Amount
Urbanized Area Formula Grants (49 US 5307 and 5336)	\$56M
State of Good Repair Grants (49 USC 5337)	\$32M
Bus and Bus Facilities Formula (49 USC 5339a)	\$7M
Flexed Funds	\$30M
Total	\$125

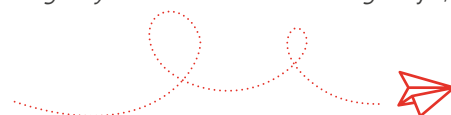
3.2 Competitive Programs

The County has managed to secure a significant amount of Federal funds for transit from the U.S. Department of Transportation's competitive grant programs. These funds have been primarily deployed for the SMART Plan, though have been deployed for other purposes as well.

3.2.1 SMART Plan

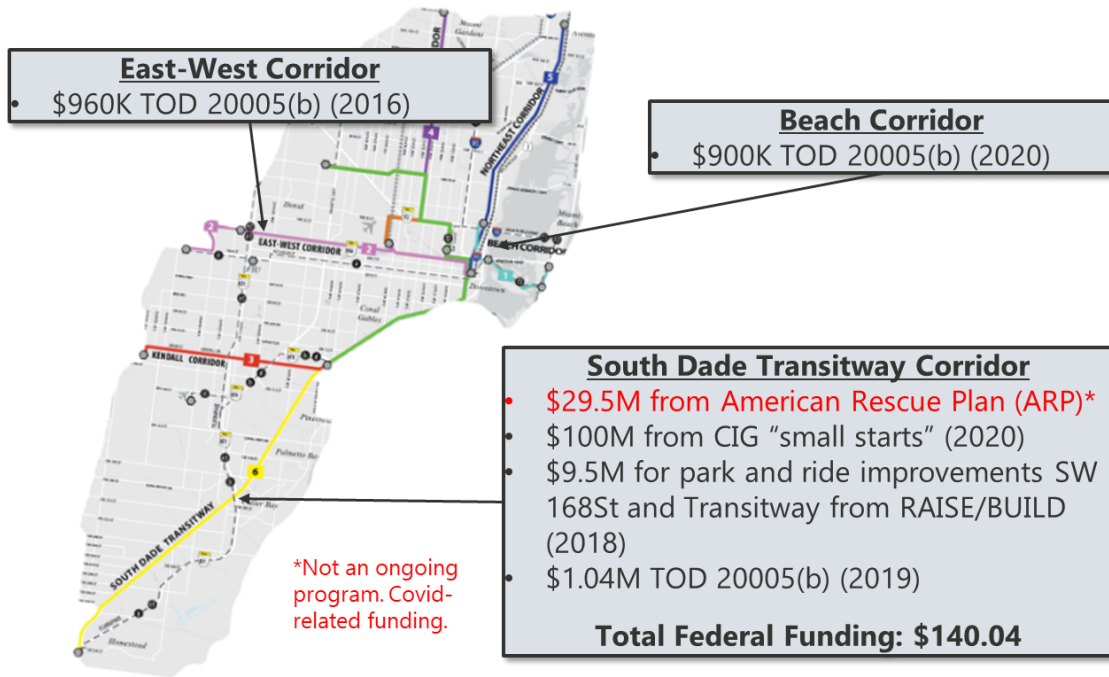
SMART Plan Projects have received roughly \$142M from Federal competitive grant programs since 2016. Three corridors under the SMART Plan have received competitive Federal funds: the South Dade Transitway Corridor, the East-West Corridor, the Beach Corridor. The South Dade Transitway Corridor, which is the most

¹⁴ Mayor Daniella Levine Cava to Honorable Chairman Jose “Pepe” Diaz and Members, Board of County Commissioners. *Resolution Authorizing the County Mayor to Execute a Grant Application with the Federal Transit Administration for Up to \$126,000,000.00 in Fiscal Year 2021, Sections 5307, 5337, 5339 Formula Programs and Federal Highway Administration Flex Funding.* May 4, 2021.



advanced has received roughly \$140M in competitive Federal funds—including CIG “small starts” grant (100M), a RAISE grant for for park and ride improvements SW 168 St and Transitway (\$9.5M) and \$1M from the Transit-oriented Development (TOD) Pilot Program as well as \$29.5M from the American Rescue Plan¹⁵. Beach Corridors and East-West Corridor have also received \$900,000 and \$960,000 respectively from the TOD Pilot Program.

Figure 1: Competitive Federal Grant Funding Received by SMART Plan Projects



3.2.2 Other Purposes

Other County projects have won competitive Federal grants. These include the Underline project, which received \$22.3M from the RAISE (formerly known as “BUILD”) grant program in 2019. Further, the County has been very successful in receiving funding from the Section 5339b&c competitive grant programs for buses, having received close to \$22M from the programs since 2016 (see Table 3: Funding Miami Dade County has Received from Section 5339b&c).

¹⁵ The American Rescue Plan was a COVID-19 related stimulus package; these funds are one-time.

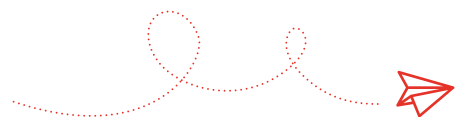
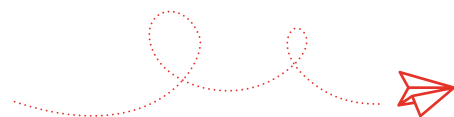


Table 3: Funding Miami Dade County has Received from Section 5339b&c, 2016-2021

Grant Program	Year						Total (\$M)
	2016 (\$M)	2017 (\$M)	2018 (\$M)	2019 (\$M)	2020 (\$M)	2021 (\$M)	
Bus 5339b		\$ 3.6	\$ 11				\$ 14.6M
Bus 5339c	\$ 2.4					\$ 4.75	\$ 7.1
	Total						\$ 21.7



4. Proposed Changes to the Federal Funding Structure for Transportation

On August 10, 2021, the U.S. Senate voted 69-30 to pass the nearly \$1 trillion **Infrastructure Investment and Jobs Act** (also referred to as the Bipartisan Infrastructure Bill or IJA), which provides \$550 billion in new spending over the next five years. The U.S. House of Representatives also voted, with bipartisan support, to pass the bill on November 5, 2021, thereby sending the bill the U.S. President for his final signature.

There are several authorizing bills included in this legislation, such as: the Surface Transportation Reauthorization Act of 2021, the Surface Transportation Investment Act, the Drinking Water and Wastewater Infrastructure Act, and the Energy Infrastructure Act. Furthermore, the IJA provides additional appropriations for existing and new programs.

Cross-cutting themes in the IJA include:

- **Equity:** Mainstreams equity into existing and new programs, particularly aimed at increasing access for low-income groups, historically underserved communities, areas of persistent poverty, and rural areas.
- **Climate change mitigation and resiliency:** Focuses on increasing resiliency of transportation infrastructure to natural hazards and extreme weather events, as well as encouraging low-carbon and zero-emission transportation.
- **Safety and reliability:** Emphasizes highway, pedestrian and bicyclist safety, traffic control, reliability of transportation, and roadway improvements— with an emphasis on enhancing the safety of vulnerable transportation infrastructure users.

4.1 Overview of the IJA Funding for Transportation

The Bipartisan Bill directs **\$284 billion in above baseline investment spending** for all modes of transportation. Notably, IJA directs 52% of investments towards modernizing and improving transportation infrastructure, with a focus on bridges, highways, and roads, as shown in **Figure 2**¹⁶.

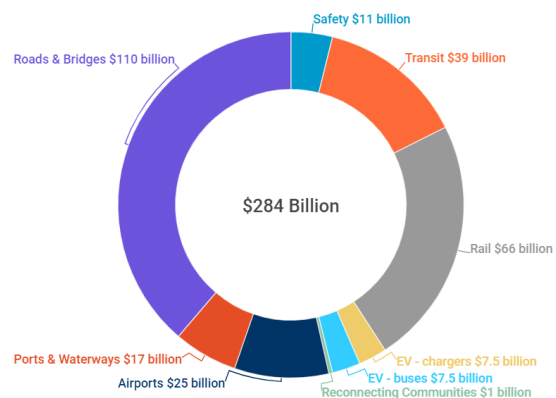
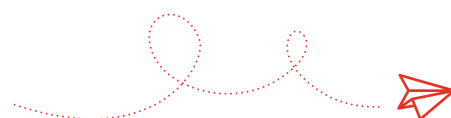


Figure 2: IJA Funding

¹⁶ National Association of Counties (2021)



4.1 Transportation Infrastructure: Proposed Changes to Existing Programs and New Programs

This section of the memorandum outlines the major proposals introduced by the IIJA, including changes to existing programs and new programs created. Based on the structure of the IIJA and a review of the programs Miami-Dade County has applied to for funding, this section covers two major sub-themes: (i) Surface Transportation Funding and Financing and (ii) Public Transit Funding and Financing.

4.1.1 IIJA Proposals for Surface Transportation Funding & Financing

Divisions A and B of the IIJA cover funding and financing for **Surface Transportation**, including changes proposed to “address the aging infrastructure needs of the nation’s roads & bridges”¹⁷, as well as the authorizations outlined in the Surface Transportation Reauthorization Act of 2021 (S. 1931), which was approved by the Senate Committed on Environment and Public Works (EPW) in May 2021.

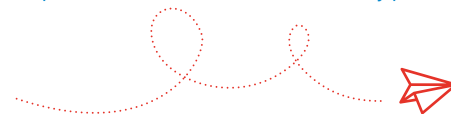
4.1.1.1 Proposed Changes to existing FHWA programs

The following table summarizes the proposed changes to existing programs under the FHWA, as they relate to the Surface Transportation Reauthorization Act of 2021.

Table 4: Proposed Changes to Existing FHWA Funding Programs

Program	Proposed Changes	Proposed IIJA Authorization	Percent Change relative to FAST Act Authorization
Surface Transportation Block Grants (23 U.S.C. §133)	<p><u>Eligibility:</u> Extends eligibility to include electric vehicle charging infrastructure and vehicle-to-grid infrastructure, installation and deployment of intelligent transportation technologies, projects that facilitate intermodal connections between emerging transportation technologies, resilience features, cybersecurity protections, construction of wildlife crossing structures, rural barge landings, docs, and waterfront infrastructure projects.</p> <p><u>Transportation Alternatives Program:</u></p> <p>Increases the funding set aside for Transportation Alternatives (TA) program to \$7.2 billion.</p> <p>Changes the minimum of funding sub-allocated based on population from 50 to 59 percent.</p>	\$72 billion	24% increase

¹⁷ <https://www.portman.senate.gov/sites/default/files/2021-08/210807%20Bipartisan%20IIJA%20Bill%20Summary.pdf>



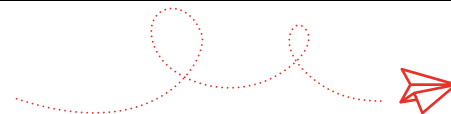
Program	Proposed Changes	Proposed IJA Authorization	Percent Change relative to FAST Act Authorization
	Allows the State to elect to use up to 5 percent of TA funds on technical and application assistance and administration.		
Congestion Mitigation and Air Quality Improvement Program	<p><u>Eligibility:</u> Extends eligibility to include micromobility (including bikesharing and shared scooter systems) and purchase of medium-or heavy-duty zero emission vehicles and related charging equipment.</p> <p>Allows States to spend up to 10 percent of CMAQ funds on specific lock and fam modernization or rehabilitation projects, as well as marine highway corridor, connector, or crossings projects if connected to the Federal-aid highway system and potentially contribute to the maintenance of a national ambient air quality standard.</p>	\$13.2B	10% increase

4.1.1.2 Proposed Changes to Financing Programs

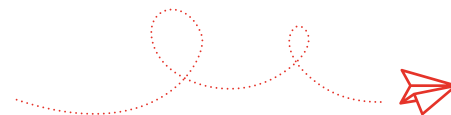
The following table summarizes the modifications proposed by IJA to the TIFIA and RRIF programs.

Table 5: Proposed Changes to Financing Programs

Program	Proposed Changes	Proposed IJA Authorization	Percentage change relative to FAST Act Authorization
TIFIA	<p>The following changes are aimed at increasing program utilization, streamlining application process, and increasing transparency in vetting process:</p> <ul style="list-style-type: none"> • Extends the period during which contingent commitments under a master credit agreement must result in a financial close from 3 years to 5 years. • Extends eligibility to (i) projects to improve or construct public infrastructure located near transit facilities; (ii) projects for economic development, including commercial and residential development; and (iii) airport-related projects. • Requires the Secretary to provide applicants with an estimate of the timeline of application approval. 	\$1.25B	11% decrease



Program	Proposed Changes	Proposed IJA Authorization	Percentage change relative to FAST Act Authorization
	<ul style="list-style-type: none"> Removes the requirement that loans be prepaid with excess revenues so long as those revenues are used for surface transportation projects. Adds new criteria to the streamlined application process for public agency borrowers intended to increase the likelihood that the Secretary will be able to move more projects through the process expeditiously. Increases overall transparency in the TIFIA process by requiring DOT to publish status reports online. Public-Private Partnerships (P3s): Adds requirement for public party to have conducted Value for Money analysis or similar comparative analysis and have determined appropriateness of P3 agreement. 		
RRIF	<ul style="list-style-type: none"> Codified under Chapter 224, title 49, United States Code. Extend project eligibility to landside port infrastructure. Makes "transit-oriented development projects" a permanent eligibility. Codifies the RRIF Express program, which offers expedited, low-cost loans for short line & regional railroads aimed at reducing the time and costs associated with securing loans to modernize aging freight rail infrastructure. Provides \$50M per year to subsidize credit risk premiums (up to \$20 million per loan) and requires these be refunded upon repayment. 	\$250M for credit assistance under RRIF	N/A



4.1.1.3 Other Changes Proposed

- **Public Transportation:**

- Adds eligibility for a capital project for the construction of a bus rapid transit corridor or dedicated bus lanes, including the construction or installation of traffic signalling and prioritization systems, redesigned intersections that are necessary for the establishment of a bus rapid transit corridor, on-street stations, fare collection systems, information and wayfinding systems, and depots.¹⁸

- **National Environmental Policy Act of 1969 (NEPA)**

- Includes provision on the efficient implementation of NEPA for Federal lands management projects, allowing for a Federal land management agency to satisfy NEPA obligations more efficiently by relying upon an environmental document previously prepared by the FHWA.
- Additionally, it allows for a Federal Land Management Agency to use the categorical exclusions promulgated in the implementing regulations of the FHWA if the use of the categorical exclusion does not otherwise conflict with the implementing regulations of the project sponsor.
- Secretary is directed to carry out a “process to track, and annual submit to the Committee on Environment and Public Works of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a report containing time to complete the NEPA process for an environmental impact statement and an environmental assessment.”¹⁹

- **Public-private partnerships (P3) in transportation**

- Transparency requirements for P3 projects with estimated cost above of \$100,000,000, including disclosure and certification by public partner of information relating private partner’s satisfaction of terms in the P3 agreement.

¹⁸ 23 U.S. Code § 142 - Public transportation: “In addition to the projects under paragraph (1), the Secretary may approve payment from sums apportioned under section 104(b)(2) for carrying out any capital transit project eligible for assistance under chapter 53 of title 49, capital improvement to provide access and coordination between intercity and rural bus service, and construction of facilities to provide connections between highway transportation and other modes of transportation.”

<https://www.law.cornell.edu/uscode/text/23/142>

¹⁹ <https://www.portman.senate.gov/sites/default/files/2021-08/210807%20Bipartisan%20IIJA%20Bill%20Summary.pdf>



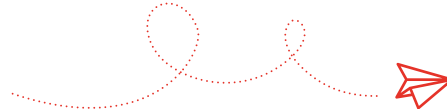
- Requires public partner conduct value for money analysis and determine appropriateness of P3 agreement as a condition for Federal loans (including TIFIA) or grants.

- **RAISE program:**
 - The IJA authorizes the RAISE grant program, making it the **first time this becomes an authorized program** and “moving it from the discretionary to the mandatory side of the federal ledger and ensuring its continued funding”.²⁰
 - Eligible projects: Include highway or bridge projects, passenger or freight rail projects, port infrastructure projects, and other surface transportation projects.
 - Maximum grant amount: \$25 million.
 - Funding: \$7.5 billion over five years equally split between rural and urban areas
 - 101% increase per year relative to BUILD/TIGER²¹

- **Surface transportation PABs:**
 - Increases cap on PABs from \$15 billion to \$30 billion, allowing state and local governments to enter into additional P3s to supplement future surface transportation projects with private investment.

²⁰ <https://www.naco.org/resources/legislative-analysis-counties-infrastructure-investment-jobs-act>

²¹ Percentage change calculated using average funding per year for BUILD/TIGER between 2009 and 2020.



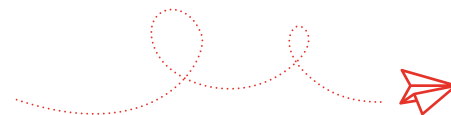
4.1.1.4 New Programs Created

The following table summarizes the new programs created under Division A of the IJA, in relation to Surface Transportation. When applicable, the column on funding also includes the Transportation, Housing and Urban Development, and Related Agencies (THUD) additional appropriated money from the Treasury for FY 2022-FY 2026.²²

Table 6: New Programs Proposed by the IJA

Program	Type	Purpose	Key Program Features	Funding
Bridge Investment Program	Competitive and Formula	<p>Competitive program to assist local, State, Federal and tribal entities in rehabilitating or replacing bridges on the National Bridge Inventory, including culverts. Formula program aims at supporting the bridge repair backlog.</p> <p>Program prioritizes projects that have applied for but have not yet to receive grants.</p> <p>Secretary to award a selected State a minimum of 1 large projects or 2 other eligible projects between FY 2022-2026.</p>	<p><u>Minimum Grant Amount:</u> \$50,000,000 for large projects and \$2,500,000 for any other eligible project</p> <p><u>Funding Allocation:</u> At least 50 percent of program funds to be allocated to large projects and \$100 million to be set-aside for tribal bridge projects.</p> <p><u>Application and Evaluation:</u> Includes application and evaluation process for large projects. Transportation Secretary would then submit annual report to Congress on funding recommendations. Large projects are to be funded with multi-year agreements.</p>	<p>\$3.27 billion</p> <p>[Supplemental Appropriations: Formula Program: \$27.5 billion</p> <p>Competitive Program: \$9.2 billion]</p>
Charging and Fueling Infrastructure Grants	Competitive	<p>Programs aimed at “strategically deploying publicly accessible electric vehicle charging infrastructure, hydrogen fueling infrastructure,</p>	<p><u>Eligible Entities:</u> State or political subdivision of a State, a metropolitan planning organization, a unit of local government, a special purpose district or public authority with a</p>	<p>\$2.5 billion</p>

²² This section of the IJA includes supplemental amounts for “National Infrastructure Investments” to remain available until expended, for necessary expenses to carry out specific sections under Chapter 67 of Title 49, United States Code.



Program	Type	Purpose	Key Program Features	Funding
(Alternative Fuel Corridors grant program and grant set-aside program for Community grants)		propane fueling infrastructure, and natural gas fueling infrastructure along designated alternative fuel corridors or in certain other locations that will be accessible to all drivers of electric vehicles, hydrogen vehicles, propane vehicles, and natural gas vehicles. ²³	<p>transportation function, including a port authority, an Indian tribe, and a territory of the United States.</p> <p><u>Eligibility:</u> Includes propane fuelling infrastructure, but limits it to infrastructure for medium- and heavy-duty vehicles.</p> <p><u>Funding Allocation:</u> 50 percent of the total program funds will be made available each fiscal year for Community Grants, prioritizing rural areas, low-and-moderate income neighbourhoods, and communities with low ratios of private parking, or high ratios of multiunit dwellings.</p> <p><u>Federal share:</u> Up to 80 percent.</p> <p><u>Evaluation and Selection Process:</u> Secretary will consider if project (i) improves alternative fuelling corridor networks, (ii) meets the current or anticipated market for charging or alternative fuelling infrastructure, (iii) enables or accelerates the construction of charging or alternative fuelling infrastructure, and (iv) supports a long-term competitive market for alternative fuelling and charging infrastructure.</p>	
Carbon Reduction Program	Formula	Aimed at reducing transportation emissions.	<u>Eligible projects:</u> Projects to establish or operate traffic monitoring, management, and control facility or program; public transportation projects; projects including construction, planning, and design of on-road and off-road trail facilities for non-motorized forms of transport; among others.	\$6.42 billion
Promoting Resilient Operations for	Formula and Competitive	Establishes grants for resilience improvements at the State and local levels.	In addition to the formula funding distributed to States, the program includes competitive grants counties can apply for, including:	\$8.7 billion

²³ <https://www.portman.senate.gov/sites/default/files/2021-08/210807%20Bipartisan%20IIJA%20Bill%20Summary.pdf>



Program	Type	Purpose	Key Program Features	Funding
Transformative, Efficient, and Cost-saving Transportation (PROTECT) grant program			<ul style="list-style-type: none"> • Planning Grants • Resilience Improvement Grants • Community Resilience and Evacuation Route Grants • At-Risk Coastal Infrastructure Grants <p>Federal Share: Ranges between 80 and 100 percent</p> <p>Includes opportunities to reduce the local match requirements by meeting a voluntary resiliency planning requirement.</p>	

Other programs created:

- **Low-Carbon and Zero-Emission School Buses & Ferries** (\$7.5 billion): Funds for the adoption of low-carbon and zero-emission school buses, including “through hydrogen, propane, LNG, compressed natural gas, biofuel, and electric technologies. Provides support for a pilot program for low emission ferries and rural ferry systems.”²⁴
- **Active transportation infrastructure investment program** (\$1 billion): Funding for projects through competitive grants that include construction of active transportation networks that connect people with public transportation, businesses, workplaces, schools, residences, recreation areas, and other community activity centers.
- **Healthy Streets program** (\$500 million): Discretionary grant program to provide grants for the deployment of cool pavements and porous pavements and the expansion of tree cover.
- **Reduction of truck emissions at port facilities** (\$250 million): Funding for projects through competitive grants that reduce port-related emissions from idling trucks.
- **Invasive plant elimination program** (\$250 million): Funding for projects aimed at eliminating or controlling existing invasive plants or preventing introduction of or encroachment by new invasive plants along and in areas adjacent to transportation corridor rights-of-way.

²⁴ <https://www.portman.senate.gov/sites/default/files/2021-08/210807%20Bipartisan%20IIJA%20Bill%20Summary.pdf>



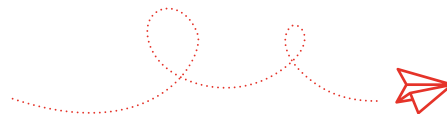
- **Congestion relief program** (\$250 million): Competitive grant program to reduce highway congestion, nomic and environmental cost associated with that congestion, and optimize existing highway capacity and usage of highway and transit system. Selection process prioritizes projects in urbanized areas that experience high degree of recurrent congestion.
- **Reconnecting communities pilot program** (\$150 million for planning grants and \$350 million for capital construction grants): Establishes pilot program to restore community connectivity, including funds for (i) planning (i.e., to study feasibility or conduct necessary planning activities for a project to remove, retrofit, or mitigate an existing eligible facility); and (ii) construction (i.e., activities to carry out a project to remove, retrofit, or mitigate an existing eligible facility).
- **Stopping threats on pedestrians’ program** (\$25 million): Funding for bollard installation projects designed to prevent pedestrian injuries and acts of terrorism in areas used by large numbers of pedestrians.
- **Pollinator-friendly practices program** (\$10 million): Funding to carry out activities that benefit pollinators on roadsides and highway rights-of-way.

4.1.2 IJA Proposed Changes for Transit

The following table summarizes the major changes proposed in Division C of the IJA on Transit, particularly in relation to FTA programs. Under Division J (Title VIII), the IJA includes a section outlining Transportation, Housing and Urban Development, and Related Agencies (THUD) additional appropriations from the Treasury for FY2022-26 over and above the Surface Transportation Reauthorization Act. These sums are appropriated “out of any money in the Treasury not otherwise appropriated” and are to remain available until expended for necessary expenses to carry out various chapters of title 49 of the US Code (which is focused on transportation). These supplemental appropriations are included in the table below, under “Proposed IJA Authorization”.

Table 7: Proposed Changes to Existing Transit Programs

Program	Proposed Changes	Proposed IJA Authorization	Percentage change relative to FAST Act Authorization
Capital Investment Grants	<ul style="list-style-type: none"> • Adjusts Small Starts thresholds for capital costs from \$300 million to \$400 million and increases federal share from \$100 million to \$150 million 	\$15 billion	30% increase



Program	Proposed Changes	Proposed IJA Authorization	Percentage change relative to FAST Act Authorization
	<ul style="list-style-type: none"> Core Capacity eligibility is modified from a 5-year time-period to 10 years to demonstrate capacity needs. Establishes process for future and immediate bundling of projects, enabling sponsors to move multiple projects through the CIG pipeline simultaneously. Bundling is aimed at enabling time and cost savings during the contracting process. This replaces the 'Program of Interrelated Projects' eligibility, which the "FHWA has been unable to implement since 2012".²⁵ Requires USDOT establishes a CIG Dashboard, aimed at displaying information on each project seeking a grant. 	[+ Supplemental Appropriations: \$8 billion, distributed as follows, 55 percent for New Starts; 20 percent for Core Capacity projects; 15 percent for Small Starts; and 10 percent for Expedited Project Delivery projects].	[100% increase with supplemental appropriations]
State of Good Repair Formula Grants	<ul style="list-style-type: none"> Enables Secretary to provide grants under this program to assist State and local governmental authorities in financing capital projects for the replacement of rail rolling stock. 	\$18.39B [+ supplemental appropriations: \$4.75B]	41% increase [78% increase with supplemental appropriations]
Grants for buses and bus facilities	Formula: <ul style="list-style-type: none"> Increases minimum allotment for States and territories from \$1.75 million to \$4 million and "encourages utilization of innovative procurement practices". 	Formula: \$3.16 billion	43% increase

²⁵ <https://www.portman.senate.gov/sites/default/files/2021-08/210807%20Bipartisan%20IIJA%20Bill%20Summary.pdf>



Program	Proposed Changes	Proposed IJA Authorization	Percentage change relative to FAST Act Authorization
	<p>Competitive:</p> <ul style="list-style-type: none"> Increases set-aside for rural projects from 10 to 15 percent. Requires at least 25 percent of competitive funding is directed to programs related to the acquisition of lower-emission buses and vehicles, including natural gas-powered buses and vehicles. Requires submission of a zero-emission fleet transition plan for applicants for zero-emission vehicles grants (provides the funding for the plan). Requires recipients of grants related to zero-emission vehicles to use a minimum of 5 percent of award to fund workforce development training related to the impact of the transition to zero-emission vehicles. 	<p>5339(b) Competitive: \$1.96 billion</p> <p>5339(c)Competitive - Low-or No Emission Grants: \$374.6 million [+ supplemental appropriations: \$5.25 billion]</p>	<p>5339(b) Competitive: 58% increase over FAST Act</p> <p>5339(c)Competitive - Low-or No Emission Grants: 36% increase [1945% increase with supplemental appropriations]</p>
<p>Urbanized Area Formula Grants</p>	<ul style="list-style-type: none"> Requires Urbanized Area formula grant recipients “serving an urbanized area with a population of 200,000 or more include in their comprehensive agency safety plan a risk reduction program for transit operations to improve safety by reducing the number and rates of accidents, injuries, and assaults on transit workers”.²⁶ Recipients are required to allocate at least 0.75 percent of funds to safety-related projects. If recipient fails to meet performance targets for risk reduction, will be required to use set-aside for projects aimed at meeting these targets. 	<p>\$33.54 billion</p>	<p>41% increase</p>

²⁶ <https://www.naco.org/resources/legislative-analysis-counties-infrastructure-investment-jobs-act>



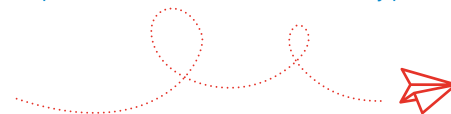
Program	Proposed Changes	Proposed IJA Authorization	Percentage change relative to FAST Act Authorization
Enhanced Mobility of Seniors and Individuals with Disabilities	N/A	Funding: \$1.9 billion [+ supplemental appropriations: \$250 million]	36% increase [55% increase with supplemental appropriations]
Pilot Program for TOD (Sec 20005b)	Amends Section 20005(B) of MAP-21 (49 U.S.C. 5303 note; Public Law 112-141) on the Transit-Oriented Development Pilot Program: <ul style="list-style-type: none"> Can be for “site specific” planning (as well as comprehensive planning) for TOD. 	\$68.9M	38% increase

4.1.2.1 Other changes to public transit

- **Public Transportation Innovation**

- IJA amends 49 U.S.C. § 5312 by:
 - Updating requirements for the Secretary’s annual report on research activities under the Section 5312 Innovation Program.
 - Authorizes the Secretary to reduce or waive matching requirements for research projects “if there is substantial public benefit” and expands flexibility for the Low-No Component Testing Program.²⁷
 - Outlines eligibility for activities related to Advanced Digital Construction Management Systems.

²⁷ <https://www.portman.senate.gov/sites/default/files/2021-08/210807%20Bipartisan%20IIJA%20Bill%20Summary.pdf>



Appendix 1 : Further Detail on Existing FTA Grant Programs²⁸

1.1 Competitive Grant Programs

1. Capital Investments Grants (CIG) – 49 U.S. Code §5309

The discretionary CIG Program is the Federal Government’s primary financial resource for supporting transit capital projects that are locally planned, implemented, and operated. CIG fund transit capital investments, including heavy rail, commuter rail, light rail, streetcars, bus rapid transit, and ferries.

- Funds are allocated on a project-by-project basis according to the following criteria: mobility improvements, environmental benefits, cost-effectiveness, economic development, land use, and congestion relief.²⁹
- There are four categories of 5309 CIG programs:³⁰

a) New Starts Program

b) Small Starts Program

c) Core Capacity Program

d) Program for Interrelated Projects

- Although there are similarities among them, each type of project has a unique set of requirements:
- The FTA evaluates and rates all projects “in accordance with statutorily defined criteria at various points in the development process.”³¹

a) New Starts Program³²

- Program Eligibility:

- Fixed guideway projects with an anticipated total capital cost of \$300 million or more or seeking \$100 million or more in CIG funding.
- Eligible Activities: Design and construction of new fixed-guideways or extensions to fixed guideways (projects that operate on a separate right-of-way exclusively for public transportation, or that include a rail or a catenary system).³³
 - Must be a minimum operable segment or an extension to an existing fixed guideway system.

²⁸ This includes information on the funding programs as they were prior to the passage of the IIJA 2021.

²⁹ GAO – CIGP: FTA Should Improve the Effectiveness and Transparency of Its Reviews, July 2020 (cover page)

³⁰ <https://www.transit.dot.gov/CIG/>

https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/5309_Capital_Investment_Grant_Fact_Sheet.pdf

³¹ https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/5309_Capital_Investment_Grant_Fact_Sheet.pdf

³² https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/5309_Capital_Investment_Grant_Fact_Sheet.pdf

https://www.youtube.com/watch?v=jw2mgbEyWBQ&ab_channel=usdotfta

³³ https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/5309_Capital_Investment_Grant_Fact_Sheet.pdf



- Eligible Modes: Heavy rail, light rail, commuter rail, streetcars, trolleybus, fixed guideway bus rapid transit.
- Steps in the Process: To be eligible for funding, projects must proceed through a three-phase, multi-year process with FTA evaluation and rating at several points in the process. The three phases are: (1) Project Development, (2) Engineering, and (3) Full Funding Grant Agreement for construction.
- Funding Share:
 - Maximum CIG program share: 60 percent of the total project cost.
 - Maximum Federal contribution: 80 percent (including all Federal sources).
- Evaluation and Rating Process:
 - In order to be considered, the project must receive at least a rating of "Medium" (or a 3 out of 5) in each stage. However, this rating does not guarantee funds.

b) Small Starts Program³⁴

- Program Eligibility:
 - Fixed guideway projects or corridor-based BRT with an anticipated total capital cost of less than \$300 million and seeking less than \$100 million in CIG funding.
 - Eligible Activities:³⁵
 - Design and construction of new fixed-guideways or extensions to fixed guideways (projects that operate on a separate right-of-way exclusively for public transportation, or that include a rail or a catenary system).
 - Design and construction of corridor-based bus rapid transit projects operating in mixed traffic that represent a substantial investment in the corridor and emulate the features of rail.
 - Eligible Modes: Heavy rail, light rail, commuter rail, streetcars, and bus rapid transit.
 - Current legislation modifies the definition of "Corridor-Based Bus Rapid Transit", eliminating the "requirement to provide frequent, bi-directional service for a substantial part of weekend days," which existed in previous iterations of the law.³⁶
- Steps in the Process: As Small Starts projects are smaller and require less funding, projects must go through only two phases to be eligible for funding with FTA evaluation and rating: (1) Project Development, and (2) Full Funding Grant Agreement for construction.
- Funding Share:
 - Maximum CIG program share: 80 percent of the total project cost.
 - Maximum Federal contribution: 80 percent (including all Federal sources).
- Evaluation and Rating Process:
 - In order to be considered, the project must receive at least a rating of "Medium" (or a 3 out of 5) in each stage. However, this rating does not guarantee funds.

³⁴ https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/5309_Capital_Investment_Grant_Fact_Sheet.pdf
https://www.youtube.com/watch?v=VT0OvtSHVyk&t=384s&ab_channel=usdotfta

³⁵ https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/5309_Capital_Investment_Grant_Fact_Sheet.pdf
https://www.youtube.com/watch?v=VT0OvtSHVyk&t=384s&ab_channel=usdotfta

³⁶ https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/5309_Capital_Investment_Grant_Fact_Sheet.pdf (4)



c) Core Capacity Program³⁷

- Program Eligibility:
 - o Eligible Activities: Design and construction of a corridor-based investment in an existing fixed guideway system that improves capacity not less than 10 percent in a corridor that is at capacity today or will be in five years.³⁸
 - Activities designed to maintain a state of good repair are not included under the Core Capacity Program eligibility.
- Steps in the Process: To be eligible for funding, projects must proceed through a three-phase, multi-year process with FTA evaluation and rating at several points in the process. The three phases are: (1) Project Development, (2) Engineering, and (3) Full Funding Grant Agreement for construction.
- Funding Share:
 - o Maximum CIG program share: 80 percent of the total project cost.
 - o Maximum Federal contribution: 80 percent (including all Federal sources).
- Evaluation and Rating Process:
 - o In order to be considered, the project must receive at least a rating of "Medium" (or a 3 out of 5) in each stage. However, this rating does not guarantee funds.
 - o Projects are evaluated against project justification, based on the six-criterion detailed above, and local financial commitment.³⁹

d) Programs of Interrelated Projects

- Program Eligibility:
 - o Allows for a combination of two or more New Starts, Small Starts, or Core Capacity projects. In addition to having logical connectivity to one another, the projects must all begin construction within a reasonable timeframe.
 - o Eligible Activities:
 - Design and construction of new fixed-guideways or extensions to fixed guideways (projects that operate on a separate right-of-way exclusively for public transportation, or that include a rail or a catenary system); and/or
 - Design and construction of corridor-based bus rapid transit projects operating in mixed traffic that represent a substantial investment in the corridor and emulate the features of rail; and/or
 - Design and construction of corridor-based investments in an existing fixed guideway system that improve capacity not less than 10 percent in corridors that are at capacity today or will be in five years.⁴⁰
- Steps in the process: To be eligible for funding, projects must proceed through a three-phase, multi-year process with FTA evaluation and rating at several points in the process
- Funding Share:
 - o Maximum CIG program share: 80 percent.

³⁷ <https://www.youtube.com/embed/38YqCIA0dW8>

https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/5309_Capital_Investment_Grant_Fact_Sheet.pdf

³⁸ <https://www.youtube.com/embed/38YqCIA0dW8>

https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/5309_Capital_Investment_Grant_Fact_Sheet.pdf

³⁹ <https://www.youtube.com/embed/38YqCIA0dW8>

⁴⁰ https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/5309_Capital_Investment_Grant_Fact_Sheet.pdf

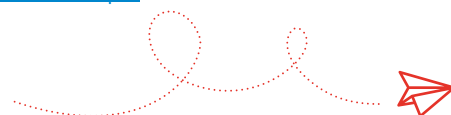


- o Maximum Federal contribution: 80 percent (including all Federal sources).

2. RAISE Grants (Discretionary)⁴¹

- Program Eligibility:
 - o Multimodal, merit-based, competitive discretionary grant program for surface transportation infrastructure.
- Eligible Applicants: State, local and tribal governments, including U.S. territories, transit agencies, port authorities, metropolitan planning organizations (MPOs), and other political subdivisions of State or local governments. Multiple States or jurisdictions may submit joint application.
- Eligible Projects:
 - o Capital Projects: Surface transportation capital projects that include but are not limited to: (a) highway, bridge, or other road project; (b) public transportation projects; (c) passenger and freight rail projects; (d) port infrastructure investments; (e) intermodal project; (f) projects investing in surface transportation facilities.
 - o Planning Projects: Activities related to the planning, preparation, or design of the eligible surface transportation capital projects outlined above. Also includes eligible activities related to multidisciplinary projects or regional planning.
- Funding and Disbursement:
 - o Primary method of disbursement is through reimbursements (submission of request for reimbursement of project costs).
 - *Note: This means recipients should have access to sufficient non-RAISE funding sources to manage cash flow associated with the project.*
 - o Equitable amount of funding (not more than 50 percent or \$500 million) will be awarded to projects in urban and rural areas, respectively.
 - o Up to \$30 million for eligible planning and preconstruction activities (at least \$10 million to Areas of Persistent Poverty)
- Federal Share: Up to 80 percent in urban areas and up to 100 percent in (a) rural areas and (b) planning grants in Areas of Permanent Poverty.
- Awards:
 - o Minimum award: \$5 million for projects in urban areas, \$1 million for projects in rural areas, and no minimum for planning grants.
 - *Note: Minimum total project cost for a project located in an urban area must be \$6.25 million to meet match requirements.*
 - o Maximum awards: \$25 million per project and \$100 million per State.
- Evaluation and Rating Process:
 - o Projects are evaluated based on merit criteria, including safety (improvements to reduce fatalities and serious injuries), environmental sustainability, quality of life, economic competitiveness, state of good repair, innovation, and partnerships.

⁴¹ <https://www.transportation.gov/RAISEgrants>
<https://aashtojournal.org/2021/04/16/usdot-making-1b-in-grants-available-via-raise-program/>
https://www.transportation.gov/sites/dot.gov/files/2021-04/How%2BTo%2BCompete%2Bfor%2BRAISE%2B2021_final%2B4.28.2021.pdf
<https://www.transportation.gov/sites/dot.gov/files/2021-06/FR%20NOFO%20RAISE.pdf>



- Projects that can demonstrate improvements to racial equity, creation of good-paying jobs, and that reduce impacts of climate change will be prioritized.⁴²
- Federal share will not be used as a selection criterion in awarding projects.
- Other evaluation considerations:
 - Project's benefits relative to costs (local or regional impact);
 - Project demonstrates readiness in terms of: (a) environmental risk and permitting, (b) technical feasibility capacity, (c) funding and financial readiness.
- There is an operational review process in which all eligible applications are reviewed and given overall ratings. This process determines which projects advance to the Secretary of Transportation. The Secretary makes the final selection.

1.2 Formula Grant Programs

The formula-based program makes up a large portion of federal transit grants. Under the Department of Transportation's Budget Request for FY2021, \$11.046B are allocated to formula grants out of the Federal Transit Administration's account budget of \$13.213B. Formula-based programs represent 12% of all funds under the Transportation's Budget Request (\$89.011B).⁴³

1. Urbanized Area Formula (49 U.S. Code §5307)⁴⁴

- Purpose: Geared towards urbanized areas (UZAs), which are defined as areas with a population of 50,000 or more as designated by the Bureau of the Census. The program provides funding for urbanized areas and Governors for transit capital and operating assistance, as well as for transportation related planning in UZAs.
- Eligible Recipients: Designated recipients must be public bodies with the legal authority to receive and dispense Federal funds. Notably, "governors, responsible local officials, and publicly owned operators of transit services are required to designate a recipient to apply for, receive, and dispense funds for UZAs."⁴⁵
- Eligible activities:
 - Planning, engineering, design and evaluation of transit projects and other technical transportation-related studies;
 - Capital investments in bus and bus-related activities such as replacement of buses, overhaul of buses, rebuilding of buses, crime prevention and security equipment and construction of maintenance and passenger facilities;
 - Capital investments in new and existing fixed guideway systems including rolling stock, overhaul and rebuilding of vehicles, track, signals, communications, and computer hardware and software.
 - All preventive maintenance and some Americans with Disabilities Act complementary paratransit service costs are considered capital costs.
 - Operating assistance is an eligible expense for UZAs with populations less than 200,000.

⁴² [https://www.transportation.gov/sites/dot.gov/files/2021-](https://www.transportation.gov/sites/dot.gov/files/2021-04/How%2Bto%2BCompete%2Bfor%2BBRAISE%2B2021_final%2B4.28.2021.pdf)

[04/How%2Bto%2BCompete%2Bfor%2BBRAISE%2B2021_final%2B4.28.2021.pdf](https://www.transportation.gov/sites/dot.gov/files/2021-04/How%2Bto%2BCompete%2Bfor%2BBRAISE%2B2021_final%2B4.28.2021.pdf)

⁴³ <https://www.transportation.gov/sites/dot.gov/files/2020-02/BudgetHighlightFeb2021.pdf>, p. 35

⁴⁴ https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/funding/grants/37961/fast-act-section-5307-fact-sheet_0.pdf

⁴⁵ https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/funding/grants/37961/fast-act-section-5307-fact-sheet_0.pdf



- Funding:⁴⁶
 - o In the case of UZAs with a population greater than 200,000, funds are apportioned and flow directly to a designated recipient selected locally to apply for and receive Federal funds.
 - o For UZAs with a population less than 200,000, the funds are apportioned to the Governor of each state for distribution.
- Federal Share: The Federal share is not to exceed 80 percent of the net project cost.
- Formula Details: Funding is appropriated based on legislative formulas, which vary depending on UZA population:
 - o For UZAs with populations between 50,000 and 199,999, the designation factors are population and population density.
 - o For UZAs with populations of 200,000 or more, "the formula is based on a combination of bus revenue vehicle miles, bus passenger miles, fixed guideway revenue vehicle miles, and fixed guideway route miles as well as population and population density."⁴⁷

2. Rural Area Formula (49 U.S. Code § 5311)⁴⁸

- Program Purpose:
 - o Supports public transportation in rural areas, defined as areas with a population less than 50,000 as designated by the Census Bureau.
 - o This program provides capital, planning, and operating assistance to states and federally recognized Indian tribes to support public transportation in rural areas. Additionally, through the Rural Transportation Assistance Program, the 5311 program provides funding for state and national training and technical assistance.
- Eligible Recipients:
 - o States, Indian tribes or Alaskan Native villages, groups or communities identified by the Bureau of Indian Affairs (BIA)
 - o Subrecipients include state or local government authorities, non-profit organizations, operators of public transportation or intercity bus service that receive funds indirectly through a recipient.
- Eligible Activities: Capital, operating, planning, and job access and reverse commute (JARC) project expenses, and the acquisition of public transportation services are eligible for funds.
- Federal Share: Up to 80 percent for capital projects; up to 50 percent for operating assistance; up to 80 percent for Americans with Disabilities Act (ADA) non-fixed-route paratransit service.
- Formula Details:⁴⁹
 - o 83.15% of funds apportioned based on land area and population in rural areas
 - o 16.85% of funds apportioned based on land area, revenue-vehicle miles, and low-income individuals in rural areas.

⁴⁶ <https://www.transit.dot.gov/funding/grants/urbanized-area-formula-grants-5307>

⁴⁷ <https://www.transit.dot.gov/funding/grants/urbanized-area-formula-grants-5307>

⁴⁸ <https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/funding/grants/40621/5311-rural-program-fact-sheet-fast.pdf>

⁴⁹ <https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/funding/grants/40621/5311-rural-program-fact-sheet-fast.pdf>



3. Bus and Bus Facilities (49 U.S. Code §5339)⁵⁰

- Program Purpose: Provides funding to States and designated recipients to “replace, rehabilitate and purchase buses and related equipment and to construct bus-related facilities including technological changes or innovations to modify low or no emission vehicles or facilities”.⁵¹ Funding is provided through formula allocations (49 U.S. Code §5339a) and competitive grants (49 U.S. Code §5339b & c).
 - o The latter, includes a sub-program that provides competitive grants for bus and bus facility projects that support low and zero-emission vehicles.
- Eligible Recipients:
 - o Eligible Recipients include designated recipients that operate fixed route bus service or that allocate funding to fixed route bus operators; and State or local governmental entities that operate fixed route bus service that are eligible to receive direct grants under 5307 and 5311.
 - o Subrecipients must be public agencies or private non-profit organizations engaged in public transportation.
- Eligible Activities: Capital projects to replace, rehabilitate and purchase buses, vans, and related equipment, and to construct bus-related facilities, including technological changes or innovations to modify low or no emission vehicles or facilities.
- Federal Share: Up to 80 percent of the net project cost.
- Details for the Formula Allocations:
 - o National Distribution: \$90.5 million allocated per year among all States and territories. States receive \$1.75 million each and territories (including D.C. and Puerto Rico) receive \$500,000 each.
 - o Apportionment Formula: Remaining funds are apportioned on the basis of population and service factors (applying the apportionment formula used for the Urbanized Area Formula Program).

4. Enhanced Mobility of Seniors and Individuals with Disabilities (49 U.S. Code §5310)⁵²

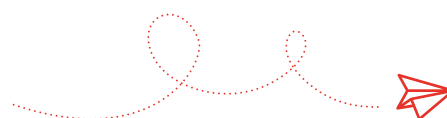
- Program Purpose: Aimed at improving mobility for seniors and individuals with disabilities “by removing barriers to transportation service and expanding transportation mobility options. This program supports transportation services planned, designed, and carried out to meet the special transportation needs of seniors and individuals with disabilities in all areas – large urbanized (over 200,000), small urbanized (50,000-200,000), and rural (under 50,000)”.⁵³
- Eligible Recipients: Formula funds are apportioned to direct recipients, including
 - o States for rural and small UZAs and designated recipients chosen by the Governor of the State for large UZAs; or
 - o State or local governmental entities that operates a public transportation service.
 - o Subrecipients include states or local government authorities, private non-profit organizations, or operators of public transportation.

⁵⁰ <https://www.transit.dot.gov/sites/fta.dot.gov/files/5339%20Bus%20and%20Bus%20Facilities%20Fact%20Sheet.pdf>
<https://www.transit.dot.gov/bus-program>

⁵¹ <https://www.transit.dot.gov/sites/fta.dot.gov/files/5339%20Bus%20and%20Bus%20Facilities%20Fact%20Sheet.pdf>

⁵² <https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/funding/grants/37971/5310-enhanced-mobility-seniors-and-individuals-disabilities-fact-sheet.pdf>

⁵³ <https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/funding/grants/37971/5310-enhanced-mobility-seniors-and-individuals-disabilities-fact-sheet.pdf>



- There is flexibility in how direct recipients select subrecipient projects for funding. However, the selection process should be clearly outlined in the program management plan.
- Eligible Activities:
 - Eligible projects include both traditional capital investment and non-traditional investment beyond the Americans with Disabilities Act (ADA) complementary paratransit services.
 - At least 55 percent of program funds must be used on capital or “traditional” 5310 projects, including
 - “Buses and vans; wheelchair lifts, ramps, and securement devices; transit-related information technology systems (including scheduling/routing/one-call systems); and mobility management programs.
 - Acquisition of transportation services under a contract, lease, or other arrangement. Both capital and operating costs associated with contracted service are eligible capital expenses. User-side subsidies are considered one form of eligible arrangement. Funds may be requested for contracted services covering a time period of more than one year.”⁵⁴
 - The remaining 45 percent is for other “non-traditional” projects.
- Federal Share:
 - Up to 80 percent for capital projects; up to 50 percent for operating assistance.
- Formula Details:
 - Formula funds are apportioned to each State based on the number of older adults and individuals with disabilities (according to Census data) and allocated by area:
 - Large UZAs: 60%
 - Small UZAs: 20%
 - Rural: 20%
 - States can transfer small UZA’s or rural allocations to large UZA’s (but not the other way around).

5. State of Good Repair Grants (49 U.S. Code §5337)⁵⁵

- Program Purpose: Provides funding to public transit agencies “that operate rail fixed-guideway and high-intensity motorbus systems for the maintenance, replacement, and rehabilitation of capital assets, along with the development and implementation of transit asset management plans.”⁵⁶
- Eligible Recipients: State and local government authorities in urbanized areas with rail fixed guideway and high intensity motorbus systems that have been in operation for at least 7 years.
- Eligible Activities: Projects for maintenance, rehabilitation, and replacement of capital assets, as well as projects that implement transit asset management plans.
- Federal Share: Up to 80 percent.
- Formula Details:
 - 97.15 percent apportioned among urbanized areas with fixed-guideway systems and 2.85 apportioned among urbanized areas with high-intensity motorbus systems.
 - Of the high intensity fixed guideway funds, 50 percent are allocated based on revenue miles and route miles reported to the National Transit Database (NTD) and the other 50 percent is

⁵⁴ <https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/funding/grants/37971/5310-enhanced-mobility-seniors-and-individuals-disabilities-fact-sheet.pdf>

⁵⁵ <https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/funding/grants/38011/5337-state-good-repair-fact-sheet.pdf>

⁵⁶ <https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/funding/grants/38011/5337-state-good-repair-fact-sheet.pdf>



determined by "using the current fixed guideway definition in the calculation of what the urbanized areas would have received in FY 2011."⁵⁷

- High intensity motorbus funds are allocated based on revenue miles and route miles reported to the NTD.

⁵⁷ <https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/funding/grants/38011/5337-state-good-repair-fact-sheet.pdf>



Appendix 2 Further Detail on Federal Highway Administration (FHWA) Funding

2.1 Surface Transportation Block Grant (STBG) program (23 U.S.C. §133)

The STBG program, through the FHWA, provides “flexible funding to preserve and improve the conditions and performance on any Federal-aid highways, bridge and tunnel projects on any public road, pedestrian and bicycle infrastructure, and transit capital projects, including intercity bus terminals.”⁵⁸ Previously, STBG was known as the Surface Transportation Program but was transformed into its current iteration to increase “flexibility in State and local transportation decisions and provides flexible funding to best address State and local transportation needs.”⁵⁹ Funds are apportioned as a lump sum – a block grant – to each state. The total apportionment per state is based on a percentage specified in law.⁶⁰

From the State’s STBG apportionment, funding is set aside for the following:

- **Transportation Alternatives (TA)**
- State Planning and Research (23 U.S.C. 505)
- Off-system bridges (23 U.S.C. 133(f))
- Under the SAFETEA-LU Coordinated Border Infrastructure Program (FAST Act § 1437), the Governor of a border State may designate up to 5% of the State’s STBG apportionment for border infrastructure projects.

Furthermore, each state must also suballocate an increasing percentage based on the proportionate share of the state’s population, to urbanized areas with population greater than 200,000, areas with population between 5,000 and 200,000, and areas with a population less than 5,000.⁶¹ Any remaining funds can be allocated to whichever area the State designates.

States are also given the option to transfer remaining funds, up to 50 percent of total STBG funds, to the National Highway Performance Program, National Highway Freight Program, Highway Safety Improvement Program, and Congestion Mitigation and Air Quality Improvement Program.⁶²

1. Transportation Alternatives (TA)⁶³

- Program Purpose:
 - o The FAST Act eliminated the MAP-21 Transportation Alternatives Program (TAP), replacing it with a set-aside of STBG program funding for **transportation alternatives (TA)**.
 - o Includes all projects previously eligible under TAP, “encompassing variety of smaller-scale transportation projects such as pedestrian and bicycle facilities, recreational trails, safe routes

⁵⁸ <https://www.fhwa.dot.gov/specialfunding/stp/>

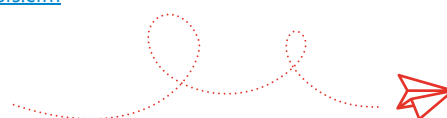
⁵⁹ <https://www.fhwa.dot.gov/fastact/factsheets/stbgfs.cfm>

⁶⁰ <https://www.fhwa.dot.gov/fastact/factsheets/stbgfs.cfm>

⁶¹ <https://www.fhwa.dot.gov/fastact/factsheets/stbgfs.cfm>

⁶² <https://www.fhwa.dot.gov/fastact/factsheets/stbgfs.cfm>

⁶³ <https://www.fhwa.dot.gov/fastact/factsheets/transportationalternativesfs.cfm>



to school projects, community improvements such as historic preservation and vegetation management, and environmental mitigation related to stormwater and habitat connectivity.”⁶⁴

- Eligible Activities:
 - o Projects and activities related to surface transportation, including: construction, planning, and design of (i) on-road and off-road trail facilities for nonmotorized forms of transport, and (ii) infrastructure-related projects that “will provide safe routes for non-drivers, including children, older adults, and individuals with disabilities to access daily needs”; community improvement activities; conversion and use of abandoned railroad corridors; environmental mitigation activities; among others.⁶⁵
 - o The TA program includes the same eligibilities as under the TAP (outlined above), except for the following two components, which were modified by the FAST Act:
 1. Allowed urbanized areas with a population of more than 200,000 to use up to 50 percent of its suballocated TA funds for any STBG-eligible purposed; and
 2. Eliminated TAP’s “Flexibility of Excess Reserved Funding” provision, which enabled the use of excess TAP funds for any TAP-eligible activity or for projects eligible under the CMAQ.
- Eligible Entities:
 - o Include all entities eligible to apply for TAP funds (i.e., local governments, regional transportation authorities, transit agencies, natural resource or public land agencies, tribal governments, etc.) and extends eligibility to non-profit entities responsible for the administration of local transportation safety programs.
- Apportionment of Funds:
 - o States receive a share of the national total TA funding determined “by multiplying the amount of the national total TA funding by the ratio that the amount of FY 2009 transportation enhancements (TE) funding to the State bears to the total amount of TE funds apportioned to all States in FY 2009”.⁶⁶
 - o The national total for TA was equivalent to \$835 million per year for FYs 2016 and 2017 and \$850 million in FYs 2018-2020.

2.2 Congestion Mitigation and Air Quality Improvement Program (CMAQ) – (23 U.S.C. §149)

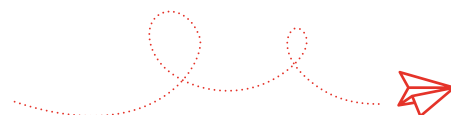
- Program Purpose: CMAQ is also a block grant program where each state receives a lump sum which it can flexibly allocate to “transportation projects and programs to help meet the requirements of the Clean Air Act.” Additionally, funding is provided for the reduction of congestion and improvement of air quality in “areas that do not meet the National Ambient Air Quality Standards for “carbon monoxide, or particulate matter (nonattainment areas) and for former nonattainment areas that are now in compliance (maintenance areas).”⁶⁷
- Program Eligibility:

⁶⁴ <https://www.fhwa.dot.gov/fastact/factsheets/transportationalternativesfs.cfm>

⁶⁵ <https://www.fhwa.dot.gov/map21/factsheets/tap.cfm>

⁶⁶ <https://www.fhwa.dot.gov/fastact/factsheets/transportationalternativesfs.cfm>

⁶⁷ <https://www.fhwa.dot.gov/fastact/factsheets/cmaqfs.cfm>



- Transit projects can qualify so long as there is demonstrated likelihood that it will “contribute to the attainment or maintenance of a national ambient air quality standard”⁶⁸, such as electric vehicles hydrogen buses, etc.
- Eligible projects include transportation projects and programs that are “likely to contribute to the attainment or maintenance of a national ambient air quality standard, with a high level of effectiveness in reducing air pollution, and that is included in the metropolitan planning organization’s (MPO’s) current transportation plan and transportation improvement program (TIP) or the current state transportation improvement program (STIP) in areas without an MPO.”⁶⁹
- Apportionment:
 - Apportioned as a lump sum for each State and subsequently divided among apportioned programs.

⁶⁸ <https://www.fhwa.dot.gov/fastact/factsheets/cmaqfs.cfm>

⁶⁹ <https://www.fhwa.dot.gov/fastact/factsheets/cmaqfs.cfm>



Appendix 3 : Further Detail of Federal Financing for Infrastructure

i. Transportation Infrastructure Finance and Innovation Act (TIFIA) Program⁷⁰

TIFIA provides long-term, low-interest loans and other types of credit assistance for qualified projects at the regional and national levels. The TIFIA credit program aims to “fill market gaps and leverage substantial private co-investment through supplemental, subordinate investment in critical improvements to the nation’s transportation system”.⁷¹

- **Features:** (i) Low interest rate, (ii) interest does not accrue until proceeds are drawn, (iii) flexible amortization (up to 35 year repayment period, deferrable for 5 years after substantial project completion), (iv) no pre-payment penalty.
- The TIFIA program provides three types of financing:
 - o Secured (direct) loan: Direct federal loans to project sponsors, offering flexible repayment terms and combined construction and permanent financing of capital costs.
 - Maximum term of 35 years from substantial completion.
 - o Loan guarantee: Credit guarantees by the Federal Government (guarantees a borrower’s repayments to non-Federal lender) to institutional investors that provides loans for project.
 - o Standby line of credit: contingent Federal loan to supplement project revenues, if needed, during the first 10 years of project operations, available up to 10 years after substantial completion of project.
- **Eligibility:**
 - o Eligible projects: Highways and bridges, intelligent transportation systems, intermodal connectors, transit vehicles and facilities, intercity buses and facilities, freight transfer facilities, pedestrian bicycle infrastructure networks, transit-oriented development, rural infrastructure projects, passenger rail vehicles and facilities, surface transportation elements of port projects
 - o Eligible applicants: State and local governments, State infrastructure banks, private firms, special authorities, transportation improvement districts, among others.
- **Maximum federal share:** Raised in MAP-21 from 33% to 49% (however, DOT has stated that it will provide more than 33% only in exceptional circumstances).
- Terms for each loan are negotiated between the USDOT and the borrower, based on the project economics, the cost and revenue profile of the project, and any other relevant factors.

⁷⁰ <https://www.transportation.gov/buildamerica/financing/tifia>

<https://www.transportation.gov/buildamerica/financing/tifia/tifia-credit-program-overview>

⁷¹ <https://www.transportation.gov/buildamerica/financing/tifia>



- Key Requirements:⁷²
 - o Minimum Anticipated Project Costs:
 - \$10 million for Transit-Oriented Development, Local, and Rural Projects
 - \$15 million for Intelligent Transportation System Projects
 - \$50 million for all other eligible Surface Transportation Projects
 - o TIFIA Credit Assistance limited to 33 percent of reasonably anticipated eligible project costs.
 - o Investment Grade Rating: Senior debt and TIFIA loan “must receive investment grade ratings from at least two nationally recognized credit rating agencies (only one rating required if less than \$75 million)”.⁷³
 - o The project should have a guaranteed dedicated revenue source in order to obtain TIFIA and senior debt financing.
- Criteria: Creditworthiness, foster partnerships that attract public and private investment for the project, ability to proceed at an earlier date or reduced lifecycle costs (including debt service costs), reduces contribution of federal grant assistance for the Project

ii. Railroad Rehabilitation and Infrastructure Finance (RRIF)⁷⁴

- Purpose: Offers direct loans and loan guarantees to finance the development of railroad infrastructure. Projects that provide public benefits, including benefits to public safety, the environment, rail or rail-related intermodal service, and economic development will be prioritized by the FRA.⁷⁵
- Main Features: (i) low interest rate, (ii) interest does not accrue until proceeds are drawn, (iii) flexible amortization (up to 35-year repayment period (deferrable for 5 years after substantial project completion), (iv) no pre-payment penalty.
- Eligible Applicants: Railroads, state and local governments, government-sponsored authorities and corporations, joint ventures that include at least one railroad.
- Eligible Activities: (i) Acquire, improve, or rehabilitate intermodal or rail equipment or facilities; develop or establish new intermodal or railroad facilities; reimburse planning and design expenses relating to activities listed; refinance outstanding debt incurred for the purposes listed above; and finance transit-oriented development (credit assistance available until September 30, 2021).
- Federal Government Requirements: Project sponsors need to make a credit risk premium to offset the risk of a default on their loan.

⁷² <https://www.transportation.gov/buildamerica/financing/tifiatifia-credit-program-overview>

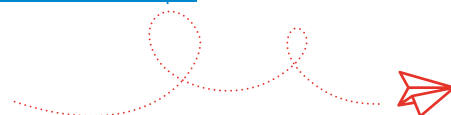
⁷³ <https://www.transportation.gov/buildamerica/financing/tifiatifia-credit-program-overview>

⁷⁴ <https://sgp.fas.org/crs/misc/R44028.pdf>

https://railroads.dot.gov/sites/fra.dot.gov/files/2019-11/RRIF_Fact%20Sheet%20070115.pdf

https://railroads.dot.gov/sites/fra.dot.gov/files/fra_net/3915/RRIF%20Program%20Guide_FINAL.pdf

⁷⁵ https://railroads.dot.gov/sites/fra.dot.gov/files/2019-11/RRIF_Fact%20Sheet%20070115.pdf



Sasha Page

+1 301 675 3102

Sasha.Page@rebelgroup.com

Christine Shepherd

+1 202 763 1570

Christine.shepherd@rebelgroup.com

Andrea Arciniegas

+1 202 714 2665

andrea.arciniegas@rebelgroup.com



1015 15th St. NW
Suite 600
Washington, DC 20005

www.rebelgroup.com