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TO: BOARD OF DIRECTORS

THROUGH: PHILLIP A. WASHINGTON *PAW*
CHIEF EXECUTIVE OFFICER

FROM: CALVIN HOLLIS *David Gale for*
INTERIM CHIEF PLANNING OFFICER

**SUBJECT: FEDERAL GRANT OPPORTUNITY FOR NATIONALLY
SIGNIFICANT FREIGHT AND HIGHWAY PROJECTS**

ISSUE

We anticipate that the U.S. Department of Transportation (USDOT) soon will release a Notice of Funding Availability (NOFA) for the first competitive grants cycle for Nationally Significant Freight and Highway Projects. The NOFA will be announcing that USDOT will be making available about \$800 million for Federal Fiscal Year (FFY) 2016, as authorized by the Fixing America's Surface Transportation (FAST) Act. We are now initiating a process for identifying potentially eligible projects that can best compete for this federal grant opportunity and for preparing and submitting grant applications.

DISCUSSION

For the State of California, the minimum grant award under this USDOT funding opportunity is \$25 million for projects anticipated to have a total cost of at least \$100 million. Also, the minimum grant award is \$5 million for projects that do not satisfy the minimum threshold. Projects in both urban and rural areas are eligible for this federal funding. Due to FAST Act deadlines, we expect that USDOT could allow eligible applicants about two months from the release of its NOFA to prepare and submit grant applications. The USDOT also could limit the number of grant applications to a maximum of three per agency. It is important to note that the FAST Act requires projects to begin construction not later than 18 months after grant award.

The USDOT will be looking to award grant funds competitively for: i) highway freight projects carried out on the National Highway Freight Network established in compliance with Federal law; ii) highway or bridge projects (not necessarily freight related) carried out on the National Highway System, including those that add capacity to the Interstate System to improve mobility or are located in a national scenic area; iii) freight intermodal or freight rail projects; iv) railway-highway grade crossing or grade separation projects;

or v) a freight project within the boundaries of a public or private freight rail, water (including ports), or intermodal facility that is a surface transportation infrastructure project necessary to facilitate direct intermodal interchange, transfer, or access into or out of the facility. Also, eligible project costs will be limited to:

1. Development phase activities, including planning, feasibility analysis, revenue forecasting, environmental review, preliminary engineering and design work, and other preconstruction activities; and
2. Construction, reconstruction, rehabilitation, acquisition of real property (including land related to the project and improvements to the land), environmental mitigation, construction contingencies, acquisition of equipment, and operational improvements directly related to improving system performance.

The FAST Act requires projects selected for a funding award to:

- Generate national or regional economic, mobility, or safety benefits;
- Be cost-effective and rely on the results of preliminary engineering;
- Contribute to the accomplishment of at least one of the seven national goals specified in Federal law, such as maintaining the highway system in a state of good repair and reducing traffic congestion, fatalities, and serious injuries on public roads;
- Include non-Federal financial commitments from one or more stable and dependable sources of funding and financing for construction, maintenance, and operation, as well as for contingency to cover unanticipated cost increases;
- Demonstrate that they cannot be easily and efficiently completed without other Federal funding or financial assistance;
- Utilize nontraditional financing, innovative design and construction techniques, or innovative technologies;
- Utilize non-Federal contributions (other than funding or financing); and
- Contribute to geographic diversity among grant recipients, including supporting a balance between the needs of urban areas and rural communities (reserved not less than 25 percent of the amounts made available by the NOFA).

Internal Process for Requesting, Evaluating, and Selecting Projects

We have requested input from all Metro departments to identify projects that could be eligible and competitive for the grant opportunity. In reviewing each candidate project, we will assess the extent to which each project meets the requirements of the FAST Act and the NOFA when it becomes available. After follow-up meetings with Department staff who have proposed projects, and with any input received from the Board of Directors, we will identify those projects that are the most competitive and that can best meet the USDOT selection criteria.

NEXT STEPS

We will be fielding recommended candidate projects through Tuesday, March 1, 2016. We will assess the input received and inform the Board of our assessment results. We also will submit grant applications for those projects that can best compete for this USDOT funding opportunity.