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May 30, 2018

TO: BOARD OF DIRECTORS

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

FROM: *[Signature]*
THERESE W. MCMILLAN
CHIEF PLANNING OFFICER

SUBJECT: FEDERAL DISCRETIONARY GRANT OPPORTUNITIES

ISSUE

The U.S. Department of Transportation (USDOT) recently released notices of funding opportunity for three discretionary grant programs comprised of approximately \$1.64 billion to be awarded for eligible projects selected through various nationwide competitive processes. These include the Low or No Emission Grant (LoNo) Program (\$84.5 million) with applications due to the Federal Transit Administration (FTA) by June 18, 2018, the Advanced Transportation and Congestion Management Technologies Deployment (ATCMTD) Program (\$60 million) with applications due to the Federal Highway Administration (FHWA) by June 18, 2018, and the Better Utilizing Investments to Leverage Development (BUILD) Program (\$1.5 billion) with applications due to USDOT by July 19, 2018. Using the Evaluative Criteria Framework that was presented to the Board in September 2017 as guidance, staff is identifying eligible candidate projects that can meet program requirements and are competitive for grant awards.

DISCUSSION

On March 23, 2018, President Trump signed into law the "Consolidated Appropriations Act, 2018", which includes appropriations for the LoNo, ATCMTD, and BUILD discretionary programs. The Notice of Funding Opportunity (NOFO) for each program details the eligibility and evaluation criteria. A summary of these criteria for each of the current three programs is presented in Attachment A.

NEXT STEPS

Staff will finalize identifying projects that are eligible, competitive, and based on the Evaluative Criteria Framework that was presented to the Board in September 2017. Staff will develop and submit grant applications by the due deadlines.

We will inform the Board of Directors of any further developments on our applications, as information becomes available. USDOT may announce the projects selected for a funding award by September 2018. We also will continue to pursue other federal discretionary funding opportunities as they arise for our projects.

ATTACHMENTS

Attachment A – Summary of Current Federal Discretionary Grant Programs

Summary of Current Federal Discretionary Programs

LoNo Program

The Low or No Emission Grant (LoNo) Program makes available about \$84.5 million for the purchase or lease of low or no emission vehicles that use advanced technologies for transit revenue operations (including related equipment and facilities). LoNo applications are due to the Federal Transit Administration (FTA) by June 18, 2018. There is no limit on the number of applications an agency can submit. Also, there is no minimum or maximum grant award amount. However, FTA may consider capping the amount a single applicant may receive and prioritizing investments in rural areas. FTA may also prioritize projects that have a higher local financial commitment (minimum is 15 percent for vehicles/10 percent for equipment or facilities), can obligate the funds within 12 months of selection, and can be implemented within a reasonable time frame. Funds are available for obligation (through an execution of a grant agreement with FTA) until September 30, 2021 and only for projects that have not incurred costs prior to the announcement of project selections. Projects with an executed contract or Notice to Proceed are ineligible for funding. If an application involves a partnership, such as with a specific vehicle manufacturer or equipment vendor, FTA will consider such partnership to satisfy the requirement for a competitive procurement.

ATCMTD Program

The Advanced Transportation and Congestion Management Technologies Deployment (ATCMTD) Program makes available \$60 million to develop model deployment sites for large scale installation and operation of advanced transportation technologies to improve safety, efficiency, system performance, and infrastructure return on investment. ATCMTD applications are due to the Federal Highway Administration (FHWA) by June 18, 2018. There is no limit on the number of applications an agency can submit. However, a single grant recipient may not receive more than \$12 million. The funds must be obligated by September 30, 2021 and the period of performance must not exceed 4 years. FHWA encourages partnerships with the private sector or public agencies and will prioritize projects that also enhance personal mobility and accessibility. Deployment programs and projects of particular interest to FHWA include those in the following areas:

- i) Multimodal Integrated Corridor Management;
- ii) Freight/Port Community System;
- iii) Unified Fare Collection and Payment Systems (across transportation modes and jurisdictions), such as electronic pricing and tolling; and

- iv) Technologies to Support Connected Communities, such as dynamic ridesharing and information systems to support human services for elderly and disabled individuals.

FHWA will evaluate applications on their technical merit and proposed staffing and cost, as well as on the extent they attract non-federal sources beyond the minimum 50 percent cost share requirement. FHWA will not reimburse any pre-award costs.

BUILD Program

The Better Utilizing Investments to Leverage Development (“BUILD”) Program provides about \$1.5 billion for surface transportation projects that will have a significant local or regional impact. BUILD applications are due to USDOT by July 19, 2018. An agency may submit no more than three applications as the lead applicant under the BUILD Program, which was previously known as the Transportation Investment Generating Economic Recovery (TIGER) Program. However, applicants that demonstrate the ability to generate additional non-federal revenue (through December 2027 from sources that occurred after January 1, 2015, such as those provided by Measure M and Senate Bill 1, or those that will occur in the future) may submit a program of projects (POP) that exceed the three application limit. Only one POP may be submitted by each eligible applicant. Eligible capital investments include, but are not limited to:

- i) highway, bridge, or other road projects;
- ii) public transportation projects;
- iii) passenger and freight rail transportation projects;
- iv) port infrastructure investments (including inland port infrastructure and land ports of entry); and
- v) intermodal projects.

The Build Program also allows an amount not to exceed \$15 million to be awarded for the planning, preparation or design of eligible BUILD projects. USDOT can use an amount not to exceed \$300 million for BUILD grants to pay the subsidy and administrative costs for projects receiving credit assistance under the Transportation Infrastructure Finance and Innovation Act of 1998 (“TIFIA”) Program. BUILD grant awards cannot exceed \$25 million or be less than \$5 million per project, except for projects located in rural areas where the minimum is \$1 million. There is no statutory minimum grant size, regardless of location, for planning grants. Overall, no more than \$150 million can be awarded to projects in a single state and at least \$450 million must be used for projects located in rural areas. USDOT has indicated that it will give special consideration to projects in rural areas.

BUILD funds are only available for obligation (through the execution of grant agreement with USDOT) until September 30, 2020. The funds must be expended (actually paid out/reimbursed to the grantee) by September 30, 2025. BUILD grants may be used for up to 80 percent of a project located in an urban area and for up to 100 percent for a project located in a rural area (as approved by USDOT's Secretary). USDOT will not consider previously-incurred costs or previously-expended or encumbered funds towards the matching requirement for any project. USDOT will evaluate projects for their demonstrated project readiness, benefits and costs. It will not use the federal share as a selection criterion in awarding projects. USDOT's merit/evaluation criteria includes safety, state of good repair, economic competitiveness, environmental protection, quality of life, innovation (technologies, project delivery, and financing), partnership, and newly secured and committed non-federal revenue for transportation infrastructure investment. Applications that do not demonstrate a likelihood of significant long-term benefits based on these criteria will not proceed in the evaluation process. USDOT will prioritize funding for projects that:

- i) can begin construction quickly upon obligation;**
- ii) ensure the good condition of transportation infrastructure that supports commerce and economic growth; and**
- iii) apply innovative strategies to improve the efficiency of project development or expedite project delivery.**

To the extent possible, freight projects should be included in a State Freight Plan and be supported by a State Freight Advisory Committee.