

Capital Investment Grant Program

11/2018

Section 5309 of the Fixing America's Surface Transportation (FAST) Act establishes the Capital Investment Grant (CIG) program, the federal government's largest discretionary resource for funding major transit "fixed guideway" projects. The FAST Act authorized \$2.3 billion annually in program funding between FY 2017 and 2020. The CIG program funds three types of projects:

- **Small Starts.** Fixed guideway" projects such as heavy rail transit, light rail transit (LRT), commuter rail, bus rapid transit (BRT), and streetcars costing less than \$300 million **and** requesting less than \$100 million in CIG funding. In addition to the transit modes identified above, Small Starts funding may be used for "corridor-based bus rapid transit" projects that do not operate in a dedicated right-of-way.
- **New Starts.** "Fixed guideway" projects such as heavy rail transit, light rail transit (LRT), commuter rail, bus rapid transit (BRT), and streetcars costing more than \$300 million **or** requesting greater than \$100 million in CIG funding.
- **Core Capacity.** Capital investment projects of any cost and funding amount that add capacity to existing rail or BRT systems.

It is anticipated that Madison's East-West BRT project would advance as a Small Starts project. As a result, the FTA could provide up to 80% of the capital cost or \$100 million, whichever is less.

Funding Levels

Over the last several years there have been varying budget recommendations with different administrations. However, when we look at the actual funding for the program it is more stable. Annual appropriation levels, which are established by long term appropriation bills (MAP-21 and FAST Act) have been relatively consistent with FAST Act appropriating \$2.3 billion annually from 2016-2019. While the final approved budget has slowly grown each of the last 4 years.

Federal Fiscal Year	Presidents Funding Recommendation (millions)	Annual Appropriations (millions)	Congressionally Approved Budget (millions)
2015	\$2,500	\$2,120.0	\$2,099
2016	\$3,250	\$2,301.8	\$2,155
2017	\$3,500	\$2,301.8	\$2,505
2018	\$1,232	\$2,301.8	\$2,623
2019	\$1,046	\$2,301.8	Pending Congressional Approval

What it means to be a Competitive Grant Program

The FTA has various funding programs, these programs fall into two primary categories formula and competitive grant programs. Formula programs are programs, such as the 5307 Urbanized Area program, are programs where a predetermined formula distributes whatever amount money is included in the annual budget to each state and/or urbanized area of 200,000 residents. Competitive programs are

programs where funds distributed based on other criteria. Within there are two primary types of competitive grant programs with a fixed amount of money and programs with fixed set of requirements.

We typically think of competitive grant programs as programs such as the BUILD grant program when USDOT (or FTA) have a fixed amount of money to award to projects that meet requirements of the program. However, the CIG program is a program with statutory requirements and evaluation criteria. As a result, the FTA must use predetermined criteria to evaluate and rate projects. Those projects that receive a Medium or higher rating are eligible for funding. Under current federal law FTA doesn't have the authority to prioritize projects among those projects that receive a Medium or higher rating, other than meeting the readiness requirements. As a result, projects which receive a high rating are not funded before those projects that receive a medium rating. Instead if in a given year there are requests for more funding from eligible projects than FTA has available, which was the case in 2017. The FTA spreads the funding for those projects over multiple years. Five projects received \$50 million in 2017, the rest of the funding for those projects will be provided in another year's budget.

Project Location and Description	Project Rating	2017	2018	Total Small Starts funding
Grand Rapids, Laker Line BRT	Medium-High	56,810,000		56,810,000
Tempe, Tempe Streetcar	Medium-High	50,000,000	25,000,000	75,000,000
Sacramento, Downtown Riverfront Streetcar	Medium-High	50,000,000		75,000,000
Indianapolis, Red Line All-Electric BRT	Medium	50,000,000	24,989,685	74,989,685
Albuquerque, Rapid Transit Project	Medium-High	50,000,000	25,035,549	75,035,549
Seattle, Seattle Streetcar Center City Connector	Medium-High	50,000,000		50,000,000
Everett, Swift II BRT	Medium	43,190,000		43,190,000
Jacksonville, First Coast Flyer East Corridor BRT	Medium-High	16,930,000		16,930,000
Kansas City, Prospect MAX	Medium	29,890,000		29,890,000
Fort Lauderdale, Wave Streetcar*	Medium-High	11,010,000		60,660,000
Minneapolis, Metro Orange Line BRT			74,078,782	74,078,782

*** Fort Lauderdale, Wave Streetcar received \$49,650,000 in FY 2016 this allocation completed the Small Starts commitment.**

Projects Advancing to Grant Agreement

Within the transit industry there have been numerous complaints that projects are taking longer than they should and the FTA is holding up funding for projects that received a medium or higher rating and have met the FTA's readiness requirements for political reasons. While project sponsors will always believe their project should move faster. The FTA has started to advance projects a little quicker recently. For example, since the Nov. 2018 elections FTA has signed 6 grant agreements totaling more than \$1.6 billion.