



U.S. Department
of Transportation

**Federal Transit
Administration**

Administrator

1200 New Jersey Avenue, SE
Washington, DC 20590

June 29, 2018

Dear Colleague:

This letter highlights elements of current policy regarding the Federal Transit Administration's (FTA) advancement of projects through the Capital Investment Grants (CIG) program. The CIG program is a discretionary grant program in which projects are selected for funding based on eligibility and merit. The FTA reviews, assesses, and evaluates the quality of the projects seeking funding to inform its decision making. While 49 U.S.C. 5309 (Section 5309) provides for a phased process through which projects must advance before being eligible for funding and identifies evaluation criteria to be used by FTA, the process through which a project advances, and FTA decides whether to enter into a construction grant agreement, is ultimately a discretionary one.

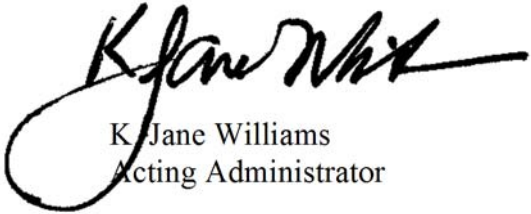
The FTA bases its discretionary funding allocation decisions for the CIG program on a variety of factors, including the extent of the local financial commitment, project readiness, and geographic diversity. The FTA also considers the extent to which value capture, private contributions, and other innovative approaches to project development and delivery are used, including public-private partnerships.

Before advancing a project, Section 5309 requires FTA to evaluate all projects seeking CIG funding on local financial commitment. Given the competitive nature of this discretionary program, the statute specifically urges FTA to consider the extent to which the project has a local financial commitment that exceeds the required non-government share of the cost of the project. To this end, FTA considers U.S. Department of Transportation loans in the context of all Federal funding sources requested by the project sponsor when completing the CIG evaluation process, and not as separate from the Federal funding sources. Strong local financial commitment and stable, reliable, and dependable non-Federal funding sources are necessary for projects to do well in the CIG program. The FTA strongly encourages project sponsors to consider innovative financing and funding approaches, including value capture and private contributions.

If FTA decides to proceed with a construction grant agreement, FTA does not sign the agreement committing CIG funding until after the project sponsor has demonstrated that its project is ready for such an agreement. This includes assurance that the project's development and design have progressed to the point where its scope, costs, benefits, and impacts are considered firm and final; the project sponsor has obtained all non-CIG funding commitments; and the project sponsor has completed all critical third-party agreements.

Lastly, as required by statute, FTA intends to publish revised CIG Policy Guidance later this year for notice and comment. If you have questions about the CIG program, please contact Elizabeth S. Riklin, Acting Associate Administrator for Planning and Environment at 202-366-4033 or Sherry.Riklin@dot.gov.

Sincerely,



K. Jane Williams
Acting Administrator

RESCINDED