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FTA Releases Initial Guidance for Capital Investment Grants Program: Nossaman

Transit authorities across the nation rely on the Capital Investments Grants (“CIG”) program administered by the Federal Transit Administration (“FTA”) to fund major capital expenses for expansion and core capacity projects. The CIG program is codified at 49 U.S.C. § 5309, and FTA currently administers the program in accordance with its [“Final Interim Policy Guidance”](#) published in June 2016.

The recently enacted [Infrastructure Investment and Job Act](#) (P.L. 117-58; “IIJA”) amended the CIG program statute. Consequently, FTA has prepared [initial guidance](#) on the IIJA revisions to the CIG program and is soliciting comments from all interested parties through April 14, 2022. This initial guidance seeks comment on the changes to the CIG program made in the IIJA and covers the following three topics: (1) project eligibility; (2) procedures related to meeting Transit Asset Management targets; and (3) how bundles of CIG projects can enter the Project Development phase of the CIG program.

This initial guidance is not a wholesale replacement of the 2016 guidance, and FTA intends to propose a more comprehensive update of the 2016 guidance later this year. The following three topics covered in the initial guidance will assist project sponsors in understanding the IIJA revisions to the CIG program while FTA prepares the larger guidance update:

1. **Project eligibility.** The initial guidance revises the project eligibility thresholds. The Small Starts eligibility of the CIG program now applies to projects with a total estimated capital cost of less than \$400 million and that are seeking CIG funding of less than \$150 million. The New Starts eligibility of the CIG program now applies to projects with a total estimated capital cost of \$400 million or more or that are seeking CIG funding of \$150 million or more. The initial guidance also revises the Core Capacity eligibility of the CIG program to corridors that are at capacity today or will be in 10 years.
2. **Procedures related to meeting Transit Asset Management targets.** The initial guidance also reflects the new IIJA requirement that CIG projects make progress towards achieving FTA’s state of good repair or “Transit Asset Management” performance targets set forth in 49 U.S.C. § 5326(c)(2).
3. **Bundles of CIG Projects.** The IIJA allows project sponsors to bundle CIG projects together—either immediately or in the future—and advance that bundle of projects through the CIG process. The initial guidance reflects this new eligibility, providing that each project in a bundle must be individually eligible for CIG and included in the applicable metropolitan transportation plan. Bundling must also enhance the capacity of the transportation system and enable time or cost savings.

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