

RAIL

MOVING AMERICA FORWARD



Federal-State Partnership for Intercity Passenger Rail Grant Program: Major Capital Projects, LOIs/PFAs, Domestic Sourcing Plan

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Agenda

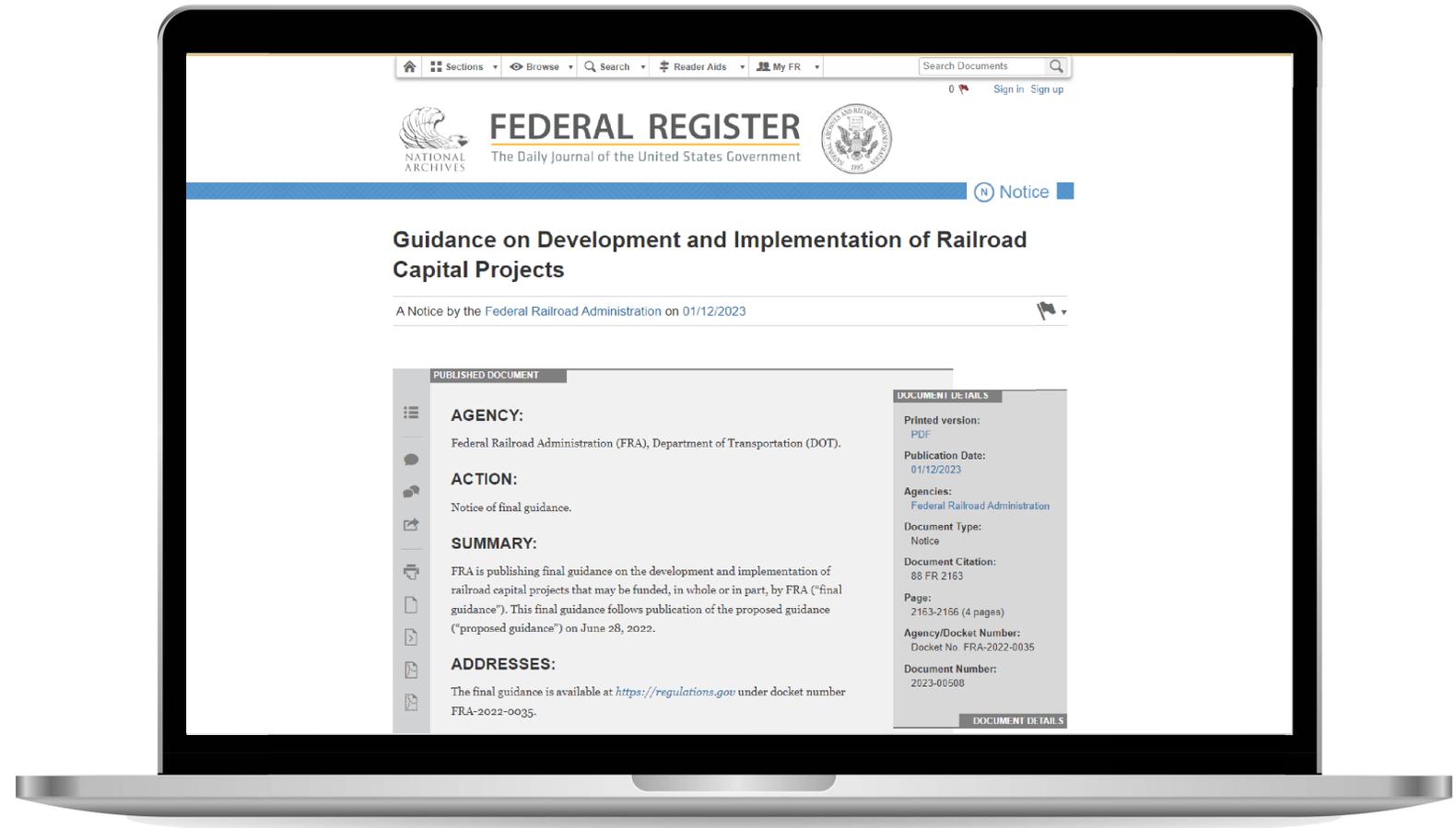
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Overview of Capital Project Guidance

Overview of Capital Project Guidance — Public Comments Received



FRA received nine comments on draft guidance—eight of which were generally supportive and one that was out of scope



<https://www.federalregister.gov/documents/2023/01/12/2023-00508/guidance-on-development-and-implementation-of-railroad-capital-projects>

Overview of Capital Project Guidance — Key Definitions Summary

Major Project*

- A railroad capital project with a capital cost estimate equal to or greater than \$500 million and at least \$100 million in federal assistance; or
- A railroad capital project that FRA determines to be a Major Project
 - FRA considers complexity of the project and how additional procedures for project development/management will benefit the agency or the Project Sponsor

Capital Cost Estimate

- Estimate of the cost to implement the capital project inclusive of the project development stage through completion of the construction stage

Project Management Plan

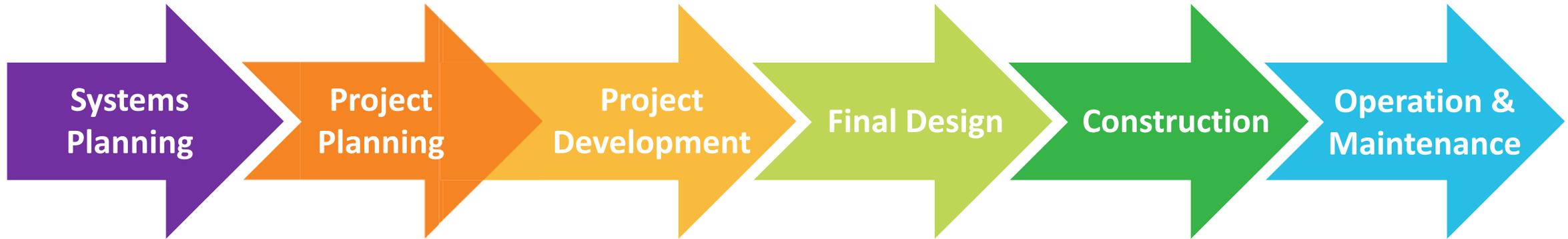
- Describes how the capital project will be implemented, monitored, and controlled to help the Project Sponsor effectively, efficiently, and safely deliver the project on time, within budget, and at the highest appropriate quality

Financial Plan

- Reflects the capital project's scope, schedule, cost estimate, and funding structure, based on the capital cost estimate



Overview of Capital Project Guidance — Project Lifecycle Stages



- Multistate Regional Planning
- Corridor Planning
- Project Identification

- Purpose & Need
- Project Planning
- Conceptual Engineering
- Consideration of Alternatives
- Stakeholder Engagement

- NEPA
- Preliminary Engineering
- Cost Estimate
- Budget and Schedule
- Project Management Plan & Financial Plan
- Procurement Strategy
- Stakeholder Agreements

- Final Engineering
- Final Budget and Schedule
- Procurement Process
- Project Agreements
- Refined Project Management Plan & Financial Plan
- Right-of-Way Acquisition
- Early Work and Relocations

- Capital Construction
- Equipment Acquisition
- Utility Construction
- Financing Costs
- Construction Oversight
- Testing and Commissioning

- Project Use
- Project Benefits Assessments
- Project Lookback Analysis

Overview of Capital Project Guidance — Next Steps

What should Project Sponsors do?

- Review the guidance, especially those sponsors with Major Projects

How will the Capital Project Guidance be Used?

- FRA may use the final guidance to inform its grant application reviews and subsequent decisions
- FRA may require compliance with the guidance as part of grant agreements funding railroad capital projects

Where do we go from here?

- FRA is working to develop both internal and external training related to the implementation of the guidance and will post links to the webinar sessions on the FRA website when available: <https://railroads.dot.gov/grants-loans/fra-rail-program-delivery-webinar-series-grants-loans>



Letters of Intent (LOIs)/ Phased Funding Agreements (PFAs)

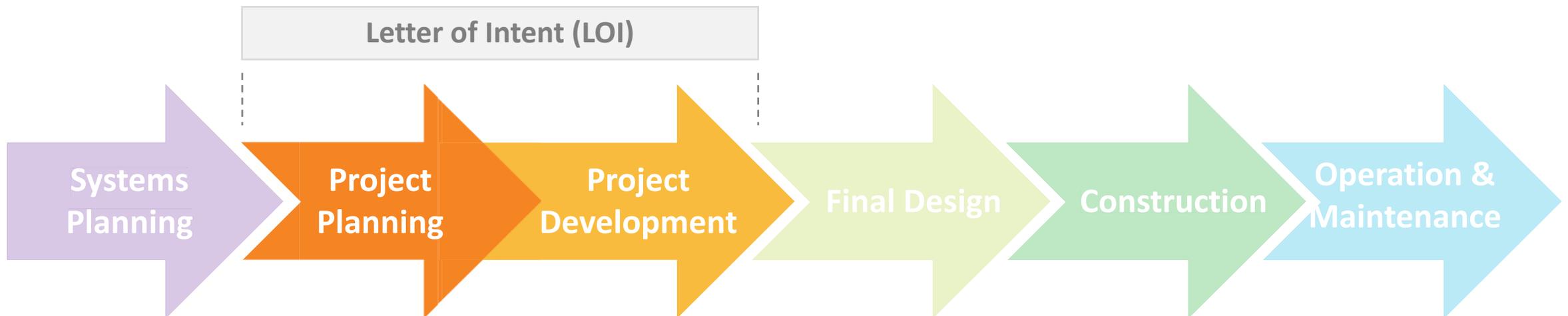
LOIs/PFAs under the Federal-State Partnership Program

- LOIs and PFAs are **only** allowed under the Federal-State Partnership (FSP) Program (both Northeast Corridor and National)
- FRA may issue Letters of Intent (LOI) or Phased Funding Agreements (PFA) to FSP grantees proposing Major Capital Projects*
 - Being a Major Project is a prerequisite for requesting an LOI or PFA
- Applicants proposing Major Capital Projects can, as part of their application, request an LOI or PFA
- Additionally, FRA may independently determine that a project is appropriate for an LOI or PFA



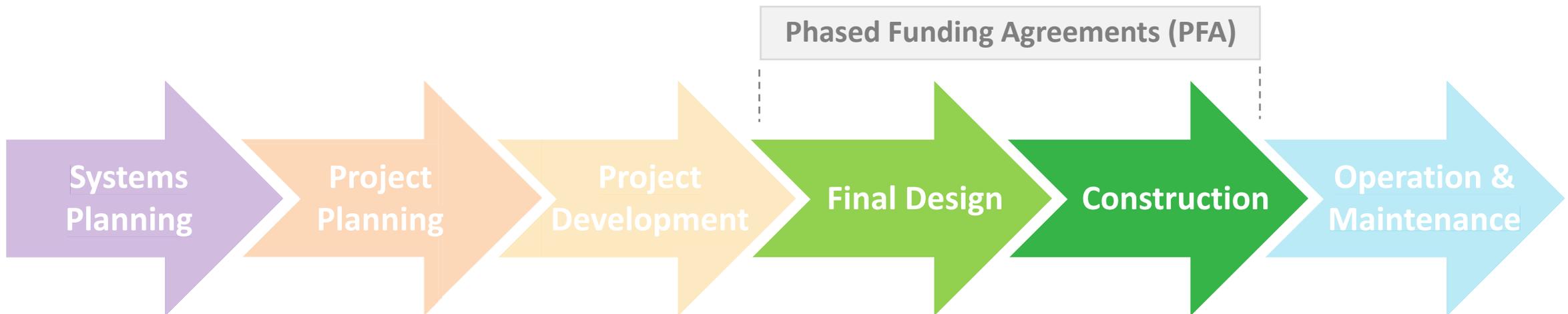
Letter of Intent (LOI)

- An LOI is a letter from FRA to a grantee announcing “**an intention to obligate**” an amount to a **Major Capital Project** from **future budget authority**
- LOIs are **not binding** obligations
- In issuing an LOI, FRA may outline conditions and/or define readiness thresholds that the applicant may use to inform future funding requests for FSP-National funds



Phased Funding Agreement (PFA)

- A PFA is a **grant agreement** under the FSP Program that obligates funding from available funds and makes a **contingent commitment to obligate future funds** when they become available
- FRA may enter into a PFA with an applicant for **highly rated Major Capital Projects** under the FSP Program
- A PFA shall:
 - (1) establish the terms of participation by the Federal Government in the project;
 - (2) establish the maximum amount of Federal financial assistance for the project;
 - (3) include the period of time for completing the project, even if such period extends beyond the period for which Federal financial assistance is authorized; and
 - (4) make timely and efficient management of the project easier in accordance with Federal law.

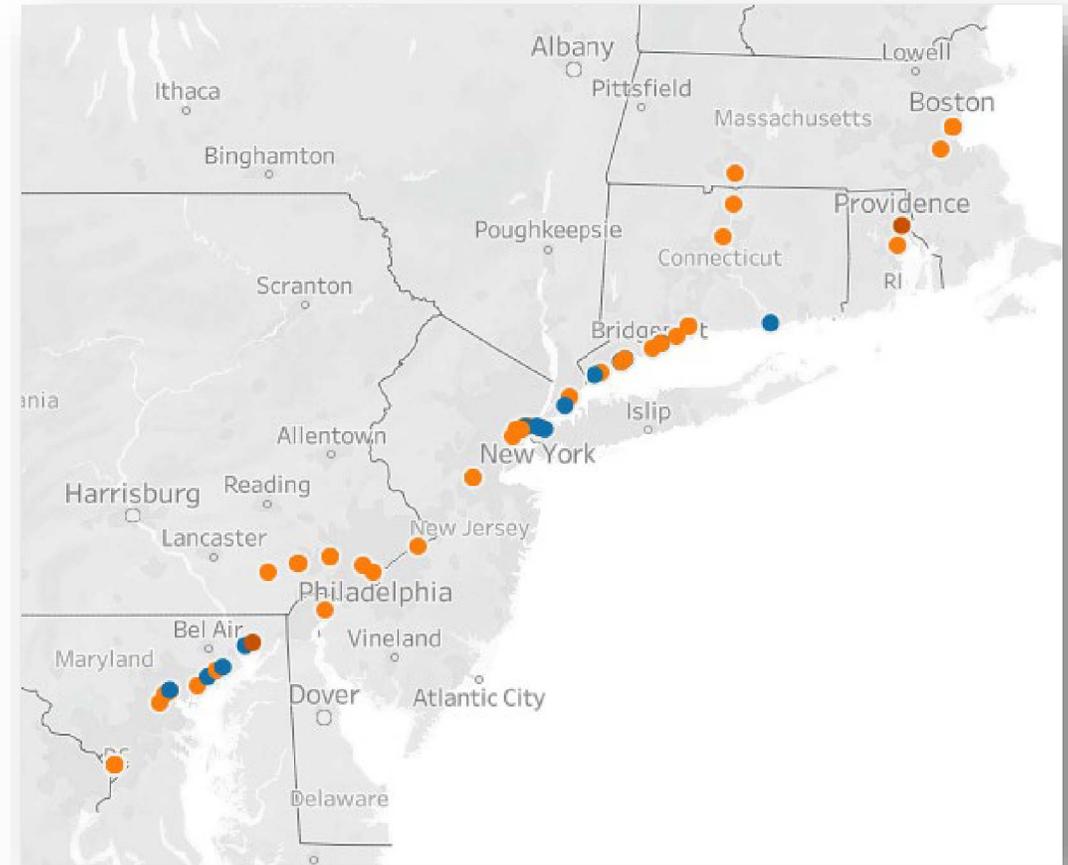


Additional Requirements for Major Projects

For projects along the Northeast Corridor (NEC)

- Funding for Final Design/Construction or Construction Stage activities on the NEC Inventory* that are scheduled to enter the Final Design or Construction Stages within the Inventory Period, must provide:
 - An annualized budget in year of expenditure dollars,
 - Anticipated annual Federal funding requests from this grant program,
 - Anticipated future non-Federal match, and
 - Total project cost through completion of the Construction Stage

FRA requires these above elements to properly evaluate the project for a PFA. PFA applicants must include proposed milestones by which FRA can measure progress.



*<https://railroads.dot.gov/elibrary/nec-inventory>

LOI/PFA Consideration within the Review and Grant Selection Process

FRA will conduct a grant application review process, as follows:



**As applicable, to determine whether either is appropriate for the project based on project-specific characteristics, funding availability, and statutory and policy criteria stated in this NOFO*

Domestic Sourcing Plan

FRA Buy America

FRA Buy America includes **new** requirements enacted by the **Build America, Buy America (BABA) Act** and applies to all FRA grant programs

U.S. Department of Transportation
Federal Railroad Administration

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Buy America Sample Component List (List for illustration purposes only)

Document Series: Policy and Guidance
Author: Federal Railroad Administration Chief Counsel
Subject: Buy America
Keywords: Buy America, Components

[FRA Buy America Sample Component List.pdf](#)

System/Group	Components
Steel used in manufacture of locomotive deck, floor, shell and crashworthiness elements	Side frame structure
	End structure
	Floor structure
	Roof structure
	Integrated cab structure
	Carbody steel (side frame)
	Carbody steel (carbody skin)
	Deck
Main transformers	Transformers
	Inverters
	Contactors
	Rectifiers
	Brake choppers
	Filter inductors

<https://railroads.dot.gov/legislation-regulations/buy-america/buy-america>



For FRA-funded Projects—the steel, iron, construction materials, and manufactured goods used in the project must be produced in the United States



FRA Buy America applies to materials purchased with FRA funds and with non-Federal funds



Consider FRA Buy America requirements in project planning, design, and budget



Include FRA Buy America requirements in all procurement documents and obtain any necessary certifications to document compliance



FRA encourages applicants who might seek a waiver to develop and submit a domestic sourcing plan as part of their application

Waivers are granted only in limited circumstances and can result in significant delay

FRA Buy America — Domestic Sourcing Plan

The **domestic sourcing plan** should include:



Detail on the extent to which the systems covered by the waiver are to be imported and the extent to which such systems can be sourced domestically



Explanation of how the recipient anticipates making use of domestic sources for maintenance and replacement of initially imported goods and materials used in the project



Explanation of the number of domestic jobs, temporary and permanent, that will be generated by the project and outline a plan to transition any foreign labor responsibilities to domestic jobs





QUESTIONS?

Contact Us

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Connect with us [USDOTFRA](#)

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FRA Competitive Discretionary Grant Programs
Webpage <https://www.fra.dot.gov/grants>



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