City of Las Cruces®

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Council Action and Executive Summary

Item # 2 **Ordinance/Resolution#** 11-001 **Council District:** ___

For Meeting of July 6, 2010
(Adoption Date)

TITLE:

A RESOLUTION AUTHORIZING THE CITY OF LAS CRUCES TO APPLY FOR THE U.S. DEPARTMENT OF TRANSPORTATION FY2010 TIGER II DISCRETIONARY GRANTS PROGRAM VIA A PRE-APPLICATION, AND, IF APPROVED, A FULL APPLICATION. THE AMOUNT TO BE REQUESTED IS $10,000,000 WITH A MANDATORY CITY MATCH OF 20% ($2,000,000).

PURPOSE(S) OF ACTION: This approval will allow the City of Las Cruces to complete the pre-application (and) application for funding available from the US Department of Transportation, FY 2010 Tiger II Discretionary Grant program. Pre-application submission is due July 16, 2010 with the application due August 23, 2010.

Name of Drafter: Auguie Henry III		Department: Finance/GAO		Phone: (575) 541-2281	
Department	**Signature**	**Phone**	**Department**	**Signature**	**Phone**
Community Development		(575) 528-3066	Budget		(575) 541-2300
Grants Administration Office		(575) 541-2281	Assistant City Manager		(575) 541-2271
Legal		(575) 541-2128	City Manager		(575) 541-2076

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS: The Department of Transportation (DOT), Tiger II Discretionary Grant program provides the opportunity for communities to fund surface transportation infrastructure that will have a significant impact on the metropolitan area or region. There are several significant factors to consider for this project:

1. The minimum allocation is $10,000,000 with a 20% match. The City must make a commitment through this Resolution for the pre-application to fully fund the match. Without the commitment, the City would be considered "non-responsive" and our pre-application/application would be denied.
2. The project selected by the GAO committee for the Tiger II program is funding for the downtown revitalization project as it more readily meets the DOT requirements. By using the existing downtown plan, this funding will allow for the completion of the current downtown project to include both roundabouts. The committee further recommends the continuation of the project to include

(Continue on additional sheets as required)

the surface infrastructure from the southern roundabout south to the El Paseo intersection.

3. The continuation of the roadway project will provide a more defined link between the current downtown revitalization, the EPA El Paseo project, and the new Convention Center.
4. Federal, state, local, and private monies can be designated to meet the grant requirements. A committee to develop this grant application has recommended that funding already designated for the downtown project can be designated as the match. Any funding that has been expended prior to the actual award date, currently projected for September 2010, can not be utilized as part of the match.
5. The pre-application is due July 16, 2010 and if selected, the full application is due August 23, 2010. Although the City can meet the pre-application deadline, the Council must approve commitment of match funds. (Aggressive work is necessary) The City staff will have to aggressively work - towards the actual application beginning now. If the City is not selected as a fundable project, any research completed will be viable for future DOT grant applications.

SUPPORT INFORMATION:

Fund Name / Account Number	Amount of Expenditure	Budget Amount
N/A	N/A	N/A

1. Resolution
2. Exhibit "A" – Grant Overview Worksheet (GOW)
3. Exhibit "B" – Federal Register/Vol.75, No. 104/Tuesday, June 1, 2010/Notices

OPTIONS / ALTERNATIVES:

1. Approve submission of the pre-application and application; if pre-application is approved, authorize the designation of the respective funding to meet the required match.
2. Disapprove of the submission of the pre-application/application. Current research and development of the pre-application/application requirements will terminate and the City will not submit for the funding.
3. Modify the current request and direct City staff to pursue funding based on the Council's selection of an acceptable project.

(Continue on additional sheets as required)

RESOLUTION NO. 11-001

A RESOLUTION AUTHORIZING THE CITY OF LAS CRUCES TO APPLY FOR THE U.S. DEPARTMENT OF TRANSPORTATION FY2010 TIGER II DISCRETIONARY GRANTS PROGRAM VIA A PRE-APPLICATION, AND, IF APPROVED, A FULL APPLICATION. THE AMOUNT TO BE REQUESTED IS $10,000,000 WITH A MANDATORY CITY MATCH OF 20% ($2,000,000).

The City Council is informed that:

WHEREAS, the US Department of Transportation, Tiger II Discretionary Grants Program FY 2010 has made available an opportunity for surface transportation infrastructure funding; and

WHEREAS, the City of Las Cruces has determined the downtown revitalization project meets the grant requirements as outlined in the Federal Register/Vol 75, No. 104/Tuesday, June 1, 2010/Notices; and

WHEREAS, the grant requires a minimum request of $10,000,000 with a local match of 20% ($2,000,000) and an official commitment to meet the match by the local government body requesting the funding; and

WHEREAS, Federal, State, Local appropriations and TIDD funding for the designated project can be allocated to meet the match, if the funds have not been expended prior to award; and

WHEREAS, potential sources of match funding include the following, all currently in the approved FY 2010-2011 budget:

a. NMDOT in the amount of $1,176,000. Contract accepted by the Council on June 21, 2010.
b. Remaining funds necessary to meet the full match can be obtained from available Utilities Street Rehabilitation and Flood Control funding allocated for the downtown project.

Identification and allocation of these funds will provide an approximate match amount of $2,100,000, an amount slightly more than needed to meet the grant match requirement. NOTE: these must be unexpended funds at the time of award. Any funds expended/encumbered prior to the award date will not be eligible for match; and

WHEREAS, the City of Las Cruces must submit a pre-application and if selected, a full application.

NOW, THEREFORE, be it resolved by the governing body of the City of Las Cruces, New Mexico:

(I)

THAT, the City of Las Cruces is authorized to submit to the US Department of Transportation, Tiger II Discretionary Grants program FY 2010 and pre-application and , if selected, a formal application in the amount of $10,000,000 for the downtown revitalization project.

(II)

THAT, the City Council hereby agrees to commit currently awarded funding to the downtown revitalization project as necessary to meet the required match; and

(III)

THAT, City staff and officials are authorized to do all deeds necessary in the accomplishment of the herein above.

DONE AND APPROVED this 6th day of July, 2010

_____
Mayor

ATTEST:

_____
City Clerk

VOTE:

Mayor Miyagishima: _____
Councillor Silva: _____
Councillor Connor: _____

(SEAL)

Councillor Pedroza: _____
Councillor Small: _____
Councillor Sorg: _____
Councillor Thomas: _____

Moved by: _____

Seconded by: _____

Approved as to Form:

Asst City Attorney

Exhibit A

GRANT OVERVIEW WORKSHEET

Title of Grant Program: Tiger II Discretionary Grant Program FY 2010

Funding Organization: US Department of Transportation

Section Applying: Community Development

Description of Proposed Project: To apply for funding from the USDOT to fund surface transportation infrastructure, the downtown revitalization proj

Strategic Plan	**Goal:**	**Objective:**	**Strategic Plan:**
Performance Budget	**Goal:**	**Objective:**	**Strategic Plan:**

☐ **Existing City Programs/Efforts** (*Ex: request for environmentally-friendly weed management. Parks and Recreation Section's existing budget and work activities include weed management)*

☒ **Expansion of Existing Program/Efforts** *(Ex: request for advertising to increase public awareness of the Farmer's market. The advertising campaign will be an increase over current activities/budget)*

☐ **New Initiative, Not Budgeted** *(Ex: request to implement a recreational activity that is currently not included in the City's recreations programs)*

Project Maintenance *If the grant specifies that the project must be maintained/operated after the grant period ends, list the requirements:*

N/A

Amount Section anticipates requesting: $10,000,000 **Match Requirement (%)** 20%

Projected Match **In-kind:** **Cash:** $2,000,000

Match Source: Federal, State, TIDD funding

Grant Application Due: July 16, 2010 **Grant Duration** *(Months/years)*: Unknown

MOU or Joint Powers Agreement Required: No

Grant Collaborators *(List other City Departments or Outside Agencies)*:

Employees To Be Hired *(number to be hired, full-time or part-time positions and 1 sentence job responsibilities)*:

N/A

Print Form

GRANT OVERVIEW WORKSHEET

Grant Manager *(Responsible for contract, project operations, budget management, and reports as prescribed)*

Name: William Slettom

Title: Downtown Develop Coordinato

Phone: (575) 528-3163

E-mail: wslettom@las-cruces.org

Submitted by: Auguie Henry III

Signature:

Date: June 4, 2010

Reviewed & Approved by:

Signature:

Date: June 4, 2010

seq.), Delegation of Authority No. 234 of October 1, 1999, Delegation of Authority No. 236 of October 19, 1999, as amended, and Delegation of Authority No. 257 of April 15, 2003 [68 FR 19875], I hereby determine that the objects to be included in the exhibition "Dynasty and Divinity: Ife Art in Ancient Nigeria," imported from abroad for temporary exhibition within the United States, are of cultural significance. The objects are imported pursuant to loan agreements with the foreign owner or custodian. I also determine that the exhibition or display of the exhibit objects at the Museum of Fine Arts, Houston, TX, from on or about September 19, 2010, until on or about January 9, 2011; at the Virginia Museum of Fine Arts, Richmond, VA, from on or about February 19, 2011, until on or about May 22, 2011; at the Indianapolis Museum of Art, Indianapolis, IN, from on or about July 10, 2011, until on or about October 9, 2011; at the Museum for African Art, New York, NY, from on or about November 11, 2011, until on or about March 4, 2012, and at possible additional exhibitions or venues yet to be determined, is in the national interest. Public Notice of these Determinations is ordered to be published in the **Federal Register**.

FOR FURTHER INFORMATION CONTACT: For further information, including a list of the exhibit objects, contact Carol B. Epstein, Attorney-Adviser, Office of the Legal Adviser, U.S. Department of State (telephone: 202/632–6473). The address is U.S. Department of State, SA–5, L/PD, Fifth Floor, Washington, DC 20522–0505.

Dated: May 21, 2010.

Maura M. Pally,

Deputy Assistant Secretary for Professional and Cultural Exchanges, Bureau of Educational and Cultural Affairs, Department of State.

[FR Doc. 2010–13066 Filed 5–28–10; 8:45 am]

BILLING CODE 4710–05–P

DEPARTMENT OF TRANSPORTATION

Office of the Secretary

[Docket Number: DOT–OST–2009–0208]

Application of Kaiserair, Inc. for Certificate Authority

AGENCY: Department of Transportation.

ACTION: Notice of Order to Show Cause (Order 2010–5–25).

SUMMARY: The Department of Transportation is directing all interested persons to show cause why it should not issue an order finding KaiserAir, Inc., fit, willing, and able, and to provide interstate charter air transportation of persons, property, and mail using one large aircraft.

DATES: Persons wishing to file objections should do so no later than June 7, 2010.

ADDRESSES: Objections and answers to objections should be filed in Docket DOT–OST–2009–0208 and addressed to U.S. Department of Transportation, Docket Operations, (M–30, Room W12–140), 1200 New Jersey Avenue, SE., West Building Ground Floor, Washington, DC 20590, and should be served upon the parties listed in Attachment A to the order.

FOR FURTHER INFORMATION CONTACT: Michael Price, Air Carrier Fitness Division (X–56, Room W86–462), U.S. Department of Transportation, 1200 New Jersey Avenue, SE., Washington, DC 20590, (202) 366–9721.

Dated: May 24, 2010.

Susan Kurland,

Assistant Secretary for Aviation and International Affairs.

[FR Doc. 2010–13022 Filed 5–28–10; 8:45 am]

BILLING CODE P

DEPARTMENT OF TRANSPORTATION

Office of the Secretary

[Docket No. DOT–OST–2010–0076]

Notice of Funding Availability for the Department of Transportation's National Infrastructure Investments Under the Transportation, Housing and Urban Development, and Related Agencies Appropriations Act for 2010

AGENCY: Office of the Secretary of Transportation, DOT.

ACTION: Notice of funding availability.

SUMMARY: This notice announces the availability of funding and requests proposals for the Department of Transportation's National Infrastructure Investments. In addition, this notice announces selection criteria and pre-application and application requirements for the National Infrastructure Investments.

On December 16, 2009, the President signed the Transportation, Housing and Urban Development, and Related Agencies Appropriations Act for 2010 (Div. A of the Consolidated Appropriations Act, 2010 (Pub. L. 111–117, Dec. 16, 2009)) ("FY 2010 Appropriations Act"). The FY 2010 Appropriations Act appropriated $600 million to be awarded by the Department of Transportation ("DOT") for National Infrastructure Investments. This appropriation is similar, but not identical to the appropriation for the Transportation Investment Generating Economic Recovery, or "TIGER Discretionary Grant", program authorized and implemented pursuant to the American Recovery and Reinvestment Act of 2009 (the "Recovery Act"). Because of the similarity in program structure, DOT is referring to the grants for National Infrastructure Investments under the FY 2010 Appropriations Act as "TIGER II Discretionary Grants". As with the TIGER program, funds for the TIGER II program are to be awarded on a competitive basis for projects that will have a significant impact on the Nation, a metropolitan area or a region. Through this notice, DOT is soliciting applications for TIGER II Discretionary Grants.

On April 26, 2010, DOT published an interim notice announcing the availability of funding for TIGER II Discretionary Grants. Because this is a new program, the interim notice also requested comments on the proposed selection criteria and guidance for awarding TIGER II Discretionary Grants. DOT considered the comments that were submitted in accordance with the interim notice and decided to publish this notice revising some elements of the interim notice. Each of the substantive revisions made in this notice are described below in "Supplemental Information." In the event that this solicitation does not result in the award and obligation of all available funds, DOT may decide to publish an additional solicitation.

DATES: Pre-applications must be submitted by July 16, 2010, at 5 p.m. EDT (the "Pre-Application Deadline"). Final applications must be submitted through Grants.gov by August 23, 2010, at 5 p.m. EDT (the "Application Deadline"). The DOT pre-application system will open no later than June 23, 2010 to allow prospective applicants to submit pre-applications. Subsequently, the Grants.gov "Apply" function will open on July 30, 2010, allowing applicants to submit applications. While applicants are encouraged to submit pre-applications in advance of the Pre-Application Deadline, pre-applications will not be reviewed until after the Pre-Application Deadline. Similarly, while applicants are encouraged to submit applications in advance of the Application Deadline, applications will not be evaluated, and awards will not be made, until after the Application Deadline. Pursuant to the FY 2010 Appropriations Act, DOT will evaluate all applications and announce the

projects that have been selected to receive TIGER II Discretionary Grants no sooner than September 15, 2010.

ADDRESSES: Pre-applications must be submitted electronically to DOT and applications must be submitted electronically through Grants.gov. Only pre-applications received by DOT and applications received through Grants.gov will be deemed properly filed. Instructions for submitting pre-applications to DOT and applications through Grants.gov are included in Section VIII *(Pre-Application and Application Cycle).*

FOR FURTHER INFORMATION CONTACT: For further information concerning this notice please contact the TIGER II Discretionary Grant program manager via e-mail at *TIGERIIGrants@dot.gov*, or call Robert Mariner at 202–366–8914. A TDD is available for individuals who are deaf or hard of hearing at 202–366–3993. In addition, DOT will regularly post answers to questions and requests for clarifications on DOT's Web site at *http://www.dot.gov/recovery/ost/TIGERII.*

SUPPLEMENTARY INFORMATION: On April 26, 2010, DOT published an interim notice announcing funding availability for the TIGER II Discretionary Grant program. Because this is a new program, the interim notice also requested comments on the proposed selection criteria and guidance for awarding TIGER II Discretionary Grants. DOT considered the comments that were submitted in accordance with the interim notice and decided to publish this notice revising some elements of the interim notice. Each of the substantive revisions made in this notice are described in the following numbered paragraphs.

This notice revises the interim notice published on April 26, 2010, as follows:

1. The notice is no longer an interim notice, and DOT is no longer considering comments on the proposed selection criteria and guidance for awarding TIGER II Discretionary Grants. This notice is the operative notice of funding availability for the TIGER II Discretionary Grant program.

2. In the interim notice, DOT indicated that it was seeking comments on its intention to conduct a multi-agency evaluation and award process with the Department of Housing and Urban Development ("HUD") for DOT's TIGER II Planning Grants (as defined below in the "Background" section) and HUD's Community Challenge Planning Grants, which were also authorized under the FY 2010 Appropriations Act. DOT and HUD have considered the comments that were submitted and have agreed to conduct a multi-agency evaluation and award process for their respective planning grants. This approach is consistent with DOT and HUD's participation in the "Partnership for Sustainable Communities" with the U.S. Environmental Protection Agency ("EPA") to help American families in all communities—rural, suburban and urban—gain better access to affordable housing, more transportation options, lower transportation costs, and a cleaner environment. The details of this multi-agency planning grant program, including information about eligibility, selection criteria, and pre-application and application requirements, are described in a joint notice of funding availability to be published in the **Federal Register** by DOT and HUD. The joint notice will be published shortly after this notice and signed by the Secretaries of each agency. Interested parties are encouraged to review the joint notice for more information. However, DOT applicants may request funding for planning and capital expenses for the same project under this notice.

3. This notice provides additional guidance in the "Background" section about the matching funds required to satisfy the FY 2010 Appropriations Act. DOT will consider any non-Federal funds as a local match for purposes of this program, whether such funds are contributed by the public sector (State or local) or the private sector. However, DOT will not consider funds already expended as a local match. Furthermore, the 20 percent matching requirement for project that are not in rural areas is an eligibility requirement. All projects, whether in an urban or rural area, can increase their competitiveness by demonstrating significant contributions in excess of the required local match, and DOT will give priority, based on the FY 2010 Appropriations Act, to projects for which Federal funding is required to complete an overall financing package.

4. This notice clarifies the definition of "rural area" that DOT is using for purposes of the TIGER II Discretionary Grant program. The interim notice stated that DOT will consider a project to be in a rural area if "all or a material portion of a project is located in a rural area". This notice clarifies that DOT will only consider a material portion of a project to be located in a rural area if the majority of the project is located in a rural area. The reason this language was included in the notice was to ensure that rural transportation corridors could be considered to be in rural areas even if the corridors terminate in, or otherwise pass through, Urbanized Areas (as such term is defined by the Census Bureau). To the extent more than a *de minimis* portion of a project is located in an Urbanized Area, this notice asks applicants to identify the estimated percentage of project costs that will be spent in the Urbanized Area. This will allow DOT to appropriately account for the $140 million that the FY 2010 Appropriations Act sets aside for rural areas. Also, this notice revises the footnote in Section V *(Projects in Rural Areas)* to clarify that rural areas include any area not in an Urbanized Area, as such term is defined by the Census Bureau, including Urban Clusters.

5. This notice revises Section II(B)(1)(b)(ii) *(Environmental Approvals)* to provide additional guidance about the assurance that applicants should provide with their pre-applications to demonstrate that the project has received (or reasonably anticipates receipt of) all necessary environmental approvals required for the project to proceed rapidly upon receipt of a TIGER II Discretionary Grant.

6. This notice revises the Economic Competitiveness criterion described in Section II(B)(1)(a)(ii) and the guidance for conducting a benefit-cost analysis provided in Appendix A to further clarify what the Department considers to be long-term economic benefits.

This notice revises Section VI (*TIGER II TIFIA Payments*) to clarify that the correct amount of the TIFIA application fee is $50,000, not $30,000. Applicants do not need to submit this fee with their application for a TIGER II TIFIA Payment. However, if a project is selected for a TIGER II TIFIA Payment, the project sponsor will be invited to submit a TIFIA application, and will be required to pay the TIFIA application fee with submission of the TIFIA application. These substantive changes to the interim notice published on April 26, 2010, have been included in this notice. All comments received prior to the May 7, 2010, deadline were received and considered by DOT.

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I. Background

Recovery Act TIGER Discretionary Grants

On February 17, 2009, the President of the United States signed the Recovery Act, which appropriated $1.5 billion of discretionary grant funds to be awarded by DOT for capital investments in surface transportation infrastructure. DOT refers to these grants as Grants for Transportation Investment Generating Economic Recovery or "TIGER Discretionary Grants". DOT solicited applications for TIGER Discretionary Grants through a notice of funding availability published in the **Federal Register** on June 17, 2009 (an interim notice was published on May 18, 2009). Applications for TIGER Discretionary Grants were due on September 15, 2009 and DOT received over 1400 applications with funding requests totaling almost $60 billion. Funding for 51 projects totaling nearly $1.5 billion was announced on February 17, 2010. Grant announcements ranged from $3.15 million to $105 million for individual projects, with an average award size of approximately $30 million and the median award amount being $22 million. Less than three percent of the applications (by dollar value) received any funding. Projects were selected for funding based on their alignment with the selection criteria specified in the June 17, 2009, **Federal Register** notice for the TIGER Discretionary Grant program.

On December 16, 2009, the President signed the FY 2010 Appropriations Act, which appropriated $600 million to DOT for National Infrastructure Investments using language that is similar, but not identical, to the language in the Recovery Act authorizing the TIGER Discretionary Grants. DOT is referring to the grants for National Infrastructure Investments as TIGER II Discretionary Grants.

TIGER II Discretionary Grants

Like the TIGER Discretionary Grants, TIGER II Discretionary Grants are for capital investments in surface transportation infrastructure and are to be awarded on a competitive basis for projects that will have a significant impact on the Nation, a metropolitan area, or a region. Key requirements of the TIGER II Discretionary Grant program are summarized below, and material differences from the TIGER Discretionary Grant program are highlighted.

"Eligible Applicants" for TIGER II Discretionary Grants are State and local governments, including U.S. territories, tribal governments, transit agencies, port authorities, metropolitan planning organizations (MPOs), other political subdivisions of State or local governments, and multi-State or multi-jurisdictional groups applying through a single lead applicant (for multi-jurisdictional groups, each member of the group, including the lead applicant, must be an otherwise eligible applicant as defined in this paragraph).

Projects that are eligible for TIGER II Discretionary Grants under the FY 2010 Appropriations Act ("Eligible Projects") include, but are not limited to: (1) Highway or bridge projects eligible under title 23, United States Code; (2) public transportation projects eligible under chapter 53 of title 49, United States Code; (3) passenger and freight rail transportation projects; and (4) port infrastructure investments. Federal wage rate requirements included in subchapter IV of chapter 31 of title 40, United States Code, apply to all projects receiving funds. This description of Eligible Projects is, in practice, identical to the description of eligible projects under the TIGER Discretionary Grant program.[1]

The FY 2010 Appropriations Act requires a new solicitation of applications and, therefore, any unsuccessful applicant for a TIGER Discretionary Grant that wishes to be considered for a TIGER II Discretionary Grant must reapply according to the procedures in this notice.

The FY 2010 Appropriations Act specifies that TIGER II Discretionary Grants may be not less than $10 million and not greater than $200 million. The comparable figures for TIGER Discretionary Grants funded under the Recovery Act were $20 million and $300 million, although the largest grant announced under the TIGER program was $105 million. Based on DOT's experience with the TIGER Discretionary Grant program, it is unlikely that the $200 million maximum grant size for the TIGER II Discretionary Grant program will be reached for any project. The Recovery Act gave DOT discretion to waive the minimum grant size for significant projects in smaller cities, regions, or States. The FY 2010 Appropriations Act does not provide similar authority to waive the minimum $10 million grant size for TIGER II Discretionary Grants. However, for projects located in rural areas (as defined in section V *(Projects in Rural Areas)*), the minimum TIGER II Discretionary Grant size is $1 million. The term "grant" in the provision of the FY 2010 Appropriations Act specifying a minimum grant size does not include TIGER II TIFIA Payments, as defined below.

Pursuant to the FY 2010 Appropriations Act, no more than 25 percent of the funds made available for TIGER II Discretionary Grants (or $150 million) may be awarded to projects in a single State. The comparable figure for TIGER Discretionary Grants was 20 percent (or $300 million).

The FY 2010 Appropriations Act directs that not less than $140 million of the funds provided for TIGER II Discretionary Grants is to be used for projects located in rural areas. There was no comparable amount set aside for rural areas under the Recovery Act for TIGER Discretionary Grants. In awarding TIGER II Discretionary Grants pursuant to the FY 2010 Appropriations Act, DOT must take measures to ensure an equitable geographic distribution of grant funds, an appropriate balance in addressing the needs of urban and rural areas and the investment in a variety of transportation modes. The Recovery Act provided a similar provision for the TIGER Discretionary Grant program, but with no language on ensuring investments in a variety of transportation modes.

TIGER II Discretionary Grants may be used for up to 80 percent of the costs of a project, but priority must be given to projects for which Federal funding is required to complete an overall financing package and projects can increase their competitiveness by demonstrating significant non-Federal contributions.[2] The Recovery Act included a similar priority for TIGER Discretionary Grants, but allowed DOT to fund up to 100 percent of the costs of a project. For TIGER II Discretionary Grants, DOT may increase the Federal

[1] Consistent with the FY 2010 Appropriations Act, DOT will apply the following principles in determining whether a project is eligible as a capital investment in surface transportation: (1) Surface transportation facilities generally include roads, highways and bridges, ports, freight and passenger railroads, transit systems, and projects that connect transportation facilities to other modes of transportation; and (2) surface transportation facilities also include any highway or bridge project eligible under title 23, U.S.C., or public transportation project eligible under chapter 53 of title 49, U.S.C. Please note that the Department may use a TIGER II Discretionary Grant to pay for the surface transportation components of a broader project that has non-surface transportation components, and applicants are encouraged to apply for TIGER II Discretionary Grants to pay for the surface transportation components of these projects.

[2] DOT will consider any non-Federal funds for purposes of meeting the 20 percent match requirement, whether such funds are contributed by the public sector (State or local) or the private sector; however, DOT will not consider funds already expended for purposes of meeting the 20 percent match requirement.

share above 80 percent only for projects located in rural areas, in which case DOT may fund up to 100 percent of the costs of a project. However, the statutory requirement to give priority to projects that use Federal funds to complete an overall financing package applies to projects located in rural areas as well, and projects located in rural areas can increase their competitiveness for purposes of the TIGER II program by demonstrating significant non-Federal financial contributions.

The Recovery Act required DOT to give priority to projects that were expected to be completed by February 17, 2012. The FY 2010 Appropriations Act does not include any similar requirements for the TIGER II Discretionary Grants, although TIGER II funds are only available for obligation through September 30, 2012.

The Recovery Act emphasizes the generation of near-term economic effects from expenditures on project costs, such as construction job creation, as a fundamental goal of the TIGER Discretionary Grant program. However, the FY 2010 Appropriations Act does not include explicit emphasis on job creation and instead focuses more broadly on the impact of projects on the Nation, a metropolitan area, or a region including the medium and long-term benefits that would accrue post-project completion. Therefore, in all cases, TIGER II Discretionary Grant applications will need to be competitive on the merits of the medium to long-term impacts of the projects themselves, as demonstrated by a project's alignment with the Long-Term Outcomes selection criterion described in Section II(A) *(Selection Criteria)* below. However, because communities nationwide continue to face difficult economic times, DOT will also continue to incorporate near-term impacts like job creation in its evaluation of TIGER II applications, as demonstrated by a project's alignment with the Job Creation & Economic Stimulus selection criterion described in Section II(A) below. Consideration of near-term benefits will apply particularly in the case of projects that will employ people in Economically Distressed Areas as discussed in more detail in Section II(A) below.

The FY 2010 Appropriations Act allows for an amount not to exceed $150 million of the $600 million to be used to pay the subsidy and administrative costs of the Transportation Infrastructure Finance and Innovation Act of 1998 ("TIFIA") program, a Federal credit assistance program, if it would further the purposes of the TIGER II Discretionary Grant program. DOT is referring to these payments as "TIGER II TIFIA Payments." The Recovery Act authorized DOT to use up to $200 million of the amount available for TIGER Discretionary Grants for similar purposes.

Based on the subsidy amounts required for projects in the TIFIA program's existing portfolio, DOT estimates that $150 million of TIGER II TIFIA Payments could support approximately $1.5 billion in TIFIA credit assistance. The amount of budget authority required to support TIFIA credit assistance is calculated on a project-by-project basis. Applicants for TIGER II TIFIA Payments should submit an application pursuant to this notice and a separate TIFIA letter of interest, as described below in Section VI (*TIGER II TIFIA Payments*). Unless otherwise noted, or the context requires otherwise, references in this notice to TIGER II Discretionary Grants include TIGER II TIFIA Payments.

DOT reserves the right to offer a TIGER II TIFIA Payment to an applicant that applied for a TIGER II Discretionary Grant even if DOT does not choose to fund the requested TIGER II Discretionary Grant and the applicant did not specifically request a TIGER II TIFIA Payment. Therefore, as described below in Section VI (*TIGER II TIFIA Payments*), applicants for TIGER II Discretionary Grants, particularly applicants that require a substantial amount of funds to complete a financing package, should indicate whether or not they have considered applying for a TIGER II TIFIA Payment. To the extent an applicant thinks that TIFIA may be a viable option for the project, applicants should provide a brief description of a project finance plan that includes TIFIA credit assistance and identifies a source of revenue which may be available to support the TIFIA credit assistance.

The FY 2010 Appropriations Act also permits DOT to use an amount not to exceed $35 million of the available TIGER II funds for the planning, preparation, or design of Eligible Projects ("TIGER II Planning Grants"). TIGER II Planning Grants may be awarded to Eligible Applicants. The Recovery Act did not explicitly provide funding for similar activities under the TIGER Discretionary Grant program.

The FY 2010 Appropriations Act provides that the Secretary of Transportation may retain up to $25 million of the $600 million to fund the award and oversight of TIGER II Discretionary Grants. Portions of the $25 million may be transferred for these purposes to the Administrators of the Federal Highway Administration, the Federal Transit Administration, the Federal Railroad Administration, and the Federal Maritime Administration.

The purpose of this notice is to solicit applications for TIGER II Discretionary Grants.

TIGER II Discretionary Grants

II. Selection Criteria and Guidance on Application of Selection Criteria

This section specifies the criteria that DOT will use to evaluate applications for TIGER II Discretionary Grants. The criteria incorporate the statutory eligibility requirements for this program, which are specified in this notice as relevant. This section is divided into two parts. Part A (*Selection Criteria*) specifies the criteria that DOT will use to rate projects. Additional guidance about how DOT will apply these criteria, including illustrative metrics and examples, is provided in Part B (*Additional Guidance on Selection Criteria*).

A. Selection Criteria

TIGER II Discretionary Grants will be awarded based on the selection criteria as outlined below. There are two categories of selection criteria, "Primary Selection Criteria" and "Secondary Selection Criteria."

The Primary Selection Criteria include (1) Long-Term Outcomes and (2) Job Creation & Economic Stimulus. The Secondary Selection Criteria include (1) Innovation and (2) Partnership. The Primary Selection Criteria are intended to capture the primary objective of the TIGER II provisions of the FY 2010 Appropriations Act, which is to invest in infrastructure projects that will have a significant impact on the Nation, a metropolitan area, or a region. The Secondary Selection Criteria are intended to capture the benefits of new and/or innovative approaches to achieving this programmatic objective.

1. Primary Selection Criteria

(a) Long-Term Outcomes

DOT will give priority to projects that have a significant impact on desirable long-term outcomes for the Nation, a metropolitan area, or a region. Applications that do not demonstrate a likelihood of significant long-term benefits in this criterion will not proceed in the evaluation process. The following types of long-term outcomes will be given priority:

(i) *State of Good Repair:* Improving the condition of existing transportation facilities and systems, with particular emphasis on projects that minimize life-cycle costs.

(ii) *Economic Competitiveness:* Contributing to the economic competitiveness of the United States over the medium- to long-term.

(iii) *Livability:* Fostering livable communities through place-based policies and investments that increase transportation choices and access to transportation services for people in communities across the United States.

(iv) *Environmental Sustainability:* Improving energy efficiency, reducing dependence on oil, reducing greenhouse gas emissions and benefitting the environment.

(v) *Safety:* Improving the safety of U.S. transportation facilities and systems.

(b) Job Creation & Economic Stimulus

While the TIGER II Discretionary Grant program is not a Recovery Act program, job creation and economic stimulus remain a top priority of this Administration; therefore, DOT will give priority (as it did for the TIGER Discretionary Grant program) to projects that are expected to quickly create and preserve jobs and stimulate rapid increases in economic activity, particularly jobs and activity that benefit economically distressed areas as defined by section 301 of the Public Works and Economic Development Act of 1965, as amended (42 U.S.C. 3161) ("Economically Distressed Areas").[3]

2. Secondary Selection Criteria

(a) Innovation

DOT will give priority to projects that use innovative strategies to pursue the long-term outcomes outlined above.

(b) Partnership

DOT will give priority to projects that demonstrate strong collaboration among a broad range of participants and/or integration of transportation with other public service efforts.

B. Additional Guidance on Selection Criteria

The following additional guidance explains how DOT will evaluate each of the selection criteria identified above in Section II(A) (*Selection Criteria*). Applicants are encouraged to demonstrate the responsiveness of a project to any and all of the selection criteria with the most relevant information that applicants can provide, regardless of whether such information has been specifically requested, or identified, in this notice. Any such information shall be considered part of the application, not supplemental, for purposes of the application size limits specified below in Section IX(D) (*Length of Application*).

1. Primary Selection Criteria

(a) Long-Term Outcomes

In order to measure a project's alignment with this criterion, DOT will assess the public benefits generated by the project, as measured by the extent to which a project produces one or more of the following outcomes:

(i) *State of Good Repair:* In order to determine whether the project will improve the condition of existing transportation facilities or systems, including whether life-cycle costs will be minimized, DOT will assess (i) Whether the project is part of, or consistent with, relevant State, local or regional efforts and plans to maintain transportation facilities or systems in a state of good repair, (ii) whether an important aim of the project is to rehabilitate, reconstruct or upgrade surface transportation assets that, if left unimproved, threaten future transportation network efficiency, mobility of goods or people, or economic growth due to their poor condition, (iii) whether the project is appropriately capitalized up front and uses asset management approaches that optimize its long-term cost structure, and (iv) the extent to which a sustainable source of revenue is available for long-term operations and maintenance of the project. The application should include any quantifiable metrics of the facility or system's current condition and performance and, to the extent possible, projected condition and performance, with an explanation of how the project will improve the facility or system's condition, performance and/or long-term cost structure, including calculations of avoided operations and maintenance costs and associated delays.

(ii) *Economic Competitiveness:* In order to determine whether a project promotes the economic competitiveness of the United States, DOT will assess whether the project will measurably contribute over the long term to growth in the productivity of the American economy. For purposes of aligning a project with this outcome, applicants should provide evidence of how improvements in transportation outcomes (such as time savings and operating cost savings) translate into long-term economic productivity benefits. These long-term economic benefits that are provided by the completed project are different from the near-term economic benefits of construction that are captured in the Job Creation & Economic Stimulus criterion. In weighing long-term economic competitiveness benefits, applicants should describe how the project supports increased long-term efficiency and productivity.

Priority consideration will be given to projects that: (i) Improve long-term efficiency, reliability or cost-competitiveness in the movement of workers or goods, or (ii) make improvements that increase the economic productivity of land, capital or labor at specific locations, particularly Economically Distressed Areas. Applicants may propose other methods of demonstrating a project's contribution to the economic competitiveness of the country and such methods will be reviewed on a case-by-case basis.

Economic competitiveness may be demonstrated by the project's ability to increase the efficiency and effectiveness of the transportation system through integration or better use of all existing transportation infrastructure (which may be evidenced by the project's involvement with or benefits to more than one mode and/or its compatibility with and preferably augmentation of the capacities of connecting modes and facilities), but only to the extent that these enhancements lead to the economic benefits that are identified in the opening paragraph of this section.

For purposes of demonstrating economic benefits, applicants should estimate National-level or region-wide economic benefits on productivity and production, and should net out those benefits most likely to result in transfers of economic activity from one localized area to another. Therefore, in estimating local and regional benefits, applicants should consider net increases in economic productivity and benefits, and should take care not to include economic benefits that are being shifted from one location in the United States to another location. Highly localized benefits will receive the most consideration under circumstances where such benefits are most likely to improve an Economically Distressed Area (as defined herein) or otherwise improve access to more productive employment opportunities for under-employed and disadvantaged populations.

[3] While Economically Distressed Areas are typically identified under the Public Works and Economic Development Act at the county level, for the purposes of this program DOT will consider regions, municipalities, smaller areas within larger communities, or other geographic areas to be Economically Distressed Areas if an applicant can demonstrate that any such area otherwise meets the requirements of an Economically Distressed Area as defined in section 301 of the Public Works and Economic Development Act of 1965.

Finally, the TIGER II program strives to promote long-term economic growth in a manner that will be sustainable for generations to come. Therefore, for projects designed to enhance economic competitiveness, applicants should also provide evidence that the project will achieve the goals of this outcome in an environmentally sustainable manner. To satisfy this condition, applicants should reference the fourth criterion in this Section II(B) "Environmental Sustainability" for more information on what features promote sustainable growth and be sure to address the extent to which sustainability features are incorporated into the proposed project's economic impact.

(iii) *Livability:* Livability investments are projects that not only deliver transportation benefits, but are also designed and planned in such a way that they have a positive impact on qualitative measures of community life. This element of long-term outcomes delivers benefits that are inherently difficult to measure. However, it is implicit to livability that its benefits are shared and therefore magnified by the number of potential users in the affected community. Therefore, descriptions of how projects enhance livability should include a description of the affected community and the scale of the project's impact as measured in person-miles traveled or number of trips affected. In order to determine whether a project improves the quality of the living and working environment of a community, DOT will consider whether the project furthers the six livability principles developed by DOT with HUD and EPA as part of the Partnership for Sustainable Communities, which are listed fully at *http://www.dot.gov/affairs/2009/dot8009.htm.* For this criterion, the Department will give particular consideration to the first principle, which prioritizes the creation of affordable and convenient transportation choices.[4] Specifically, DOT will qualitatively assess whether the project:

(1) Will significantly enhance or reduce the average cost of user mobility through the creation of more convenient transportation options for travelers;

(2) will improve existing transportation choices by enhancing points of modal connectivity, increasing the number of modes accommodated on existing assets, or reducing congestion on existing modal assets;

(3) will improve accessibility and transport services for economically disadvantaged populations, non-drivers, senior citizens, and persons with disabilities, or will make goods, commodities, and services more readily available to these groups; and/or

(4) is the result of a planning process which coordinated transportation and land-use planning decisions and encouraged community participation in the process.

Livability improvements may include projects for new or improved biking and walking infrastructure. Particular attention will be paid to the degree to which such projects contribute significantly to broader traveler mobility through intermodal connections, enhanced job commuting options, or improved connections between residential and commercial areas. Projects that appear designed primarily as isolated recreational facilities and do not enhance traveler mobility as described above will not be funded.

(iv) *Environmental Sustainability:* In order to determine whether a project promotes a more environmentally sustainable transportation system, DOT will assess the project's ability to:

(1) Improve energy efficiency, reduce dependence on oil and/or reduce greenhouse gas emissions; applicants are encouraged to provide quantitative information regarding expected reductions in emissions of CO_2 or fuel consumption as a result of the project, or expected use of clean or alternative sources of energy; projects that demonstrate a projected decrease in the movement of people or goods by less energy-efficient vehicles or systems will be given priority under this factor; and

(2) maintain, protect or enhance the environment, as evidenced by its avoidance of adverse environmental impacts (for example, adverse impacts related to air or water quality, wetlands, and endangered species) and/or by its environmental benefits (for example, improved air quality, wetlands creation or improved habitat connectivity).

Applicants are encouraged to provide quantitative information that validates the existence of substantial transportation-related costs related to energy consumption and adverse environmental effects and evidence of the extent to which the project will reduce or mitigate those costs.

(v) Safety

In order to determine whether the project improves safety, DOT will assess the project's ability to reduce the number, rate and consequences of surface transportation-related crashes, and injuries and fatalities among drivers and/or non-drivers in the United States or in the affected metropolitan area or region, and/or the project's contribution to the elimination of highway/rail grade crossings, the protection of pipelines, or the prevention of unintended release of hazardous materials.

Evaluation of Expected Project Costs and Benefits: DOT believes that benefit-cost analysis ("BCA"), including the monetization and discounting of costs and benefits in a common unit of measurement in present-day dollars, is an important discipline. For BCA to yield useful results, full consideration of costs and benefits is necessary. These include traditionally quantified fuel and travel time savings as well as reductions in greenhouse gas emissions, water quality impacts, public health effects, and other costs and benefits that are more indirectly related to vehicle-miles or that are harder to measure. In addition, BCA should attempt to measure the indirect effects of transportation investments on land use and on the portions of household budgets spent on transportation. The systematic process of comparing expected benefits and costs helps decision-makers organize information about, and evaluate trade-offs between, alternative transportation investments. DOT has a responsibility under Executive Order 12893, Principles for Federal Infrastructure Investments, 59 FR 4233, to base infrastructure investments on systematic analysis of expected benefits and costs, including both quantitative and qualitative measures.

Therefore, applicants for TIGER II Discretionary Grants are generally required to identify, quantify, and compare expected benefits and costs, subject to the following qualifications:

All applicants will be expected to prepare an analysis of benefits and costs; however, DOT understands that the level of expense that can be expected in these analyses for surveys, travel demand forecasts, market forecasts, statistical analyses, and so on will be less for smaller projects than for larger projects. Smaller projects will therefore be given greater latitude to estimate benefits subjectively. However, even smaller projects will be expected to quantify these subjective estimates of benefits and costs, and to provide whatever evidence they have available to lend credence to their subjective estimates. Estimates of benefits should be presented in monetary terms whenever possible; if a monetary estimate is not possible, then at least a

[4] In full, this principle reads: "Provide more transportation choices. Develop safe, reliable and economical transportation choices to decrease household transportation costs, reduce our nation's dependence on foreign oil, improve air quality, reduce greenhouse gas emissions and promote public health."

quantitative estimate (in physical, non-monetary terms, such as ridership estimates, emissions levels, etc.) should be provided.

The requirement to conduct an economic analysis is not applicable to applicants seeking TIGER II Planning Grants; however, such applicants should describe the expected benefits of the underlying project(s) that the planning activities will help advance.

The lack of a useful analysis of expected project benefits and costs may be the basis for denying an award of a TIGER II Discretionary Grant to an applicant. If it is clear to DOT that the total benefits of a project are not reasonably likely to outweigh the project's costs, DOT will not award a TIGER II Discretionary Grant to the project. Consistent with the broader goals of DOT and the FY 2010 Appropriations Act, DOT can consider some factors that do not readily lend themselves to quantification or monetization, including equitable geographic distribution of grant funds and an appropriate balance in addressing the needs of urban and rural areas and investment in a variety of transportation modes.

Detailed guidance for the preparation of benefit-cost analyses is provided in *Appendix A*. Benefits should be presented, whenever possible, in a tabular form showing benefits and costs in each year for the useful life of the project. Benefits and costs should both be discounted to the year 2010 and present discounted values of both the stream of benefits and the stream of costs should be calculated. If the project has multiple parts, each of which has independent utility, the benefits and costs of each part should be estimated and presented separately. A project component has independent utility if the component itself is an Eligible Project and provides benefits that satisfy the selection criteria specified in this notice, as described further in Section III(B) *(Evaluation of Eligibility)* below. The benefit-cost analysis should be summarized in the text of the application itself, but the details may be presented in an attachment to the application.

DOT recognizes that some categories of costs and benefits are more difficult to quantify or monetize than others. In presenting benefit-cost analyses, applicants should include qualitative discussion of the categories of benefits and costs that they were not able to quantify, noting that these benefits and costs are in addition to other benefits and costs that were quantified. However, in the event of an unreasonable absence of data and analysis, or poor applicant effort to put forth a robust quantification of benefits and costs, the application is unlikely to receive further consideration. In general, the lack of a useful analysis comparing benefits and costs for any such project is ground for denying the award of a TIGER II Discretionary Grant.

Evaluation of Project Performance: Each project selected for TIGER II Discretionary Grant funding will be required to work with DOT on the development and implementation of a plan to collect information and report on the project's performance with respect to the relevant long-term outcomes that are expected to be achieved through construction of the project.

(b) Job Creation & Economic Stimulus

In order to measure a project's alignment with this criterion, DOT will assess whether the project promotes the short- or long-term creation or preservation of jobs and whether the project rapidly promotes new or expanded business opportunities during construction of the project or thereafter. Demonstration of a project's rapid economic impact is critical to a project's alignment with this criterion. Applicants are encouraged to provide information to assist DOT in making these assessments, including the total amount of funds that will be expended on construction and construction-related activities by all of the entities participating in the project and, to the extent measurable, the number and type of jobs to be created and/or preserved by the project by calendar quarters during construction and annually thereafter. Applicants should also identify any business enterprises to be created or benefited by the project during its construction and once it becomes operational.[5]

Consistent with the Recovery Act, the Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009 issued by the Office of Management and Budget ("OMB") on April 3, 2009 (the "OMB Guidance"), and consistent with applicable Federal laws, applicants are encouraged to provide information to assist DOT in assessing (1) Whether the project will promote the creation of job opportunities for low-income workers through the use of best practice hiring programs and utilization of apprenticeship (including pre-apprenticeship) programs; (2) whether the project will provide maximum practicable opportunities for small businesses and disadvantaged business enterprises, including veteran-owned small businesses and service disabled veteran-owned small businesses; (3) whether the project will make effective use of community-based organizations in connecting disadvantaged workers with economic opportunities; (4) whether the project will support entities that have a sound track record on labor practices and compliance with Federal laws ensuring that American workers are safe and treated fairly; and (5) whether the project implements best practices, consistent with our Nation's civil rights and equal opportunity laws, for ensuring that all individuals—regardless of race, gender, age, disability, and national origin—benefit from TIGER II grant funding.

To the extent possible, applicants should indicate whether the populations most likely to benefit from the creation or preservation of jobs or new or expanded business opportunities are from Economically Distressed Areas. In addition, to the extent possible, applicants should indicate whether the project's procurement plan is likely to create follow-on jobs and economic stimulus for manufacturers and suppliers that support the construction industry. A key consideration in assessing projects under this criterion will be how quickly jobs are created.

In evaluating a project's alignment with this criterion, DOT will assess whether a project is ready to proceed rapidly upon receipt of a TIGER II Discretionary Grant, as evidenced by:

[5] The Executive Office of the President, Council of Economic Advisers, issued a memorandum in May 2009 on "Estimates of Job Creation from the American Recovery and Reinvestment Act of 2009." The memorandum is available at: *http://www.whitehouse.gov/administration/eop/cea/Estimate-of-Job-Creation/*. Table 5 of this memorandum provides a simple rule for estimating job-years created by government spending, which is that $92,000 of government spending creates one job-year. Of this, 64% of the job-year estimate represents direct and indirect effects and 36% of the job-year estimate represents induced effects. Applicants can use this estimate as an appropriate indicator of direct, indirect and induced job-years created by TIGER II Discretionary Grant spending, but are encouraged to supplement or modify this estimate to the extent they can demonstrate that such modifications are justified. However, since the May 2009 memorandum makes job creation purely a function of the level of expenditure, applicants should also demonstrate how quickly jobs will be created under the proposed project. Projects that generate a given number of jobs more quickly will have a more favorable impact on economic recovery. A quarter-by-quarter projection of the number of direct job-hours expected to be created by the project is useful in assessing the impacts of a project on economic recovery. Furthermore, applicants should be aware that certain types of expenditures are less likely to align well with the Job Creation & Economic Stimulus criterion. These types of expenditures include, among other things, engineering or design work and purchasing existing facilities or right-of-way.

(i) *Project Schedule:* A feasible and sufficiently detailed project schedule demonstrating that the project can begin construction quickly upon receipt of a TIGER II Discretionary Grant and that the grant funds will be spent steadily and expeditiously once construction starts; the schedule should show how many direct, on-project jobs are expected to be created or sustained during each calendar quarter after the project is underway;

(ii) *Environmental Approvals:* Receipt (or reasonably anticipated receipt) of all environmental approvals necessary for the project to proceed to construction on the timeline specified in the project schedule, including satisfaction of all Federal, State and local requirements and completion of the National Environmental Policy Act ("NEPA") process;

To demonstrate satisfaction of this requirement, applicants should provide assurances with their pre-applications that NEPA review is complete or substantially complete and submit relevant draft or final NEPA documentation—preferably by way of a Web site link—for DOT review. DOT is unlikely to select a project for TIGER II Discretionary Grant funding if it involves significant environmental impacts and has not substantially completed required environmental and regulatory reviews.

DOT will consider exceptions to the requirement that NEPA be substantially complete upon application on a case-by-case basis. An applicant must provide a reasonable justification for why NEPA review was not initiated with a Federal agency prior to the date of this notice, and an assurance that the necessary environmental reviews can be completed at least 90 days in advance of the September 30, 2012, deadline for obligation of TIGER II Discretionary Grant funds. An example of a reasonable justification for why an applicant has not initiated NEPA review would be if, prior to the availability of TIGER II Discretionary Grant funds, there was no reasonable expectation of receiving Federal funding for the project. A project may be selected for award but will not receive award grant monies until NEPA is complete and all other necessary environmental approvals have been received.

An applicant seeking to justify an exception to this requirement should submit the information listed below with its application:

a. The information required under Sections VIII(C)(2)(V) and VIII(F)–(G) (*Contents of Applications*) of this notice;

b. Environmental studies or other documents—preferably by way of a Web site link—that describe in detail known potential project impacts, and possible mitigation for those impacts;

c. A description of completed, or planned and anticipated coordination with Federal and State regulatory agencies for permits and approvals;

d. An estimate of the time required for completion of NEPA and all other required Federal, State or local environmental approvals; and

e. An identification of the proposed NEPA class of action (i.e., Categorical Exclusion, Environmental Assessment, or Environmental Impact Statement).

(iii) *Legislative Approvals:* Receipt of all necessary legislative approvals (for example, legislative authority to charge user fees or set toll rates), and evidence of support from State and local elected officials; evidence of support from all relevant State and local officials is not required, however, the evidence should demonstrate that the project is broadly supported;

(iv) *State and Local Planning:* The inclusion of the project in the relevant State, metropolitan, and local planning documents, or a certification from the appropriate agency that the project will be included in the relevant planning document prior to award of a TIGER II Discretionary Grant[6]; any MPO that is applying for a TIGER II Discretionary Grant should provide evidence that the owner of the project supports the application and will cooperate in carrying out the activities to be supported by the TIGER II Discretionary Grant;

(v) *Technical Feasibility:* The technical feasibility of the project, including completion of substantial preliminary engineering work; and

(vi) *Financial Feasibility:* The viability and completeness of the project's financing package (assuming the availability of the requested TIGER II Discretionary Grant funds), including evidence of stable and reliable financial commitments and contingency reserves, as appropriate, and evidence of the grant recipient's ability to manage grants.

DOT reserves the right to revoke any award of TIGER II Discretionary Grant funds and to award such funds to another project to the extent that such funds are not timely expended and/or construction does not begin in accordance with the project schedule. Because projects have different schedules DOT will consider on a case-by-case basis how much time after selection for award of a TIGER II Discretionary Grant each project has before funds must be obligated (consistent with law) and construction started. This deadline will be specified for each TIGER II Discretionary Grant in the project-specific grant agreements signed by the grant recipients and will be based on critical path items identified by applicants in response to items (i) through (vi) above. For example, if an applicant reasonably anticipates that NEPA requirements will be completed and final documentation received within 30 to 60 days of award of a TIGER II Discretionary Grant, this timeframe will be taken into account in evaluating the application, but also in establishing a deadline for obligation of funds and commencement of construction. DOT's ability to obligate funds for TIGER II Discretionary Grants expires on September 30, 2012.

2. Secondary Selection Criteria

(a) Innovation

In order to measure a project's alignment with this criterion, DOT will assess the extent to which the project uses innovative technology (including, for example, intelligent transportation systems, dynamic pricing, rail wayside or on-board energy recovery, smart cards, real-time dispatching, active traffic management, radio frequency identification (RFID), or others) to pursue one or more of the long-term outcomes outlined above and/or to significantly enhance the operational performance of the transportation system. DOT will also assess the extent to which the project incorporates innovations that demonstrate the value of new approaches to, among other things, transportation funding and finance, contracting, project delivery, congestion management, safety management, asset management, or long-term operations and maintenance. The applicant should clearly

[6] All regionally significant projects requiring an action by the FHWA or the FTA must be in the metropolitan transportation plan, TIP and STIP. Further, in air quality non-attainment and maintenance areas, all regionally significant projects, regardless of the funding source, must be included in the conforming metropolitan transportation plan and TIP. To the extent a project is required to be on a metropolitan transportation plan, TIP and/or STIP it will not receive a TIGER II Discretionary Grant until it is included in such plans. Projects not currently included in these plans can be amended in by the State and MPO. Projects that are not required to be in long range transportation plans, STIPs and TIPs will not need to be included in such plans in order to receive a TIGER II Discretionary Grant. Freight and passenger rail projects are not required to be on the State Rail Plans called for in the Passenger Rail Investment and Improvement Act of 2008. This is consistent with the exemption for high speed and intercity passenger rail projects under the Recovery Act. However, applicants seeking funding for freight and passenger rail projects are encouraged to demonstrate that they have done sufficient planning to ensure that projects fit into a prioritized list of capital needs and are consistent with long-range goals.

demonstrate that the innovation is designed to pursue one or more of the long-term outcomes outlined above and/or significantly enhance the transportation system.

Innovative, multi-modal projects are often difficult to fund under traditional transportation programs. DOT will consider the extent to which innovative projects might be difficult to fund under other programs and will give priority to projects that align well with the Primary Selection Criteria but are unlikely to receive funding under traditional programs.

(b) Partnership

(i) *Jurisdictional & Stakeholder Collaboration:* In order to measure a project's alignment with this criterion, DOT will assess the project's involvement of non-Federal entities and the use of non-Federal funds, including the scope of involvement and share of total funding. DOT will give priority to projects that receive financial commitments from, or otherwise involve, State and local governments, other public entities, or private or nonprofit entities, including projects that engage parties that are not traditionally involved in transportation projects, such as nonprofit community groups. Pursuant to the OMB Guidance, DOT will give priority to projects that make effective use of community-based organizations in connecting disadvantaged people with economic opportunities.

In compliance with the FY 2010 Appropriations Act, DOT will give priority to projects for which a TIGER II Discretionary Grant will help to complete an overall financing package. An applicant should clearly demonstrate the extent to which the project cannot be readily and efficiently completed without Federal assistance, and the extent to which other sources of Federal assistance are or are not readily available for the project. DOT will assess the amount of private debt and equity to be invested in the project or the amount of co-investment from State, local or other non-profit sources.

DOT will also assess the extent to which the project demonstrates collaboration among neighboring or regional jurisdictions to achieve National, regional or metropolitan benefits. Multiple States or jurisdictions may submit a joint application and should identify a lead State or jurisdiction as the primary point of contact. Where multiple States or jurisdictions are submitting a joint application, the application should demonstrate how the project costs are apportioned between the States or jurisdictions to assist DOT in making the distributional determinations described below in Section III(C) (*Distribution of Funds*).

(ii) *Disciplinary Integration:* In order to demonstrate the value of partnerships across government agencies that serve various public service missions and to promote collaboration on the objectives outlined in this notice, DOT will give priority to projects that are supported, financially or otherwise, by non-transportation public agencies that are pursuing similar objectives. For example, DOT will give priority to transportation projects that create more livable communities and are supported by relevant public housing agencies or are consistent with State or local efforts or plans to promote economic development, revitalize communities, or protect historic or cultural assets; similarly, DOT will give priority to transportation projects that encourage energy efficiency or improve the environment and are supported by relevant public agencies with energy or environmental missions.

III. Evaluation and Selection Process

A. Evaluation Process

TIGER II Discretionary Grant applications will be evaluated in accordance with the below discussed evaluation process. DOT will establish a pre-application evaluation team to review each pre-application that is received by DOT on or prior to the Pre-Application Deadline. This evaluation team will be organized and led by the Office of the Secretary and will include members from the relevant modal administrations in DOT with the most experience and/or expertise in the relevant project areas (the "Cognizant Modal Administrations"). These representatives will include technical and professional staff with relevant experience and/or expertise. This evaluation team will be responsible for analyzing whether the pre-application satisfies the following key threshold requirements:

1. The project is an Eligible Project or a DOT Eligible Planning Activity;

2. NEPA is substantially complete, as described above in Section II(B)(2)(b)(ii) *(Environmental Approvals);* and

3. Local matching funds to support 20 percent or more of the costs for the project are identified and committed; this requirement is not applicable to projects located in rural areas, however, applications for projects in rural areas will be more competitive to the extent they include non-Federal financial contributions.

To the extent the pre-application evaluation team determines that a pre-application does not satisfy these key threshold requirements, DOT will inform the project sponsor that an application for the project will not be reviewed unless the application submitted on or prior to the Application Deadline can demonstrate that the requirement has been addressed.

DOT will establish application evaluation teams to review each application that is received by DOT prior to the Application Deadline. These evaluation teams will be organized and led by the Office of the Secretary and will include members from each of the Cognizant Modal Administrations. These representatives will include technical and professional staff with relevant experience and/or expertise. The evaluation teams will be responsible for evaluating and rating all of the projects and making funding recommendations to the Secretary. The evaluation process will require team members to evaluate and rate applications individually before convening with other members to discuss ratings. The composition of the evaluation teams will be finalized after the Pre-Application Deadline, based on the number and nature of pre-applications received.

DOT will not assign specific numerical scores to projects based on the selection criteria outlined above in Section II(A) (*Selection Criteria*). Rather, ratings of "highly recommended," "recommended," "not recommended", or "negative" will be assigned to projects for each of the selection criteria. DOT will award TIGER II Discretionary Grants to projects that are well-aligned with one or more of the selection criteria, with projects that are well-aligned with multiple selection criteria being more likely to receive TIGER II Discretionary Grants. In addition, DOT will consider whether a project has a negative effect on any of the selection criteria, and any such negative effect may reduce the likelihood that the project will receive a TIGER II Discretionary Grant. To the extent the initial evaluation process does not sufficiently differentiate among highly rated projects, DOT will use a similar rating process to re-assess the projects that were highly rated and identify those that should be most highly rated.

DOT will give more weight to the two Primary Selection Criteria (*Long-Term Outcomes* and *Job Creation & Economic Stimulus*), which will be rated equally, than to the two Secondary Selection Criteria (*Innovation* and *Partnership*). Projects that are unable to demonstrate a likelihood of significant long-term

benefits in any of the five long-term outcomes identified in Section II(A)(1)(a) (*Long-Term Outcomes*) will not proceed in the evaluation process. A project need not be well aligned with each of the long-term outcomes in order to be successful in the long-term outcomes criterion overall. However, projects that are strongly aligned with multiple long-term outcomes will be the most successful in this criterion. Furthermore, a project that has a negative effect on safety or environmental sustainability will need to demonstrate significant merits in other long-term outcomes in order to be selected for funding.

For the Job Creation & Economic Stimulus criterion, projects need not receive a rating of "highly recommended" in order to be recommended for funding, although a project that is not ready to proceed quickly, as evidenced by the items requested in Section II(B)(1)(b)(i)–(vi) (*Project Schedule, Environmental Approvals, Legislative Approvals, State and Local Planning, Technical Feasibility*, and *Financial Feasibility*), is less likely to be successful in this criterion.

DOT will give less weight to the two Secondary Selection Criteria (*Innovation* and *Partnership*) than to the two Primary Selection Criteria (*Long-Term Outcomes* and *Job Creation & Economic Stimulus*). The two Secondary Selection Criteria will be rated equally.

The following table summarizes the weighting of the selection criteria, as described in the preceding paragraphs:

Long-Term Outcomes	DOT will give more weight to this criterion than to either of the Secondary Selection Criteria. In addition, this criterion has a minimum threshold requirement. Projects that are unable to demonstrate a likelihood of significant long-term benefits in any of the five long-term outcomes identified in this criterion will not proceed in the evaluation process.
Job Creation & Economic Stimulus	DOT will give more weight to this criterion than to either of the Secondary Selection Criteria. This criterion will be considered after it is determined that a project demonstrates a likelihood of significant long-term benefits in at least one of the five long-term outcomes identified in the long-term outcomes criterion.
Innovation & Partnership	DOT will give less weight to these criteria than to the Primary Selection Criteria. These criteria will be rated equally.

As noted below in Section III(C) *(Distribution of Funds)*, upon completion of this competitive rating process DOT will analyze the preliminary list and determine whether the purely competitive ratings are consistent with the distributional requirements of the FY 2010 Appropriations Act. If necessary, DOT will adjust the list of recommended projects to satisfy the statutory distributional requirements while remaining as consistent as possible with the competitive ratings.

B. Evaluation of Eligibility

To be selected for a TIGER II Discretionary Grant, a project must be an Eligible Project and the applicant must be an Eligible Applicant. DOT may consider one or more components of a large project to be an Eligible Project, but only to the extent that the components have independent utility, meaning the components themselves, not the project of which they are a part, are Eligible Projects and satisfy the selection criteria identified above in Section II(A) (*Selection Criteria*). For these projects, the benefits described in an application must be related to the components of the project for which funding is requested, not the full project of which they are a part. DOT will not fund individual phases of a project if the benefits of completing only these phases would not align well with the selection criteria specified in the Notice because the overall project would still be incomplete.

To the extent an applicant requests a substantial amount of grant funds for a larger project or a group of related projects, DOT reserves the right to award funds for a part of the project, not the full project, if a part of the project has independent utility and aligns well with the selection criteria specified in this notice. To the extent applicants expect that DOT may wish to consider funding one or more parts of a project and not the full project that is the subject of the application, then applicants should clearly identify in their applications the separate parts of the project and the benefits that each part of the project provides, and how these benefits align with the selection criteria. Similarly, if a project is not viable unless DOT funds the full project, this should be stated in the application.

C. Distribution of Funds

As noted above in Section I (*Background*), the FY 2010 Appropriations Act prohibits the award of more than 25 percent of the funds made available under the TIGER II program to projects in any one State. The FY 2010 Appropriations Act also requires that DOT take measures to ensure an equitable geographic distribution of funds, an appropriate balance in addressing the needs of urban and rural areas, and the investment in a variety of transportation modes. DOT will apply an initial unconstrained competitive rating process based on the selection criteria identified above in Section II(A) (*Selection Criteria*) to determine a preliminary list of projects recommended for TIGER II Discretionary Grants. DOT will then analyze the preliminary list and determine whether the purely competitive ratings are consistent with the distributional requirements of the FY 2010 Appropriations Act. If necessary, DOT will adjust the list of recommended projects to satisfy the statutory distributional requirements while remaining as consistent as possible with the competitive ratings.

As noted above in Section II(B)(2)(b)(i) (*Jurisdictional & Stakeholder Collaboration*), applications submitted jointly by multiple States should include an allocation of project costs to assist DOT in making these determinations. In addition, DOT will use the subsidy and administrative cost estimate, not the principal amount of credit assistance, to determine any TIGER II TIFIA Payment's effect on these distributional requirements.

D. Transparency of Process

In the interest of transparency, DOT will disclose as much of the information related to its evaluation process as is practical and consistent with law. DOT expects that the TIGER II Discretionary Grant program may be reviewed and/or audited by Congress, the U.S. Government Accountability Office, DOT's Inspector General, or others, and has and will continue to take steps to document its decision-making process.

IV. Grant Administration

DOT expects that each TIGER II Discretionary Grant will be administered by one of the Cognizant Modal Administration, pursuant to a grant agreement between the TIGER II

Discretionary Grant recipient and the Cognizant Modal Administration. In accordance with the FY 2010 Appropriations Act, the Secretary has the discretion to delegate such responsibilities.

Applicable Federal laws, rules and regulations will apply to projects that receive TIGER II Discretionary Grants.

As noted above in Section II(B)(1)(b) (*Job Creation & Economic Stimulus*), how soon after selection for award a project is expected to obligate grant funds and start construction will be considered on a case-by-case basis and will be specified in the project-specific grant agreements. DOT reserves the right to revoke any award of TIGER II Discretionary Grant funds and to award such funds to another project to the extent that such funds are not timely expended and/or construction does not begin in accordance with the project schedule. DOT's ability to obligate funds for TIGER II Discretionary Grants expires on September 30, 2012.

V. Projects in Rural Areas

The FY 2010 Appropriations Act directs that not less than $140 million of the funds provided for TIGER II Discretionary Grants are to be used for projects in rural areas. For purposes of this notice, DOT is generally defining "rural area" as any area not in an Urbanized Area, as such term is defined by the Census Bureau,[7] and will consider a project to be in a rural area if all or the majority of a project is located in a rural area. To the extent more than a *de minimis* portion of a project is located in an Urbanized Area, applicants should identify the estimated percentage of project costs that will be spent in Urbanized Areas and the estimated percentage that will be spent in rural areas.

For projects located in rural areas the FY 2010 Appropriation Act does not require matching funds (although the statute does direct DOT to give priority to projects, including projects located in rural areas, for which Federal funding is required to complete an overall financing package that includes non-Federal sources of funds) and the minimum grant size is $1 million. Applicants for TIGER II Discretionary Grants of between $1 million and $10 million for projects located in rural areas are encouraged to apply and should address the same criteria as applicants for TIGER II Discretionary Grants in excess of $10 million.

VI. TIGER II TIFIA Payments

Up to $150 million of the $600 million available for TIGER II Discretionary Grants may be used for TIGER II TIFIA Payments. Based on the average subsidy cost of the existing TIFIA portfolio, $150 million in TIGER II TIFIA Payments could support approximately $1.5 billion in Federal credit assistance.

Applicants seeking TIGER II TIFIA Payments should apply in accordance with all of the criteria and guidance specified in this notice for TIGER II Discretionary Grant applications and will be evaluated concurrently with all other applicants. Any applicant seeking a TIGER II TIFIA Payment is also required to submit a TIFIA letter of interest concurrent with the TIGER II TIFIA Payment application. If selected for a TIGER II TIFIA Payment, the applicant must comply with all of the TIFIA program's standard application and approval requirements including submission of a complete TIFIA application and $50,000 application fee (the TIFIA program guide can be downloaded from *http://tifia.fhwa.dot.gov/*).

Applicants should demonstrate that they are ready to proceed rapidly upon receipt of a TIGER II TIFIA Payment in accordance with the guidance specified above in Section II(B)(1)(b) (*Job Creation & Economic Stimulus*). DOT's TIFIA Joint Program Office will assist DOT in determining a project's readiness to proceed rapidly upon receipt of a TIGER II TIFIA Payment.

Applicants seeking TIGER II TIFIA Payments may also apply for a TIGER II Discretionary Grant for the same project and must indicate the type(s) of funding for which they are applying clearly on the face of their applications. An applicant for a TIGER II TIFIA Payment must submit an application pursuant to this notice for a TIGER II TIFIA Payment even if it does not wish to apply for a TIGER II Discretionary Grant.

DOT reserves the right to offer a TIGER II TIFIA Payment to an applicant that applied for a TIGER II Discretionary Grant even if DOT does not choose to fund the requested TIGER II Discretionary Grant request and the applicant did not request a TIGER II TIFIA Payment. Therefore, applicants for TIGER II Discretionary Grants, particularly applicants that require a substantial amount of funds to complete a financing package, should indicate whether or not they have considered applying for a TIGER II TIFIA Payment. To the extent an applicant thinks that TIFIA may be a viable option for the project, applicants should provide a brief description of a project finance plan that includes TIFIA credit assistance and identifies a source of revenue which may be available to support the TIFIA credit assistance.

Unless otherwise expressly noted herein, any and all requirements that apply to TIGER II Discretionary Grants pursuant to the FY 2010 Appropriations Act, this notice, or otherwise, apply to TIGER II TIFIA Payments. TIFIA applicants that do not receive TIGER II TIFIA Payments will not be required to comply with any of these requirements.

VII. TIGER II Planning Grants

The FY 2010 Appropriations Act permits DOT to use up to $35 million of the amount available for TIGER II Discretionary Grants for TIGER II Planning Grants.

As noted above in the **SUPPLEMENTARY INFORMATION** section, DOT plans to conduct a multi-agency evaluation and award process with HUD for DOT's TIGER II Planning Grants and HUD's Community Challenge Planning Grants, which were also authorized under the FY 2010 Appropriations Act. This approach is consistent with DOT and HUD's participation in the "Partnership for Sustainable Communities" with EPA to help American families in all communities—rural, suburban and urban—gain better access to affordable housing, more transportation options, lower transportation costs, and a cleaner environment. The details of this multi-agency planning grant program, including information about eligibility, selection criteria, and pre-application and application requirements, are described in a joint notice of funding availability to be published in the **Federal Register** by DOT and HUD. The joint notice will be published shortly after this notice and signed by the Secretaries of each agency. Interested parties are encouraged to review the joint notice for more information.

TIGER II Planning Grants may be awarded, like TIGER II Discretionary Grants, to Eligible Applicants, and may be used for activities related to the planning, preparation or design of Eligible Projects, including transportation corridors or regional transportation systems ("DOT Eligible Planning Activities").

Applicants need not divide requests for planning and capital funding for the same projects and submit two applications, one under this notice and one under the joint notice with HUD. Applicants may request planning funds as part of an application for capital funds under this notice, if the request

[7] For Census 2000, the Census Bureau defined an Urbanized Area (UA) as an area that consists of densely settled territory that contains 50,000 or more people. Updated lists of UAs are available on the Census Bureau Web site. Urban Clusters (UCs) will be considered rural areas for purposes of the TIGER II Discretionary Grant program.

for planning and capital funding is for the same project. Such an application would be reviewed and administered subject to the information and requirements provided in this notice.

DOT reserves the right to offer a TIGER II Planning Grant to an applicant that applied for a TIGER II Discretionary Grant even if DOT does not choose to fund the requested TIGER II Discretionary Grant request and the applicant did not request a TIGER II Planning Grant.

Pre-Application and Application Cycle

VIII. Pre-Application and Application Cycle

A. Two Stages of Application Cycle

The application cycle for TIGER II Discretionary Grants has two stages:

1. *Pre-Application:* In Stage 1, applicants must submit a pre-application form to the DOT. This step qualifies applicants to submit an application in Stage 2. No application submitted during Stage 2 that does not correlate with a properly completed Stage 1 pre-application will be considered.

2. *Application:* In Stage 2, applicants must submit a complete application package through Grants.gov.

Pre-applications must be submitted to DOT by the Pre-Application Deadline, which is July 16, 2010, at 5 p.m. EST. Final applications must be submitted through Grants.gov by the Application Deadline, which is August 23, 2010, at 5 p.m. EST. The Grants.gov "Apply" function will open on July 30, 2010, allowing applicants to submit applications. While applicants are encouraged to submit pre-applications in advance of the Pre-Application Deadline, pre-applications will not be reviewed until after the Pre-Application Deadline. Similarly, while applicants are encouraged to submit applications in advance of the Application Deadline, applications will not be evaluated, and selections for awards will not be made, until after the Application Deadline.

Pre-applications (stage 1) must be submitted to the DOT. The pre-application form will be available on the DOT Web site at *http://www.dot.gov/recovery/ost/TIGERII* on June 23, 2010, together with instructions for submitting the pre-application form electronically to DOT.

Applications (Stage 2) must be submitted through Grants.gov. To apply for funding through Grants.gov, applicants must be properly registered. Complete instructions on how to register and submit applications can be found at *http://www.grants.gov.* Please be aware that the registration process usually takes 2–4 weeks and must be completed before an application can be submitted. If interested parties experience difficulties at any point during the registration or application process, please call the Grants.gov Customer Support Hotline at 1–800–518–4726, Monday–Friday from 7 a.m. to 9 p.m. EST. Additional information on applying through Grants.gov is available in *Appendix B,* attached hereto.

B. Contents of Pre-Applications

An applicant for a TIGER II Discretionary Grant should provide all of the information requested below in its pre-application form. DOT reserves the right to ask any applicant to supplement the data in its pre-application, but expects pre-applications to be complete upon submission. Applicants must complete the pre-application form and send it to DOT electronically on or prior to the Pre-Application Deadline, in accordance with the instructions specified at *http://www.dot.gov/recovery/ost/TIGERII.* The pre-application form must include the following information:

i. Name of applicant (if the application is to be submitted by more than one entity, a lead applicant must be identified);

ii. Applicant's DUNS (Data Universal Numbering System) number;

iii. Type of applicant (State government, local government, U.S. territory, Tribal government, transit agency, port authority, metropolitan planning organization, or other unit of government);

iv. State(s) where the project is located;

v. County(s) where the project is located;

vi. City(s) where the project is located;

vii. Project title (descriptive);

viii. Project type: highway, transit, rail, port, multimodal, bicycle and pedestrian, or planning activity (if the project is a multimodal project, the pre-application form will require that applicants provide additional information identifying the affected modes);

ix. Whether the project is requesting a TIGER II TIFIA Payment;

x. Project description (describe the project in plain English terms that would be generally understood by the public, using no more than 50 words (e.g. "the project will replace the existing bridge over the W river on interstate-X between the cities of Y and Z" or "the TIGER II Planning Grant will fund planning activities for streetcar service from location X to location Y"; please do not describe the project's benefits, background, or alignment with the selection criteria in this description);

xi. Total cost of the project;

xii. Total amount of TIGER II Discretionary Grant funds requested;

xiii. Contact name, phone number, e-mail address, and physical address for applicant;

xiv. Congressional districts affected by the project;

xv. Type of jurisdiction where the project is located (urban or rural, as defined above in Section V (*Projects in Rural Areas*));

xvi. Whether or not the project is in an Economically Distressed Area, as defined in Section II(A) (*Selection Criteria*);

xvii. An assurance that the NEPA process is complete or substantially complete, unless an exception is justified pursuant to Section II(B)(1)(b)(ii) (*Environmental Approvals*); absent an acceptable justification, DOT will not evaluate applications for projects that have not made substantial progress in the environmental review process, including all Federal, State, and local environmental requirements, by the Pre-Application Deadline; applicants for TIGER II Planning Grants do not need to demonstrate that the NEPA process has been initiated; and

xviii. An assurance that local matching funds to support 20 percent or more of the costs of the project are identified and committed (as noted in Section I (*Background*), this requirement is waived for projects located in rural areas (as defined above in Section V (*Projects in Rural Areas*)), and these projects do not need to provide this assurance).

To the extent the pre-application does not provide adequate assurances for items xvii or xviii, DOT will inform the project sponsor that an application for the project will not be reviewed unless the application submitted on or prior to the Application Deadline can demonstrate that the requirement has been addressed.

C. Contents of Applications

An applicant for a TIGER II Discretionary Grant should include all of the information requested below in its application. DOT reserves the right to ask any applicant to supplement the data in its application, but expects applications to be complete upon submission. To the extent practical, DOT encourages applicants to provide data and evidence of project merits in a form that is publicly available or verifiable. For TIGER II TIFIA Payments,

these requirements apply only to the applications required under this notice; the standard TIFIA letter of interest and loan application requirements, including the standard $30,000.00 application fee, are separately described in the Program Guide and Application Form found at *http://tifia.fhwa.dot.gov/*.

1. Standard Form 424, Application for Federal Assistance

Please see *http://www07.grants.gov/assets/SF424Instructions.pdf* for instructions on how to complete the SF–424, which is part of the standard Grants.gov submission. Additional clarifying guidance and FAQs to assist applicants in completing the SF–424 will be available at *http://www.dot.gov/recovery/ost/TIGERII* by July 30, 2010, when the "Apply" function within Grants.gov opens to accept applications under this notice.

2. Project Narrative (Attachment to SF 424)

The project narrative must respond to the application requirements outlined below. DOT recommends that the project narrative be prepared with standard formatting preferences (e.g. a single-spaced document, using a standard 12-point font, such as Times New Roman, with 1-inch margins).

A TIGER II Discretionary Grant application must include information required for DOT to assess each of the criteria specified in Section II(A) (*Selection Criteria*), as such criteria are explained in Section II(B) (*Additional Guidance on Selection Criteria*). Applicants are encouraged to demonstrate the responsiveness of a project to any and all of the selection criteria with the most relevant information that applicants can provide, regardless of whether such information has been specifically requested, or identified, in this notice. Any such information shall be considered part of the application, not supplemental, for purposes of the application size limits identified below in Part D (*Length of Applications*). Information provided pursuant to this paragraph must be quantified, to the extent possible, to describe the project's impacts on the Nation, a metropolitan area, or a region. Information provided pursuant to this paragraph should include projections for both the build and no-build scenarios for the project for a point in time at least 20 years beyond the project's completion date or the lifespan of the project, whichever is closest to the present.

All applications should include a detailed description of the proposed project and geospatial data for the project, including a map of the project's location and its connections to existing transportation infrastructure. An application should also include a description of how the project addresses the needs of an urban and/or rural area. An application should clearly describe the transportation challenges that the project aims to address, and how the project will address these challenges. The description should include relevant data such as, for example, passenger or freight volumes, congestion levels, infrastructure condition, or safety experience.

DOT recommends that the project narrative generally adhere to the following basic outline, and include a table of contents, maps and graphics that make the information easier to review:

I. Project Description (including a description of the transportation challenges that the project aims to address, and how the project will address these challenges);

II. Project Parties (information about the grant recipient and other project parties);

III. Grant Funds and Sources/Uses of Project Funds (information about the amount of grant funding requested, availability/commitment of funds sources and uses of all project funds, total project costs, percentage of project costs that would be paid for with TIGER II Discretionary Grant funds, and the identity and percentage shares of all parties providing funds for the project (including Federal funds provided under other programs));

IV. Selection Criteria (information about how the project aligns with each of the primary and secondary selection criteria and a description of the results of the benefit-cost analysis):

a. Long-Term Outcomes
i. State of Good Repair
ii. Economic Competitiveness
iii. Livability
iv. Sustainability
v. Safety
b. Job Creation and Economic Stimulus
c. Innovation
d. Partnership

V. Project Readiness and NEPA (information about how ready the project is to move forward quickly, including information about the project schedule, environmental approvals, legislative approvals, state and local planning, technical feasibility, and financial feasibility); applications for TIGER II Planning Grants do not need to address project readiness and NEPA;

VI. Federal Wage Rate Certification (an application must include a certification, signed by the applicant, stating that it will comply with the requirements of subchapter IV of chapter 31 of title 40, United States Code (Federal wage rate requirements), as required by the FY 2010 Appropriations Act); and

VII. To the extent relevant, the final page of the application should describe (in one page or less) any material changes that need to be made to the pre-application form, including changes to the assurances provided in items xvii and xviii regarding initiation of NEPA and required cost sharing.

The purpose of this recommended format is to ensure that applications are provided in a format that clearly addresses the application requirements and makes critical information readily apparent and easy to locate.

D. Length of Applications

The project narrative should not exceed 25 pages in length. Documentation supporting the assertions made in the narrative portion may also be provided, but should be limited to relevant information. If possible, Web site links to supporting documentation (including a more detailed discussion of the benefit-cost analysis) should be provided rather than copies of these materials. At the applicant's discretion, relevant materials provided previously to a Cognizant Modal Administration in support of a different DOT discretionary program (for example, New Starts or TIFIA) may be referenced and described as unchanged. To the extent referenced, this information need not be resubmitted for the TIGER II Discretionary Grant application. DOT recommends use of appropriately descriptive file names (*e.g.*, "Project Narrative," "Maps," "Memoranda of Understanding and Letters of Support," etc.) for all attachments. Cover pages and tables of contents do not count towards the 25-page limit for the narrative portion of the application, and the Federal wage rate certification and one-page update of the pre-application form (if necessary) may also be outside of the 25-page narrative. Otherwise, the only substantive portions of the application that should exceed the 25-page limit are any supporting documents (including a more detailed discussion of the benefit-cost analysis) provided to support assertions or conclusions made in the 25-page narrative section.

E. Contact Information

Contact information is requested as part of the SF–424. DOT will use this information to inform parties of DOT's

decision regarding selection of projects, as well as to contact parties in the event that DOT needs additional information about an application.

F. National Environmental Policy Act Requirement

An application for a TIGER II Discretionary Grant must detail whether the project will significantly impact the natural, social and/or economic environment. If the NEPA process is completed, an applicant must indicate the date of, and provide a Web site link or other reference to, the final Categorical Exclusion, Finding of No Significant Impact or Record of Decision. If the NEPA process is underway but not complete, the application must detail where the project is in the process, indicate the anticipated date of completion and provide a Web site link or other reference to copies of any NEPA documents prepared.

G. Environmentally Related Federal, State and Local Actions

An application for a TIGER II Discretionary Grant must indicate whether the proposed project is likely to require actions by other agencies (*e.g.*, permits), indicate the status of such actions and provide a Web site link or other reference to materials submitted to the other agencies, and/or demonstrate compliance with other Federal, State and local regulations as applicable, including, but not limited to, Section 4(f) *Parklands, Recreation Areas, Refuges, & Historic Properties;* Section 106 *Historic and Culturally Significant Properties;* Clean Water Act *Wetlands and Water;* Executive Orders *Wetlands, Floodplains, Environmental Justice;* Clean Air Act *Air Quality (specifically note if the project is located in a nonattainment area);* Endangered Species Act *Threatened and Endangered Biological Resources;* Magnuson-Stevens Fishery Conservation and Management Act *Essential Fish Habitat;* The Bald and Golden Eagle Protection Act; and/or any State and local requirements.

H. Protection of Confidential Business Information

All information submitted as part of or in support of any application shall use publicly available data or data that can be made public and methodologies that are accepted by industry practice and standards, to the extent possible. If the application includes information that the applicant considers to be a trade secret or confidential commercial or financial information, the applicant should do the following: (1) Note on the front cover that the submission "Contains Confidential Business Information (CBI);" (2) mark each affected page "CBI;" and (3) highlight or otherwise denote the CBI portions. DOT protects such information from disclosure to the extent allowed under applicable law. In the event DOT receives a Freedom of Information Act (FOIA) request for the information, DOT will follow the procedures described in its FOIA regulations at 49 CFR 7.17. Only information that is ultimately determined to be confidential under that procedure will be exempt from disclosure under FOIA.

IX. Project Benefits

DOT expects to identify and report on the benefits of the projects that it funds with TIGER II Discretionary Grants. To this end, DOT will request that recipients of TIGER II Discretionary Grants cooperate in Departmental efforts to collect and report on information related to the benefits produced by the projects that receive TIGER II Discretionary Grants.

The benefits that DOT reports on may include the following: (1) Improved condition of existing transportation facilities and systems; (2) long-term growth in employment, production or other high-value economic activity; (3) improved livability of communities across the United States; (4) improved energy efficiency, reduced dependence on oil and reduced greenhouse gas emissions; (5) reduced adverse impacts of transportation on the natural environment; (6) reduced number, rate and consequences of surface transportation-related crashes, injuries and fatalities; (7) greater use of innovative technology and innovative approaches to transportation funding and project delivery; (8) greater collaboration with state and local governments, other public entities, private entities, nonprofit entities, or other non-traditional partners; (9) greater integration of transportation decision making with decision making by other public agencies with similar public service objectives; or (10) any other benefits claimed in the project's benefit-cost analysis.

Because of the limited nature of this program, these benefits are likely to be reported on a project-by-project basis and trends across projects that were selected for TIGER II Discretionary Grants may not be readily available. In addition, because many of these benefits are long-term outcomes, it may be years before the value of the investments can be quantified and fully reported. DOT is considering the most appropriate way to collect and report information about these potential project benefits.

X. Questions and Clarifications

For further information concerning this notice please contact the TIGER II Discretionary Grant program manager via e-mail at *TIGERIIGrants@dot.gov*, or call Robert Mariner at 202–366–8914. A TDD is available for individuals who are deaf or hard of hearing at 202–366–3993. DOT will regularly post answers to these questions and other important clarifications on DOT's Web site at *http://www.dot.gov/recovery/ost/TIGERII.*

Appendix A: Additional Information on Benefit-Cost Analysis

As previously discussed in the Notice, the lack of a useful analysis of expected project benefits and costs may be a basis for denying an award of a TIGER II Discretionary Grant to any applicant. Additionally, if it is clear that the total benefits of a project are not reasonably likely to outweigh the project's costs, the Department will not award a TIGER II Discretionary Grant to the project. Consequently, it is incumbent upon the applicant to prepare a thorough benefit-cost analysis that demonstrates clearly the derivation of both the costs and the benefits of the project. However, DOT understands that the level of expense that can be expected in these analyses for surveys, travel demand forecasts, market forecasts, statistical analyses, and so on will be less for smaller projects than for larger projects. Smaller projects will therefore be given greater latitude to estimate benefits subjectively. However, even smaller projects will be expected to quantify these subjective estimates of benefits and costs, and to provide whatever evidence they have available to lend credence to their subjective estimates. Estimates of benefits should be presented in monetary terms whenever possible; if a monetary estimate is not possible, then at least a quantitative estimate (in physical, non-monetary terms, such as ridership estimates, emissions levels, etc.) should be provided. A benefit-cost analysis is not necessary for TIGER II Planning Grant applicants; however, such applicants should describe the expected benefits of the underlying project(s) that the planning activities will help advance.

This appendix provides general information and guidance on conducting an analysis. In addition to this guidance, applicants should also refer to OMB Circulars A–4 and A–94 in preparing their analysis (*http://www.whitehouse.gov/omb/circulars/*). Circular A–4 also cites textbooks on

cost-benefit analysis (e.g., Mishan and Quah [8]) if an applicant wants to review additional background material. The Department will rate all analyses as indicated below.

TABLE 1—RATINGS OF BENEFIT-COST ANALYSES

Rating	Description
Very useful	The economic analysis (i) is comprehensive (quantifying and monetizing the full range of costs and benefits, including the likely timing of such costs and benefits, for which such measures are reasonably available), (ii) attempts to describe the indirect effects of transportation investments on land use (when applicable), (iii) helps the Department organize information about, and evaluate trade-offs between, alternative transportation investments, (iv) provides a high degree of confidence as to the extent to which the benefits of the project will exceed the project's costs on a net present value basis, and (v) provides sensitivity analysis to show how changes in key assumptions affect the outcome of the analysis.
Useful	The economic analysis (i) identifies, quantifies, monetizes, and compares the project's expected benefits and costs, but has minor gaps in coverage of benefits and costs or the precise timing of benefits and costs, or fails in some cases to quantify or monetize benefits and costs for which such measures are reasonably available, and (ii) provides a sufficient degree of confidence that the benefits of the project will exceed the project's costs on a net present value basis.
Marginally Useful	The economic analysis (i) identifies, quantifies, monetizes, and compares the project's expected benefits and costs, but has significant gaps in coverage, quantification, monetization, or timing of benefits and costs, or significant errors in its measurement of benefits or costs, and (ii) the Department is uncertain whether the benefits of the project will exceed the project's costs on a net present value basis.
Not Useful	The economic analysis (i) does not adequately identify, quantify, monetize, and compare the project's expected benefits and costs or timing of benefits and costs, (ii) provides little basis for concluding that the benefits of the project will exceed the project's costs on a net present value basis, and (iii) demonstrates an unreasonable absence of data and analysis or poor applicant effort to put forth a robust quantification of net benefits.

A benefit-cost analysis attempts to measure the dollar value of the benefits and the costs to all the members of society (in this context, "society" means all residents of the United States) on a net present value basis. The benefits represent a dollar measure of the extent to which people are made better off by the project—that is, the benefits represent the amount that all the people in the society would jointly be willing to pay to carry out the project, and feel as if they had generated enough benefits to justify the project's costs accounting for the relative timing of those benefits and costs. In some cases, benefits may be difficult to measure in dollar terms. Applicants must at least describe the nature of each of the major types of benefits described in this guidance. To the extent possible, applicants must also quantify each of those types of benefits (*e.g.*, in terms of the number of users making use of a transportation facility). Finally, applicants must attempt to measure those benefits in dollar terms (*i.e.*, "monetize" them). These benefits must then be compared with a dollar measure of the costs of the project. Both benefits and costs must be estimated for each year after work on the project is begun, and these streams of annual benefits and costs must be discounted to the present using an appropriate discount rate, so that a present value of the stream of benefits and a present value of the stream of costs is calculated.

As a starting point for any analysis, applicants should provide a Project Summary describing the project and what it changes. The Project Summary should provide:

- A description of the current infrastructure baseline (e.g., two-lane road);
- A description of what the proposed project is and how it would change the current infrastructure baseline (*e.g.*, extension of a trolley line);
- A general justification for the project and how it affects the long-term outcomes relative to the current baseline;
- A description of who would be the users of the project or what groups of people would benefit from it; and
- A description of what types of economic effects the project is expected to have.

If an application contains multiple separate projects, each of which has independent utility, the applicant should provide a separate summary (and analysis) for each project. The summary should also identify the types of societal benefits the project might generate. The applicant should list the types of benefits here and then clearly demonstrate in the analysis how it estimated benefits for each category. The summary should also include the full cost of a project, including Federal, State, local, and private funding, and not simply the requested grant amount or the local amount.

Each application must include in its analysis estimates of the project's expected benefits with respect to each of the five long-term outcomes specified in Section II(A) *(Selection Criteria)*. We recognize that it may in some cases be unclear in which of these categories of outcomes a benefit should be listed. In these cases, it is less important in which category a benefit is listed than to make sure that the benefit is listed and measured (but only once). Applicants must demonstrate that the proposed project has independent utility as defined in this Notice. It cannot be a component of a larger project such that, if the larger project were not built, this project would have little or no transportation value (or, if it is part of a larger project, the application must demonstrate that funding for the larger project is committed). If the applicant provides a benefit-cost analysis for a larger project, then it must estimate what portion of the benefits and costs of the larger project apply to the smaller project for which funding is being sought. The following sections describe baselines, affected population,

[8] E.J. Mishan and Euston Quah, Cost-Benefit Analysis, 5th edition (New York: Routledge, 2007).

discounting, forecasting, costs, and benefit categories in more detail. The Department expects a thorough discussion of these items in the body of the analysis.

Benefit-Cost Analysis vs. Economic Impact Analysis

First, it is important to recognize that a benefit-cost analysis is not an economic impact analysis. Applicants are required to provide a benefit-cost analysis in support of their proposed projects. An economic impact analysis is not a substitute for a benefit-cost analysis.

A benefit-cost analysis attempts to measure the dollar value of the benefits and the costs to all the members of society (in this context, "society" means all residents of the United States). The benefits represent a dollar measure of the extent to which people are made better off by the project—that is, the benefits represent the amount that all the people in the society would jointly be willing to pay to carry out the project, and feel as if they had generated enough benefits to justify the project's costs.

An economic impact analysis, on the other hand, typically focuses on local and regional benefits rather than national benefits. Some of the benefits that are counted in an economic impact analysis, such as diversion of economic activity from one region of the country to another, represent benefits to one part of the country but costs to another part, so they are not benefits from the standpoint of the nation as a whole.

Moreover, economic impact analyses estimate "impacts" rather than "benefits," and the "impacts" are normally quite different from the "benefits." For example, the total payroll of workers on a project is usually considered one of the "impacts" in an economic impact analysis. The total payroll is not a measure of the "benefits" of the project, however, for two reasons. First, a payroll is a cost to whoever pays the employees, at the same time that it is a benefit to the employees, so it is not a net benefit. Second, even for the employees, the employees have to work for their wages, so the amount they are paid is not a net benefit to them—it is a benefit only to the extent that they value their wages more than the cost to them of having to be at work every day.

Economic impact analyses also often treat real estate investments induced by a project as one of the economic "impacts." The full value of such an investment is not a "benefit," however, because the benefit of those investments to the community in which they are made is balanced by the cost of the investment to the investor. Because these investments are a cost as well as a benefit, they are not a net benefit for purposes of a benefit-cost analysis.

There is often an element of benefit in these "impacts." A worker who gets a higher-paying job as a result of a transportation investment project benefits if he or she works just as hard as he or she did at his or her previous job but is paid more. Such projects produce benefits by increasing the productivity of labor. A transportation investment project that increases the value and productivity of land and thus induces real estate investment can also provide a benefit, but the benefit must be measured net of the cost of making the real estate investment. Measuring these labor productivity effects requires a careful analysis of the local labor market and how that market is changed by the transportation investment. Similarly, measuring the effects of transportation projects on the productivity of land requires a careful netting out of increases in land values that are compensated by costs of real estate investment and increases in land values that in effect capitalize other types of benefits that have already been counted, such as time savings.

In summary, applicants must be careful to measure only the net benefits of a project, and should avoid using software packages that are designed primarily to produce economic impact analyses. An application containing only an economic impact analysis does not meet the program's requirements and may be denied an award for that reason.

Baselines and Alternatives

Applicants should measure costs and benefits of a proposed project against a baseline (also called a "base case" or a "no build" case). The baseline should be an assessment of the way the world would look if the project did not receive the requested TIGER II Discretionary Grant funding. Usually, it is reasonable to forecast that that baseline world resembles the present state. However, it is important to factor in any projected changes (e.g., baseline economic growth, increased traffic volumes, or completion of already planned and funded projects) that would occur even if the proposed project were not funded. In some cases the proposed project already has a financing plan that would allow it to be built, but that involves a slower construction schedule than would occur if it received TIGER II Discretionary Grant funding. Or it may be likely that, in the absence of TIGER II Discretionary Grant funding, the project would be built later using ordinary funding sources. In these cases, the TIGER II Discretionary Grant funding may accelerate completion of the project, but it does not allow a project to be built that would never otherwise have been built. The benefits and costs in this case should thus be limited to the marginal benefits (and marginal costs) of having the project completed in a shorter period of time and including the cost of expending resources on the project sooner than otherwise planned.

Many projects have multiple parts or multiple phases, only one or two of which would actually receive funding from a TIGER II Discretionary Grant. It is important in these cases that both the costs and the benefits pertain to the same portion of the project. If the part or phase of the project funded by a TIGER Discretionary Grant has independent utility, then the analysis should compare the costs and the benefits of just that part or phase. If the part or phase of the project funded by a TIGER Discretionary Grant does not have independent utility, then the applicant must first demonstrate that funding is committed for the entire project (or for an entire portion of the project, including the TIGER Discretionary Grant-funded portion, that has independent utility). In this case, the applicant should compare the benefits and costs of the entire project (or the entire portion of the project that has independent utility). The applicant must make clear exactly what portions of the project form the basis of the estimates of benefits and costs. It is incorrect to claim benefits from time savings accruing from a 100-mile highway when the TIGER II Discretionary Grant will only fund 10 miles. Similarly, it would be incorrect to attribute all the benefits from a new port facility to a TIGER II Discretionary Grant when the TIGER Discretionary Grant-grant-funded portion only pays for pavement. In some cases, the applicant may choose to allocate the benefits of the project proportionately to the costs of the project that would be funded by the TIGER II Discretionary Grant, but this should generally be done only if (1) the TIGER Discretionary Grant funds are commingled with non-TIGER Discretionary Grant funds for a single, non-divisible structure that has independent utility and (2) the project has sufficient funding in place to be completed as a whole unit. If a project is being funded by multiple Federal, State, and local sources, it would be inappropriate to attribute the full benefit of the project to only one source of funding (such as the local share or the TIGER II Discretionary Grant itself).

All costs and benefits of the project should be evaluated, including benefits and costs that fall outside of the jurisdiction sponsoring the project. It is also important that the applicant assume the continuation of reasonable and sound management practices in establishing a baseline. Assuming a baseline scenario in which the owner of the facility does no maintenance on the facility and ignores traffic problems and maintenance is not realistic and will lead to the overstatement of project benefits.

In addition to the baseline, the applicant should present and consider reasonable alternatives in the analysis. Smaller-scale and more focused projects should be evaluated for comparison purposes. For example, if an applicant is requesting funds to replace a pier, it should also analyze the alternative of rehabilitating the current pier. Similarly, if an applicant seeks funds to establish a relatively large streetcar project, it should also evaluate a more focused project serving only the more densely populated corridors or an area.

Affected Population

Applicants should clearly identify the population that the project will affect and measure the number of passengers (for a passenger project) and the amount of freight (for a freight project) affected by the project. If possible, passenger and freight traffic should be measured in passenger-miles and freight ton-miles (and possibly value of freight). If, as is often the case (*e.g.*, projected growth in highway traffic), the forecasted traffic volume is not the same for all years, then the applicant needs to break out the forecasted traffic annually. In some cases, the characteristics of the passenger population or of the freight shipper population may be important (*e.g.*, whether the passengers or shippers are members of a disadvantaged group, or whether the passengers or shippers are spread across a multi-state region). Measures of freight traffic might include growing levels of port calls. In some cases, the relevant population is the volume of traffic that is diverted from one mode to another. Applicants must clearly identify which population will be affected by any particular benefit. For example, the affected population that will enjoy travel time savings may be different from the affected population benefiting from reduced shipping costs. Further, the applicant should be realistic as to how the project affects these populations. For example, improving rail access to a wholesale distribution center near an urban area may take some trucks off the road that had been carrying freight from a truck/rail intermodal yard to the wholesale distribution center. However, it is unrealistic to claim benefits from reduced truck traffic all the way from the shipping origin point hundreds or thousands of miles away to the truck/rail intermodal yard, if that traffic would be likely to be moving by rail already.

Discounting

Applicants should discount future benefits and costs to present values using a real discount rate of 7 percent, following guidance provided by OMB in Circulars A–4 and A–94 (*http://www.whitehouse.gov/omb/circulars_default/*). Applicants may also provide an alternative analysis using a real discount rate of 3 percent. The latter approach should be used when the alternative use of funds currently dedicated to the project would be other public expenditures, rather than private investment.

As a first step, applicants should present the year-by-year stream of benefits and costs from the project. Applicants should clearly identify when they expect costs and benefits to occur. The beginning point for the year-by-year stream of benefits should be the first year in which the project will start generating costs or benefits. The ending point should be far enough in the future to encompass all of the significant costs and benefits resulting from the project but not to exceed the usable life of the asset without capital improvement.[9] In presenting these year-by-year streams, applicants should measure them in constant (or "real") dollars prior to discounting. Applicants should not add in the effects of inflation to the estimates of future benefits and costs prior to discounting. Once an applicant has generated the stream of costs and benefits in constant dollars, it should then discount these estimates to arrive at a present value of costs and benefits. The standard formula for the discount factor in any given year is $1/(1 + r)^t$, where "r" is the discount rate and "t" measures the number of years in the future that the costs or benefits will occur. Infrequently, benefits or costs will be the same in constant dollars for all years. In these limited cases, an applicant can calculate the formula for the present value of an ordinary annuity instead of showing a year-by-year calculation.[10]

Forecasting

Benefit-cost analyses of transportation projects almost always depend on forecasts of projected levels of usage (road traffic, port calls, etc.). When an applicant is using such forecasts to generate benefit estimates, it must assess the reliability of these forecasts. If the applicant is using outside forecasts, it must provide a citation and an appropriate page number for the forecasts. An applicant should carefully review any outside forecasts for reliability before using them in its analyses. In cases where an applicant is using its own estimates, it should clearly demonstrate in the analysis the methodology it used to forecast affected population (e.g., traffic). The number of individuals who enjoy the benefits of a project will partly determine the net benefits of the project. Consequently, accurate forecasts are essential to conducting a quality benefit-cost analysis. Applicants should also take great care to match forecasts of affected population to the corresponding year. For example, using projected traffic levels for 2030 to generate benefits for all the earlier years in incorrect. For more information on forecasting, applicants can refer to the forecasting section of FHWA's Economic Analysis Primer (*http://www.fhwa.dot.gov/infrastructure/asstmgmt/primer06.cfm*). While produced for analysis of highway projects, the primer is a good source of information on issues related to all transportation forecasting.

[9] In some cases the application may use a fixed term of years to analyze benefits and costs (e.g., 20 years), even though the applicant knows that the project will last longer than that and continue to have benefits and costs in later years. In these cases, the project will retain a "residual value" at the end of the analysis period. For instance, a new bridge may be expected to have a 100-year life but the analysis period for the benefit-cost analysis might cover only 40 years. In such cases, a residual value can be claimed as a benefit (or cost offset) for the asset at the end of the analysis period. One method to estimate the residual value is to calculate the percentage of the project that will not be depreciated or used up at the end of the analysis period and to multiply this percentage by the original cost of the project. Different components of the project may have different depreciation rates—land typically does not depreciate. The estimated residual value is assigned to the end of the analysis period and should then be discounted to its present value as would any other cost or benefit occurring at that time. Note that a residual value of a project can only be claimed if the project will be kept in operation beyond the end of the analysis period. If the project will be retired at that time, a salvage value (reflecting revenues raised from the decommissioning of the project) can be claimed.

[10] *See http://www.brighthub.com/money/personal-finance/articles/17948.aspx.* For example, 10.594 is the discount factor that would be multiplied by an annual benefit to get the present value of a constant benefit stream over 20 years at a discount rate of seven percent. If the constant annual benefit is $500,000, then the present value of the benefits is $5.297 million. In these limited cases, the applicant must show the calculation of the discount factor of the ordinary annuity formula.

Costs

As noted above, the estimate of costs must pertain to the same project as the estimate of benefits. If the TIGER II Discretionary Grant is to pay for only part of the project, but the project is indivisible (*i.e.*, no one part of the project would have independent utility), then the benefits of the whole project should be compared to the costs of the whole project, including costs paid for by State, local, and private partners other than the Federal government. Applicants may not claim that the TIGER II Discretionary Grant "leverages" the financial contributions of other parties, and therefore that all the benefits of the project are attributable to the TIGER II Discretionary Grant, even though the TIGER II Discretionary Grant only pays for part of the project.

The analysis of costs should be equally as rigorous as the analysis of benefits. The lack of a useful analysis of expected project costs may be a basis for denying the award of a TIGER II Discretionary Grant to an applicant. In general, applicants should use a life-cycle cost analysis approach in estimating the costs of the project. The Department expects applicants to include operating, maintenance, and other life-cycle costs of the project, along with capital costs. In addition to construction costs, other direct costs may include design and land acquisition. If the time period considered in the analysis is long enough to require the rehabilitation of the facility during the period of analysis, then the costs of that rehabilitation should be included. External costs, such as noise, increased congestion, and environmental pollutants resulting from the use of the facility or related changes in usage on other facilities in the same network, should be considered as costs in the analysis. Additionally, applicants should include, to the extent possible, costs to users during construction, such as delays and increased vehicle operating costs. The applicant should correctly discount annual costs to arrive at a present value of the project's cost.

Types of Benefits—Livability

There are several potential benefits that a project could generate that affect livability. The most important aspect of livability is accessibility to non-single-occupancy vehicle modes of transportation, such as transit, bicycle paths, and sidewalks. Measuring the benefits of increased accessibility should start with a quantitative measure of the increase in accessibility—how many people will have access to these alternative modes who did not have access before? The analysis should go on to estimate how many people are actually likely to use these newly available transportation modes and how much of their existing single-occupancy vehicle travel are those people likely to divert to these alternative modes. Finally, the analysis should attempt to estimate the monetary value that people place on access to these newly available transportation modes. In some cases, monetary values may be estimated based on existing market transactions—*e.g.*, bicycle rentals. In others, differentials in the market values of land or rents between residences and businesses that are already easily accessible (*e.g.* < 0.5 miles) to these modes and those that are in the same areas but not easily accessible (*e.g.* > 0.5 miles) can be used as a proxy estimate of the value of this access. In other cases, no objective market values are available, and the applicant should make the best subjective estimate it can of the average value that this accessibility has to those who now have access to these alternative modes.

Transit and bicycle paths may provide greater accessibility to alternative transportation modes, but they will not actually enhance livability unless people actually want to use them, and the desire to use them will depend in part on where these modes go and on the amenities provided with them. An important part of accessibility is making sure not only that people's residences are accessible to these modes, but that the modes connect to workplaces, schools, shopping, and other desired destinations. Assessments of enhanced accessibility should describe where these alternative modes go as well as where they start.

Land use changes are also an important aspect of livability. When people live closer to their workplaces, their schools, and shopping, they will be more likely to use these alternative transportation modes. Transportation changes that encourage more mixed-use land development (where residences are intermixed with workplaces and shopping) will shorten the length of travel and encourage more use of non-highway modes. The analysis should evaluate the extent to which the proposed transportation project will encourage these changes in land use and be coordinated with zoning changes and other public and private investments. Changes in land use that result in shorter travel distances can result in long-term travel time savings, and the quantitative extent of these time savings can be estimated. Values of time can then be used to estimate the monetary value of these time savings. The applicant should propose a subjective estimate of the monetary value of land use changes. Land use changes can also reduce the total cost of transportation for the affected population, so applicants should attempt to measure the effects of the project and associated land use changes on average household transportation expenditures.

In using differentials in property values or rents to measure the value of changes in accessibility, applicants must identify other factors that might have caused property values and/or rents to change and isolate the portion of the change that is attributable to the change in accessibility. Applicants must also be careful to avoid double-counting. If the applicant has already counted reductions in travel time as a benefit, the value of those reductions in travel time may get capitalized in changes in property values or rents, and the applicant must be careful not to count those benefits again as part of the change in property values.

Finally, an important aspect of livability is the availability of transportation to disadvantaged communities, such as low-income people, non-drivers, people with disabilities, and senior citizens. Applicants should assess the extent to which their projects will improve transportation opportunities for members of these disadvantaged communities. While there may not be well-defined methodologies for assigning monetary values to these enhancements to accessibility, applicants should attempt to measure the size of the disadvantaged community affected and make subjective judgments of the monetary values that should be assigned to these improvements.

Types of Benefits—Economic Competitiveness

Economic competitiveness benefits might include reduced operating costs due to infrastructure improvements. In some cases, a project produces economic competitiveness benefits because the existing users of the facility will have lower operating costs after the improvement is completed. In other cases, the economic competitiveness benefits result from modal diversion—users shifting from a higher-cost transportation mode to a lower-cost transportation mode when the quality of service on the lower-cost mode becomes more competitive. In this case, the applicant should demonstrate clearly what the basis is of any estimated modal diversion. In estimating operating cost savings, it is important to avoid double-

counting. For example, applicants must not count both the reductions in fuel costs and the overall reductions in operating costs, because fuel costs are part of operating costs.

One particular form of reduced operating costs is travel time savings. Road improvements or other projects whose purpose is to relieve congestion frequently generate travel time savings for travelers and shippers that contribute to economic competitiveness. Where this is the case, applicants should clearly demonstrate how the travel time savings are calculated and should account for induced travel demand to the extent practical or applicable. If travel time savings vary over time, the applicant must clearly show savings by year. Once the applicant generates its estimate of hours saved, it should apply the Department's guidance on the value of time to those estimates (*http://ostpxweb.dot.gov/policy/reports.htm*) to monetize them.

Freight-related projects that improve roads, rails, and ports frequently generate savings to shippers that they pass on to consumers (*e.g.*, fuel savings and other operating cost savings). If applicants are projecting these savings as benefits, they need to carefully demonstrate how the proposed project would generate such benefits. However, savings to freight carriers can not be counted along with savings to shippers that are passed along from the carrier to the shipper.

Applicants should also guard against analysis that double-counts other kinds of benefits. Analysis should distinguish between real benefits and transfer payments. Benefits reflect real resource usage and overall benefits to society, while transfers represent payments by one group to another and do not represent a net increase in societal benefits. Employment or output multipliers that purport to measure secondary effects should not be included as societal benefits because these secondary effects are generally the same (per dollar spent) regardless of what kind of project is funded.

As noted earlier in this Appendix (*see Benefit-Cost Analysis vs. Economic Impact Analysis*), applicants must be extremely cautious about including job creation and economic development benefits as societal benefits in the benefit-cost analysis. In the case of job creation, for example, every job represents both a cost to the employer (paying a wage) and a benefit to the employee (receiving a wage), so it is a transfer payment, rather than a net benefit. However, if a project increases the productivity of labor, then the applicant can count the increased productivity as a benefit. For example, if the project allows workers working at low-productivity jobs to switch to high-productivity jobs, then the increase in their productivity can be counted as a benefit. But the applicant needs to demonstrate rigorously how such productivity benefits are estimated and the exact time period over which the productivity benefits occur. Simply asserting these gains is inadequate.

With respect to economic development, estimates of capital investments or property tax revenues are not legitimate benefits in a benefit-cost analysis. A property tax is a benefit to the tax assessor, but it is a cost to the taxpayer. An applicant can potentially claim an increase in the value of land as a benefit if the transportation project increases the value and productivity of the land. However, the applicant needs to count the increase in the value of the land carefully to avoid double counting and transfer payments. For example, if the property value goes up by the exact same value as the developer's investment, then this is not a benefit. Property value increases over and above the developer's investment may potentially be a benefit from the project. However, if this property value increase is due to improved travel times that the applicant has already included as a benefit then there is no additional benefit here. The analysis should also consider to what extent an increase in land values induced by the project in one area causes a reduction in land values in some other area. Only the net increase in land value can be counted as a benefit.

Applicants must carefully net out any embedded time savings in the property value increase before claiming any benefits. Simply asserting that there is a property tax increase net of time savings is inadequate. The Department expects any applicant claiming these types of benefits to provide a rigorous justification of the benefit that shows how it is derived from the project (rather than from some other non-project investment) and that shows how increases in property values attributable to other benefits (such as travel time savings) have been deducted. Applicants should note that any claimed societal benefit from a property value increase is only a one-time stock benefit. Applicants can not treat it as a stream of benefits accruing annually.

Types of Benefits—Safety

Road projects can also improve the safety of transportation. A well-designed project can reduce fatalities and injuries as well as reduce other crash costs, such as hazardous materials releases. The applicant should clearly demonstrate how the project will improve safety. For example, to claim a reduction in fatalities, an applicant must clearly demonstrate how the existence of the project would have prevented the types of fatalities that commonly occur in that area. Applicants should use crash causation factors or similar analyses of causes of crashes to show the extent to which the type of improvements proposed would actually reduce the likelihood of the kinds of crashes that actually had occurred. Alternatively, when only a few cases are involved, the applicant should provide a description of the incidents and demonstrate the linkage between the proposed project and crash reduction. In some cases, safety benefits may occur because of modal diversion from a less safe mode to a more safe mode. When this type of benefit is claimed, the applicant should provide a clear analysis of why the forecasted modal diversion will take place. Once the applicant has established a reasonable count of the incidents that are likely to be prevented by the project, it should apply the Department's guidance on value of life and injuries (*http://ostpxweb.dot.gov/policy/reports.htm*) to monetize them. Sources of information on the social benefits of reducing crash costs are discussed in Chapter VIII of the Final Regulatory Impact Analysis of the National Highway Traffic Safety Administration's rulemaking on Corporate Average Fuel Economy for MY 2011 Passenger Cars and Light Trucks (*http://www.nhtsa.dot.gov/portal/site/nhtsa/menuitem.d0b5a45b55bfbe582f57529cdba046a0/*). The economic values of various benefits are summarized in Table VIII–5 on page VIII–60.

Types of Benefits—State of Good Repair

Many infrastructure projects that improve the state of good repair of transportation infrastructure can reduce long-term maintenance and repair costs. These benefits are in addition to the benefits of reductions in travel time, shipping costs, and crashes which the applicant should account for separately. Applicants should include these maintenance and repair savings as benefits. Improving state of good repair may also reduce operating costs and congestion by reducing the amount of time that the infrastructure is out of service due to maintenance and repairs, or may prevent a facility (such as a bridge) from being removed from service entirely. In the latter case, the analysis should include a reasonable assessment of the cost that closing the facility would have on system users who would

be required to take longer and more circuitous routes, as well as the probability (and likely time in the future) when the bridge would need to be closed. The application should also consider differences in maintenance and repair costs when comparing different project alternatives. For example, an applicant can compare the maintenance costs that would be required after rehabilitating an existing pier with those that would be required after building a new one. As part of the data that go into estimating the benefits of improving the state of good repair, applicants should provide accepted metrics for assessing an asset's current condition. For example, applicants can use Present Serviceability Ratings (PSR) to discuss pavement condition and bridge sufficiency ratings to discuss the condition of a bridge. As discussed in the section on costs, the Department expects applicants to consider the life-cycle costs of the project when making these comparisons.

Types of Benefits—Sustainability

Transportation can generate environmental costs in the form of emissions of "criteria pollutants" (*e.g.*, SO_X, NO_X, and particulates) and from the emission of greenhouse gases, such as carbon dioxide (CO_2). Increased traffic congestion results in increased levels of these emissions. Transportation projects that reduce congestion can reduce these emissions and produce societal benefits given reduced idling and otherwise constant vehicle miles travelled. Also, transportation projects that encourage transportation users to shift from more-polluting modes to less-polluting modes can similarly reduce emissions. Applicants claiming these types of benefits must clearly demonstrate and quantify how the project will reduce emissions. Once an applicant has adequately quantified levels of emission reductions, it should estimate the dollar value of these benefits. Sources of information on the social benefits of reducing criteria pollutant emissions are discussed in Chapter VIII of the Final Regulatory Impact Analysis of the National Highway Traffic Safety Administration's rulemaking on Corporate Average Fuel Economy for MY 2011 Passenger Cars and Light Trucks (*http://www.nhtsa.dot.gov/portal/site/nhtsa/menuitem.d0b5a45b55bfbe582f57529cdba046a0/*).

The Interagency Working Group on Social Cost of Carbon has recently issued its guidance on "Social Cost of Carbon for Regulatory Impact Analysis Under Executive Order 12866" (*http://www1.eere.energy.gov/buildings/appliance_standards/commercial/pdfs/sem_finalrule_appendix15a.pdf*). This guidance lays out a range of values to use for monetizing the social cost of carbon at various years in the future and at various discount rates. Applicants should clearly indicate how and to what degree calculations of benefits in their analyses are based on these assumed values of CO_2 emissions reduction.

Transparency and Reproducibility of Calculations

Applicants should make every effort to make the results of their analyses as transparent and reproducible as possible. Applicants should clearly set out basic assumptions, methods, and data underlying the analysis and discuss any uncertainties associated with the estimates.

A Department reviewer reading the analysis should be able to understand the basic elements of the analysis and the way in which the applicant derived the estimates. If the application refers the reader to more detailed documentation to explain how the calculations were done, that documentation must go beyond merely providing spreadsheets. It must include a thorough verbal description of how the calculation was done, including references to tabs and cells in the spreadsheet. This verbal description should include specific sources for all the numbers in the spreadsheet that are not calculated from the spreadsheet itself.

If an applicant uses a "pre-packaged" economic model to calculate net benefits, the applicant should provide annual benefits and costs by benefit and cost type for the entire analysis period. In any case, applicants must provide a detailed explanation of the assumptions used to run the model (*e.g.*, peak traffic hours and traffic volume during peak hours, mix of traffic by cars, buses, and trucks, etc.). The applicant must provide enough information so that a Department reviewer can follow the general logic of the estimates (and, in the case of spreadsheet models, reproduce them).

Ideally, the applicant should be able to summarize the results of all pertinent data and cost and benefit calculations in a single spreadsheet tab (or table in *Word*). A Department reviewer should be able to understand the calculations in spreadsheet models both from directions in the spreadsheet and any accompanying text. The following provides a simplified example for expository purposes of discounted costs and benefits from a road project providing travel time savings only to local travelers over the course of five years following a one-year period of construction.

Calendar year	Project year	Affected drivers	Travel Time saved (hours) [1]	Total value of time saved ($2008) [2]	Initial costs ($2008)	Operations & maintenance costs ($2008) [3]	Undiscounted net benefits	Discounted at 7%
2011	1	.....	.....	.....	$38,500,000	$6,000,000	$44,500,000	−$41,588,785
2012	2	80,000	1,040,000	$14,248,000	.....	$700,000	$13,548,000	$11,833,348
2013	3	95,000	1,235,000	$16,919,500	.....	$700,000	$16,219,500	$13,239,943
2014	4	100,000	1,300,000	$17,810,000	.....	$700,000	$17,110,000	$13,053,137
2015	5	102,000	1,326,000	$18,166,200	.....	$700,000	$17,466,200	$12,453,159
2016	6	109,000	1,417,000	$19,412,900	.....	$700,000	$18,712,900	$12,469,195
NPV	.....	.....	.....	.....	.....	.....	.....	$21,459,998

[1] Number of drivers times three minutes a day (3/60 hours) over 260 workdays.
[2] Hours at $13.70 per hour ($2008).
[3] Includes costs from delays to users during construction.

Most applicant analyses will be more complicated than this example and will likely include several benefit categories. However, the summary cost and benefit data should be as transparent and as easy to follow and replicate as the example above.

Appendix B: Additional Information on Applying Through Grants.gov

Applications (Stage 2) for TIGER II Discretionary Grants must be submitted through Grants.gov. To apply for funding through Grants.gov, applicants must be properly registered. Complete instructions on how to register and apply can be found at *http://www.grants.gov*. If interested parties experience difficulties at any point during registration or application process, please call the Grants.gov Customer Support Hotline at 1–800–518–4726, Monday–Friday from 7 a.m. to 9 p.m. EST.

Registering with Grants.gov is a one-time process; however, processing delays may occur and it can take up to several weeks for first-time registrants to receive confirmation and a user password. It is highly recommended that applicants start the registration process as early as possible to prevent delays that may preclude submitting an application by the deadlines specified. Applications will not be accepted after the relevant due date; delayed registration is not an acceptable reason for extensions. In order to apply for TIGER II Discretionary Grant funding under this announcement and to apply for funding through Grants.gov, all applicants are required to complete the following:

1. *Acquire a DUNS Number.* A DUNS number is required for Grants.gov registration. The Office of Management and Budget requires that all businesses and nonprofit applicants for Federal funds include a DUNS (Data Universal Numbering System) number in their applications for a new award or renewal of an existing award. A DUNS number is a unique nine-digit sequence recognized as the universal standard for identifying and keeping track of entities receiving Federal funds. The identifier is used for tracking purposes and to validate address and point of contact information for Federal assistance applicants, recipients, and sub-recipients. The DUNS number will be used throughout the grant life cycle. Obtaining a DUNS number is a free, one-time activity. Obtain a DUNS number by calling 1–866–705–5711 or by applying online at *http://www.dunandbradstreet.com*.

2. *Acquire or Renew Registration With the Central Contractor Registration (CCR) Database.* All applicants for Federal financial assistance maintain current registrations in the Central Contractor Registration (CCR) database. An applicant must be registered in the CCR to successfully register in Grants.gov. The CCR database is the repository for standard information about Federal financial assistance applicants, recipients, and sub-recipients. Organizations that have previously submitted applications via Grants.gov are already registered with CCR, as it is a requirement for Grants.gov registration. Please note, however, that applicants must update or renew their CCR registration at least once per year to maintain an active status, so it is critical to check registration status well in advance of relevant application deadlines. Information about CCR registration procedures can be accessed at *http://www.ccr.gov*.

3. *Acquire an Authorized Organization Representative (AOR) and a Grants.gov Username and Password.* Complete your AOR profile on Grants.gov and create your username and password. You will need to use your organization's DUNS Number to complete this step. For more information about the registration process, go to *http://www.grants.gov/applicants/get_registered.jsp*.

4. *Acquire Authorization for Your AOR From the E-Business Point of Contact (E-Biz POC).* The E-Biz POC at your organization must log in to Grants.gov to confirm you as an AOR. Please note that there can be more than one AOR for your organization.

5. *Search for the Funding Opportunity on Grants.gov.* Please use the following identifying information when searching for the TIGER II funding opportunity on Grants.gov. The Catalog of Federal Domestic Assistance (CFDA) number for this solicitation is 20.933, titled Surface Transportation Infrastructure Discretionary Grants for Capital Investments II.

6. *Submit an Application Addressing All of the Requirements Outlined in This Funding Availability Announcement.* Within 24–48 hours after submitting your electronic application, you should receive an e-mail validation message from Grants.gov. The validation message will tell you whether the application has been received and validated or rejected, with an explanation. You are urged to submit your application at least 72 hours prior to the due date of the application to allow time to receive the validation message and to correct any problems that may have caused a rejection notification.

Note: When uploading attachments please use generally accepted formats such as .pdf, .doc, and .xls. While you may imbed picture files such as .jpg, .gif, .bmp, in your files, please do not save and submit the attachment in these formats. Additionally, the following formats will not be accepted: .com, .bat, .exe, .vbs, .cfg, .dat, .db, .dbf, .dll, .ini, .log, .ora, .sys, and .zip.

Experiencing Unforeseen Grants.gov Technical Issues

If you experience unforeseen Grants.gov technical issues beyond your control that prevent you from submitting your application by the deadline, you must contact Robert Mariner at 202–366–8914 or *Robert.Mariner@dot.gov* within 24 hours after the deadline and request approval to submit your application. At that time, DOT staff will require you to e-mail the complete grant application, your DUNS number, and provide a Grants.gov Help Desk tracking number(s). After DOT staff review all of the information submitted as well as contacts the Grants.gov Help Desk to validate the technical issues you reported, DOT staff will contact you to either approve or deny your request to submit a late application. If the technical issues you reported cannot be validated, your application will be rejected as untimely.

To ensure a fair competition for limited discretionary funds, the following conditions are not valid reasons to permit late submissions: (1) Failure to complete the registration process before the deadline date; (2) failure to follow Grants.gov instructions on how to register and apply as posted on its Web site; (3) failure to follow all of the instructions in the funding availability notice; and (4) technical issues experienced with the applicant's computer or information technology (IT) environment.

Issued on: May 26, 2010.

Ray LaHood,

Secretary.

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DEPARTMENT OF TRANSPORTATION

Federal Highway Administration

Notice To Rescind Notice of Intent To Prepare an Environmental Impact Statement: Franklin and Warren Counties, MO

AGENCY: Federal Highway Administration (FHWA), DOT.

ACTION: Rescind Notice of Intent to prepare an environmental impact statement.

SUMMARY: The FHWA is issuing this notice to advise the public that we are rescinding the Notice of Intent (NOI) to prepare an environmental impact statement (EIS) for improvements that were proposed for Route 47 in Franklin