



BUILD Grants and other Funding Opportunities

April 2018

If you're looking for federal funds to support transit or other infrastructure projects – **especially in rural areas** – pay attention to the just-announced funding opportunity for *Better Utilizing Investments to Leverage Development* (BUILD) discretionary grants from the U.S. Department of Transportation (DOT). This program of national infrastructure investments picks up where the previous nine years of *Transportation Investment Generating Economic Recovery* (TIGER) grants left off, but with some key distinctions, some of which are discussed below.

For official information on the BUILD grants, visit the DOT's BUILD website, at <https://www.transportation.gov/BUILDgrants>. The information on that site, which will be updated over the coming weeks and months, is the definitive source of BUILD information. Below are some points that we at CTAA think are especially pertinent to our members and other transit providers, but the following items represent CTAA's understandings and interpretations, and are not official communications from any federal agency.

- **There's a lot of money.** As CTAA recently reported in its summary of the FY 2018 "Consolidated Appropriations Act" (see http://web1.ctaa.org/webmodules/webarticles/articlefiles/ConsolidatedAppropriationsAct2018_CTAAanalysis.pdf if you missed our analysis of that legislation), the BUILD program is funded at \$1.5 billion, which is three times as much money as the TIGER grants received in recent years.
- **The BUILD program favors rural communities**, in three significant ways.
 - First of all, 30 percent of all BUILD grants have to be awarded for projects in rural areas. That's \$450 million in rural infrastructure grants, which is nearly as large as the entire TIGER program last year. That's huge.
 - Secondly, the minimum size of BUILD projects in rural areas is \$1.0 million, which gives rural communities the possibility to use these funds for more

diverse projects than those in urban areas, which have to be at least \$5.0 million per project.

- Third, the federal share for rural BUILD grants can be as much as 100 percent, while urban BUILD grants are limited to no more than 80 percent of the project cost.
- **Transit projects are eligible.** Basically, any project that would be eligible for Federal Highway Administration (FHWA) funding or Federal Transit Administration (FTA) funding is eligible for a BUILD grant, as are freight or passenger rail projects, port-related projects, and the surface transportation elements of intermodal projects. So, if you're looking for bus purchases, transit-related or other surface transportation construction projects, or other activities of \$1.0 million or more (in rural areas; the minimum is \$5.0 million in urban areas), a BUILD grant is worth considering. There's also a small amount of BUILD funding that's available for planning grants (generally speaking, around the need to scope what could be a future BUILD-funded project). In theory, BUILD grants could be used for operating grants to public transit agencies, but it's incredibly unlikely that any BUILD funds will be used in that way.
- **BUILD grants aren't for everyone.** The only eligible applicants for BUILD grants are units of tribal, state or local government. Eligible units of state or local government include units of general government (e.g., state agencies, counties, cities, tribal nations), public agencies that operate transit systems, metropolitan planning organizations, or public sector port authorities. Nonprofit or for-profit entities cannot apply for BUILD grants, although they can be the end users or tenants of projects financed with BUILD grants. So, as was the case with TIGER grants, it's possible for a state department of transportation or a unit of local government to pursue BUILD funding for vehicles or facilities that will benefit nonprofit transit providers in the state or locality.
- **BUILD grants require a cash match.** In general, BUILD grants require that 20 percent of the project cost come from non-federal sources. Toll credits are considered a non-federal source, but other funding streams that transit agencies can use to match some FTA grants aren't necessarily allowable as the non-federal share of a BUILD-funded project. It's possible, but unlikely, that DOT would allow federally funded social services contract revenue to be used as the "non-federal" share of a BUILD grant. DOT appears disinclined to accept in-kind resources for any portion of BUILD project costs. DOT has not yet indicated how they will consider an increased federal share for BUILD projects in rural areas, which is why interested prospective applicants for rural BUILD projects should pay close attention to the information at <https://www.transportation.gov/BUILDgrants>.
- **There are geographic limitations.** It's hard to anticipate how this will affect the award of specific BUILD grants, but there is a restriction that no state will have more

than \$150 million of BUILD-funded projects within its borders. There's also a less-specific requirement that DOT ensures an equitable geographic distribution of grant funds, an appropriate balance in addressing the needs of urban and rural areas, and investment in a variety of transportation modes as it awards these grants.

- **BUILD grants will be *highly* competitive.** While it's exciting to see so much funding made available for these projects, there will be many applicants from across all modes of surface transportation. So, don't count on a BUILD grant until (or unless) it's actually awarded.
- **The selection criteria are vague.** Even though DOT's official solicitation for BUILD applications (<https://www.transportation.gov/sites/dot.gov/files/docs/policy-initiatives/tiger/114796/2018-build-nofo-signed.pdf>) describes the selection criteria at some length, there aren't specific weights or scoring elements attached to these criteria. That said, here's what DOT will examine as it makes its BUILD decisions:
 - Safety
 - State of good repair
 - Economic competitiveness
 - Environmental protection
 - Quality of life
 - Innovation
 - Partnership
 - Use of non-federal revenue

In determining which applications will receive BUILD grants, DOT also will look at applicants' project readiness, the ability to satisfy NEPA and related requirements, economic costs and benefits, and the ability to recognize and mitigate project risks.

- **BUILD grants are *not* managed by FTA.** Unlike traditional federal transit grants, BUILD applicants and grantees should not turn to FTA regional offices for definitive guidance or information on BUILD funding. Visit the BUILD site at <https://www.transportation.gov/BUILDgrants> for information, and contact DOT Headquarters if you have specific questions (a special BUILDgrants@dot.gov email address has been established for this purpose).
- **Prospective applicants should stay informed.** Keep going back to the BUILD site at <https://www.transportation.gov/BUILDgrants> to see if information is updated. Pay attention to the July 19, 2018, application deadline, knowing that applications must be submitted through the federal government's <https://www.grants.gov> site. Seize the opportunity to participate in one or more of the informational webinars that DOT is hosting:

- Thursday May 24 – how to compete for BUILD grants (all types of applicants)
- Tuesday May 29 – how to compete for BUILD grants (rural and tribal applicants)
- Thursday May 31 – how to prepare the benefit-cost analysis (“BCA”) for your BUILD application (all types of applicants)

To be sure you can attend those webinars as appropriate to your situation, visit <https://www.transportation.gov/BUILDgrants/outreach>.

- **Remember the bottom line:** \$1.5 billion is available. Transit is eligible. Rural projects, including rural transit projects, can be as small as \$1.0 million, and the federal share of rural project costs can be as much as 100 percent.

What else is out there?

At some point this fiscal year, FTA will announce the availability of an awful lot of money for competitive Section 5339 bus and bus facilities projects. Be ready for that. Also, be ready for FTA’s final announcement of FY 2018 formula funding apportionments and allocations, which may already have been issued by the time you’re reading this (Curious? Just go to <https://www.transit.dot.gov/funding/apportionments>, and follow the link to *current apportionments* to see what’s been posted).

In the meantime, FTA recently announced that it’s accepting applications for the latest round of Low- or No-Emission Bus and Bus Facilities grants. There is a total of \$84.5 million available for these Low-No grants. The notice appears in the April 25, 2018, Federal Register, and is on the FTA website at <https://www.transit.dot.gov/funding/applying/notices-funding/low-or-no-emission-program-low-no-program-2018-notice-funding>.

Applications are due June 18, 2018. Eligible applicants are “designated recipients of FTA grants,” states, local governments, and tribal nations. The FTA share of these projects can be as much as 85 percent of project costs. There’s a wide range of what can be used to satisfy the 15 percent “non-federal” share, including in-kind match and social services contract revenue.

These grants can be used for:

- Purchasing or leasing low- or no-emission buses
- Acquiring low- or no-emission buses with a leased power source
- Constructing or leasing facilities and related equipment for low- or no-emission buses
- Constructing new public transportation facilities to accommodate low- or no-emission buses, or

- Rehabilitating or improving existing public transportation facilities to accommodate low- or no-emission buses.

As a reminder, this program defines a low or no-emission bus as “a passenger vehicle used to provide public transportation that significantly reduces energy consumption or harmful emissions, including direct carbon emissions, when compared to a standard vehicle.” While many of these grants have been used for battery-powered or other zero-emissions buses, there is somewhat more flexibility than that.