Item #11

National Capital Region Transportation Planning Board

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MEMORANDUM

TO: Transportation Planning Board

FROM: Ronald F. Kirby
Director, Department of
Transportation Planning

SUBJECT: Summary of American Recovery and Reinvestment Act of 2009

DATE: February 18, 2009

The American Recovery and Reinvestment Act of 2009 was signed into law this week on February 17, 2009 and includes a substantial funding infusion into the nation's transportation system. The final version of the $789 billion legislation contains over $48 billion for transportation, including $27.5 billion for highway infrastructure investment, $8.4 billion for transit capital assistance, $8 billion for high speed rail, $1.5 billion for a competitive grant program for surface transportation, and $1.3 billion for Amtrak. This memorandum summarizes the funding details for each of these broad transportation funding categories.

Highway Infrastructure Investment, $27.5 billion

For highway infrastructure investment, a total of $27.5 billion will be administered through the Federal Highway Administration (FHWA).

For all highway projects, priority will be given to projects expected to be complete within three years and in economically distressed areas.

Of this $27.5 billion, $900 million will be set aside for the following:

1. Puerto Rico highway program, $105 million
2. Territorial highway program, $45 million
3. Ferry boats and terminals, $60 million
4. Competitive discretionary grants to states with priority given to projects projected to be complete within two years, $60 million
5. Indian reservations and federal lands, $550 million ($170 million for park roads and parkways, $60 million for the Forest Highway Program, $10 million for the Refuge Roads Program)
6. Highway surface transportation and technology training, $20 million
7. Disadvantaged business enterprises bonding assistance, $20 million
8. FHWA administrative/oversight, up to $40 million

The remaining highway funds of $26.6 billion will be given to states through two different formula programs: 50% ($13.28 billion) will be apportioned to states based on the FY 2009 STP formula, and 50% ($13.28 billion) to states based on the FY 2008 obligation limitation distribution as in section 120(a)(6) of division 6 of Public Law 110-161.

Of the total $26.6 billion given to states, 30% will be sub-allocated to urban areas based on current urbanized area formulas under STP (subsection 133 (d)(3)(A)), meaning that 30% of the total highway formula funds will be distributed to areas within a state based on their population share.

There are also "use it or lose it" time limits on both the state funds and sub-allocated funds. After 120 days, states will be forced to forfeit 50% of the funds awarded (excluding sub-allocated funds), less amounts obligated. Funds sub-allocated to urbanized areas and other areas will not be subject to the 120 day time requirement. All remaining un-obligated funds, including sub-allocated funds, will be forfeited after one year, to be redistributed to other states.

It is estimated that DC will receive $123.5 million ($37 million for sub-allocation), Maryland $431 million ($129 million for sub-allocation) and Virginia $694.5 million ($208 million for sub-allocation) in highway formula funds.

Transit Capital Assistance, $8.4 billion

For transit capital assistance, a total of $8.4 billion will be administered through the Federal Transit Administration (FTA).

Formula Funding
$6.8 billion will be administered through the transit urbanized area formula funding, and will be split into three categories of formula grants:

1. 80% ($5.44 billion) through the urbanized area formula (Section 5307)
2. 10% ($680 million) through the urban growing and/or high density states program (Section 5340)
3. 10% ($680 million) through the non-urbanized area formula (Section 5311)

$750 million will be distributed by formula for Fixed Guideway Infrastructure Investment (Section 5309).

Similar to the "use it or lose it" time limits for highway formula funding, after 180 days each urbanized area or state must forfeit 50% of transit formula funds awarded, less amounts obligated. Any un-obligated funds after 1 year will be forfeited as well.

It is estimated that the Washington Metropolitan Area will receive $230 million under these formula programs.

Other Transit Funding
Another $750 million will be distributed for Capital Investment Grants (Section 5309, "New Starts"), which will be discretionary grants to be used through September 30, 2010. Priority will be given to projects already under construction or able to obligate funds within 150 days.

$100 million will be set aside to go to public transit agencies in the form of discretionary grants for capital investments to reduce energy consumption or greenhouse gas emissions of their systems. Grants will be awarded based on total energy savings from the investment as well as energy savings as a percentage of the system's total energy usage.

These funds are not subject to the obligation limitations applying to other transit programs.

High Speed Rail, $8 billion

$8 billion will be administered through the Federal Railroad Administration as discretionary grants to states with 100% federal share, which can be used through September 30, 2012. Priority will be given to intercity high speed rail service.

Within 60 days, U.S. DOT will be required to submit a strategic plan, outlining how they plan on using this funding. Within 120 days, U.S. DOT will then issue interim guidance for grant terms, conditions and procedures, including separate guidance for the high speed rail corridor program, capital assistance for intercity passenger rail service grants and congestion grants. Projects are not required to be in the State rail plan, and there is no obligation deadline prior to September 30, 2012.

Competitive grant program for surface transportation, $1.5 billion

$1.5 billion will be administered via a discretionary grant program, the funds from which can be used through September 30, 2011. Each grant will range from a minimum of $20 million to a maximum of $300 million. The funds can be used for a wide range of transportation improvements, including highway and bridge, transit, and freight. However, priority will be given to projects that can be completed within three years of enactment of Act. It should be noted that U.S. DOT has one year after enactment to announce projects selected, thus leaving two years for projects to be completed.

This program is required to ensure equitable geographic distribution of funds (no one state may be awarded more than 20% of the total program funding) and balance between urban and rural investments. The Secretary of U.S. DOT is required to publish criteria on which to base the competition within 90 days of enactment of the Act.

AMTRAK, $1.3 billion

$1.3 billion will be made available for Amtrak capital expenditures, including $450 million for security upgrades. No more than 60% of the non-security funding can be used along the Northeast Corridor.