

March 8, 2017

Elaine Chao
Secretary, United States Department of Transportation
1200 New Jersey Avenue, SE
Washington, DC 20590

Secretary Elaine Chao:

On behalf of the California Transit Association, I write to you today to emphasize the importance of maintaining the integrity of the Full Funding Grant Agreement (FFGA) process for the Federal Transit Administration's (FTA) Capital Investment Grant program (49 U.S.C. Section 5309).

As you know, the Fixing America's Surface Transportation (FAST) Act (Pub. L. No. 114-94) authorizes \$2.3 billion annually through 2020 for the Capital Investment Grant program, with the goal of providing critical funding for fixed guideway capital projects such as new and expanded commuter rail, light rail, streetcars, bus rapid transit and ferries. Funding is made available to project sponsors through the New Starts, Small Starts, Core Capacity programs, and committed by the Secretary of Transportation through an FFGA.

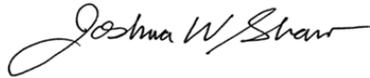
The FAST Act codifies strict requirements on project sponsors, which are intended to establish a high degree of front-end accountability for capital projects, and transparency for the Department of Transportation following project completion. More specifically, project sponsors are required to submit a grant request that contains a schedule and finance plan for the construction and operation of the project; an analysis of the efficiencies of project development and delivery methods and innovative financing arrangement for the project; and, certification that the project sponsor operates a public transportation system that is in a state of good repair. Before entering into a funding agreement, FTA rigorously evaluates grant requests, over multiple years, using criteria, including: the project sponsor's legal, financial and technical capacity for carrying out the project; the stability, reliability and availability or proposed sources of financing; mobility improvements attributable to the project; environmental benefits associated with the project; congestion relief associated with the project; and estimated ridership projections. Following completion, project sponsors are required to submit a report to the Secretary of Transportation describing and analyzing the consistency of the predicted and actual benefits and costs of the project.

The FFGA evaluation process for the Capital Investment Grant program is widely regarded as a comprehensive, metrics-driven and apolitical. Projects that ultimately enter into FFGAs with FTA stand out for their commitment of local and state funding and multiple societal benefits. Moreover, in the two decades since the FFGA process outlined above was created, we know of only one project that failed to secure final signature after successfully completing its evaluation process. For that reason, we are

alarmed by FTA's recent decision to defer execution of the FFGA for the Peninsula Corridor Electrification Project, and are concerned that this action may undermine the FFGA process for projects, both existing and future, throughout the country.

Therefore, as the Administration develops the President's Fiscal Year (FY) 2017-2018 Budget and companion FTA Report to Congress on Annual Funding Recommendations for the Capital Investment Grant Program, we urge you to honor the FFGA process and execute the FFGA for the Peninsula Corridor Electrification Project, and any other grants that have successfully moved through the process.

Sincerely,

A handwritten signature in black ink that reads "Joshua W. Shaw". The signature is written in a cursive, flowing style.

Joshua W. Shaw
Executive Director

cc: Members, California's Congressional Delegation
Matthew Welbes, Acting Administrator, Federal Transit Administration
Nancy McFadden, Executive Summary, Office of Governor Edmund G. Brown, Jr.
Jim Hartnett, Chief Executive Officer, Peninsula Corridor Joint Powers Board
Brian Kelly, Secretary, California State Transportation Agency