

# RAIL

*MOVING AMERICA FORWARD*



## Federal-State Partnership for Intercity Passenger Rail Grant Program: Major Capital Projects - Letters of Intent/Phased Funding Agreements – Domestic Sourcing Plan

# FRA Presenters



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# Agenda

- 1 Overview of Capital Project Guidance
  - Public Comments Received
  - Key Definitions Summary
  - Project Lifecycle Stages
  - Next Steps
- 2 Letters of Intent (LOIs)/Phased Funding Agreements (PFAs)
- 3 Domestic Sourcing Plan
- 4 Lessons Learned from FY22-23 FSP-N Cycle
- 5 Additional Required Documents for MCP as Part of FY24 NOFO
- 6 Questions & Answers



[FY24 Federal-State Partnership for Intercity Passenger Rail Grant Program for Projects Not Located on the Northeast Corridor \(FSP-National\) NOFO](#)

# Overview of Capital Project Guidance

# Overview of Capital Project Guidance — Key Definitions Summary

## Major Project\*

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

## Capital Cost Estimate

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

## Project Management Plan

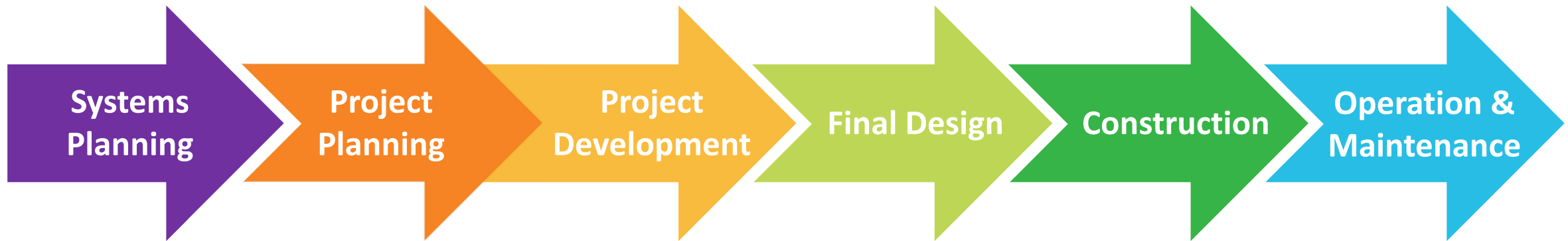
- Describes how the capital project will be implemented, monitored, and controlled to help the Project Sponsor effectively, efficiently, and safely deliver the project on time, within budget, and at the highest appropriate quality

## Financial Plan

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



# Overview of Capital Project Guidance — Project Lifecycle Stages



- Multistate Regional Planning
- Corridor Planning
- Project Identification

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

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

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

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

- Project Use
- Project Benefits Assessments
- Project Lookback Analysis

# Overview of Capital Project Guidance — Next Steps

## What should Project Sponsors do?

- Review the guidance, especially those sponsors with Major Projects

## How will the Capital Projects Guidance be Used?

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



## Resources:

- [FRA Capital Projects Guidance](#)
- [Slide Deck Companion File](#)

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



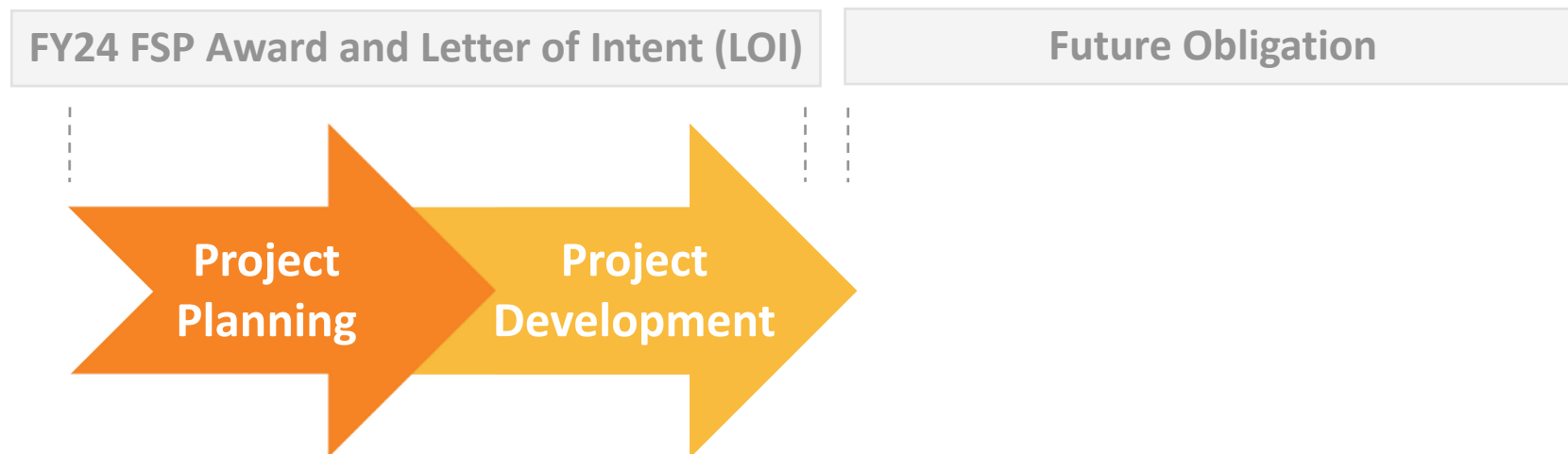
# LOIs/PFAs under the Federal-State Partnership Program

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



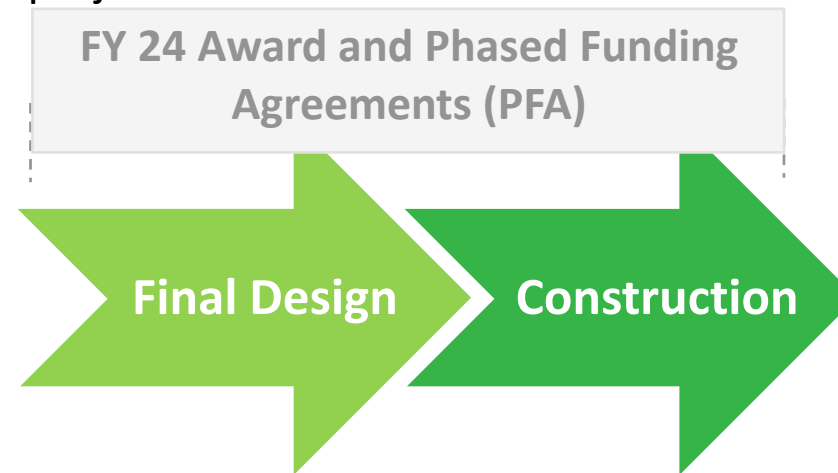
# Letter of Intent (LOI)

- An LOI is a letter from FRA to a grantee announcing “**an intention to obligate**” an amount to a **Major Capital Project** from **future budget authority**
- LOIs are **not binding** obligations
- Future Obligation for Final Design and Construction



# Phased Funding Agreement (PFA)

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



# LOI/PFA Consideration within the Review and Grant Selection Process

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



# Domestic Sourcing Plan

# FRA Buy America

FRA Buy America includes **new** requirements enacted by the **Build America, Buy America (BABA) Act**

U.S. Department of Transportation  
Federal Railroad Administration

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

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

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

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



For FRA-funded Projects – 100% of the steel, iron, construction materials, and manufactured goods used in the project **must** be produced in the United States



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



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



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



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

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

**Component List:** <https://railroads.dot.gov/elibrary/buy-america-sample-component-list-list-illustration-purposes-only>

# FRA Buy America — Domestic Sourcing Plan

The **domestic sourcing plan** should include:



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



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



*(If requesting Waiver)* Detail on the extent to which the systems covered by the waiver are to be imported and the extent to which such systems can be sourced domestically



See Section F.2.iii Domestic Preferences of the FY24 Federal State Partnership NOFO For More Information

# Lessons Learned from FY22-23 FSP-N



# Common Errors with PFAs

## Requesting multiple and separate PFAs for different elements of your project

- **Incorrect approach:** Request a PFA for double tracking and a PFA for a bridge
- **Correct approach:** Request one PFA for the entire application, incorporating all elements of your project

## Requesting a PFA for Project Development

- **Incorrect approach:** Request a PFA to complete NEPA and Preliminary Engineering
- **Correct approach:** Request a PFA for only Final Design and Construction

## Requesting a PFA during Project Planning and Project Development Lifecycles

- **Incorrect approach:** Request advanced funding for Final Design and Construction before completing Project Planning and Project Development Lifecycles
- **Correct approach:** Request a LOI, not a PFA

## Requesting a PFA for a total project cost of equal to or greater than \$500m

- **Incorrect approach:** Application does not meet the financial threshold of requiring a PFA – i.e., request is less than \$100m in FSP funding and less than \$500m in total project costs
- **Correct approach:** Application must meet financial thresholds

# Common Errors w/ LOIs

## Requesting Multiple and Separate LOIs for Different Elements of Your Project

- **Incorrect approach:** Request a LOI for double tracking and a LOI for a bridge
- **Correct approach:** Request one LOI for the entire application, incorporating all elements of your project

## Requesting a LOI during Final Design/and or Construction Lifecycle

- **Incorrect approach:** Request advanced funding for a LOI for Construction during Final Design lifecycle
- **Correct approach:** Request a PFA

## Requesting an LOI Without Providing an Amount

- **Incorrect approach:** Application requests a LOI but does not provide any financial information on the request
- **Correct approach:** Provide a funding amount along with request

# Additional Required Documents for MCP, as Part of FY24 NOFO

# Additional Required Docs for Major Capital Projects

- **Schedule**
  - Submit in .pdf, .mpp, or .xer format
- **Capital Cost Estimate**
  - Submit in .pdf or .xlsx format
- **Risk Register**
  - Submit in .pdf or .xlsx format
- **Project Management Plan**



# Contact Us

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## FSP-National Program and Application Process

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*Learn more about FRA Competitive Discretionary Grant Programs  
at [railroads.dot.gov/grants](https://railroads.dot.gov/grants)*