

**DEPARTMENT OF TRANSPORTATION****Federal Highway Administration****Federal Railroad Administration****Federal Transit Administration****Office of the Secretary****Fiscal Year 1999 Applications for TIFIA Credit Assistance**

**AGENCIES:** Federal Highway Administration (FHWA), Federal Railroad Administration (FRA), Federal Transit Administration (FTA), Office of the Secretary of Transportation (OST), U.S. Department of Transportation (DOT).

**ACTION:** Notice of availability of funds inviting applications for credit assistance for major surface transportation projects.

**SUMMARY:** The Transportation Equity Act for the 21st Century (TEA-21), Pub. L. 105-178, 112 Stat. 107, created the Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA). The TIFIA, as amended by section 9007, Pub. L. 105-206, 112 Stat. 685, 849 and codified at 23 U.S.C. 181-189, authorizes the Department of Transportation (DOT) to provide credit assistance in the form of secured (direct) loans, lines of credit, and loan guarantees to public and private sponsors of eligible surface transportation projects. The TIFIA rule (49 CFR Part 80) provides specific guidance on the program requirements. Additionally, the DOT will make available a TIFIA program guide for more general information. Funding for this program is limited, and projects obtaining assistance will be evaluated and selected by the DOT on a competitive basis. Following selections, individual credit agreements will be developed through negotiations between the project sponsors and the DOT. The DOT has available \$70,640,000 in budget authority in fiscal year 1999 to cover the subsidy costs of up to \$1.6 billion in Federal credit assistance.

**DEADLINES AND SUBMISSIONS:** For consideration in the fiscal year 1999 funding cycle, letters of interest must be submitted by 4:30 p.m. EDT on June 23, 1999. Formal applications may be submitted at any time after July 7, 1999. The deadline for receipt of the formal application (20 copies plus original) and the non-refundable \$5,000 application initiation charge is 4:30 p.m. EDT on August 2, 1999. Applications received in the offices of the DOT after that date and time will not be considered. Applications sent to the DOT

electronically or by facsimile will not be accepted. Both the letters of interest and completed applications should be submitted to the attention of Ms. Stephanie Kaufman, Office of Budget and Program Performance, Department of Transportation, Room 10105, B-10, 400 Seventh Street, SW., Washington D.C., 20590.

**FOR FURTHER INFORMATION CONTACT:**

FHWA: Mr. Max Inman, Office of Budget and Finance, Federal-Aid Financial Management Division, (202) 366-0673; FRA: Ms. JoAnne McGowan, Office of Passenger and Freight Services, Freight Program Division, (202) 493-6390; FTA: Mr. Paul Marx, Office of Policy Development, (202) 366-1734; OST: Ms. Stephanie Kaufman, Office of Budget and Program Performance, (202) 366-9649; Department of Transportation, 400 Seventh Street, SW., Washington, D.C., 20590. Hearing- and speech-impaired persons may use TTY by calling the Federal Information Relay Service at 1-800-877-8339. Additional information, including the TIFIA program guide and application materials, can be obtained from the TIFIA web site at <http://tifia.fhwa.dot.gov>.

**SUPPLEMENTARY INFORMATION:****Program Funding and Limitations on Assistance**

The TIFIA provides annual funding levels for both total credit amounts (i.e., the total principal amounts that may be disbursed in the form of direct loans, guaranteed loans, or lines of credit) and subsidy amounts (i.e., the amounts of budget authority available to cover the estimated present value of expected losses associated with the provision of credit instruments, net of any fee income). Funding for the subsidy amounts is provided in the form of budget authority funded from the Highway Trust Fund (other than the Mass Transit Account). For fiscal year 1999, the TIFIA authorizes \$80 million in budget authority to fund the subsidy costs associated with a total nominal amount of direct loans, loan guarantees, and lines of credit that is limited to \$1.6 billion. Depending on the individual risk assessments made for each of the projects receiving assistance, the total amount of credit assistance provided in fiscal year 1999 may be less than the \$1.6 billion limitation.

Total Federal credit assistance authorized for the TIFIA program is limited to \$1.6 billion in fiscal year 1999; \$1.8 billion in fiscal year 2000; \$2.2 billion in fiscal year 2001; \$2.4 billion in fiscal year 2002; and \$2.6 billion in fiscal year 2003. These

amounts lapse if not awarded by the end of the fiscal year for which they are provided.

To support this assistance by funding the required subsidy amounts, the TIFIA provides budget authority of \$80 million in fiscal year 1999; \$90 million in fiscal year 2000; \$110 million in fiscal year 2001; \$120 million in fiscal year 2002; and \$130 million in fiscal year 2003. Of these amounts, the Secretary may use up to \$2 million for each of the fiscal years for administrative expenses. Any budget authority not obligated in the fiscal year for which it is authorized remains available for obligation in subsequent years.

The TIFIA budget authority is subject to an annual obligation limitation that may be established in appropriations law. Like the funding for certain other administrative or allocated programs (not apportioned to the States) that are subject to the annual Federal-aid obligation ceiling, the amount of TIFIA budget authority that is available to fund credit instruments in a given year may be less than the amount originally authorized for that year. The extent of any budget authority reduction will depend on the ratio of the obligation ceiling, which is determined annually in the appropriations process, to the contract authority for the Federal-aid highway program, which was established in TEA-21. For fiscal year 1999, this reduction was 11.7 percent, which left \$70,640,000 in TIFIA budget authority instead of the \$80 million originally authorized. Future annual reductions of like amount would result in a cumulative amount of budget authority available in fiscal years 1999 through 2003 to fund TIFIA subsidy costs of about \$470 million instead of the \$530 million originally authorized. The credit amounts authorized in TIFIA are not subject to this annual reduction.

The amount of credit assistance that may be provided to a project under TIFIA is limited to not more than 33 percent of eligible project costs.

**Types of Credit Assistance Available**

The DOT may provide credit assistance in the form of secured (direct) loans, lines of credit, and loan guarantees. These types of credit assistance are defined in 23 U.S.C. 181 and 49 CFR 80.3.

**Eligible Projects**

Highway, rail, transit, and "intermodal" projects may receive credit assistance under the TIFIA. See the definition of "project" in 23 U.S.C. 181(9) and 49 CFR 80.3 for a description of eligible projects.

### Threshold Criteria

Certain threshold criteria must be met by projects seeking TIFIA assistance. These eligibility criteria are detailed in 23 U.S.C. 182(a) and 49 CFR 80.13.

### Application and Selection Process

Each applicant for TIFIA assistance will be required to submit a letter of interest and a formal application to the DOT in order to be considered for approval. The DOT anticipates that there will be fewer than ten applicants annually. The following describes the application process:

1. *Letter of Interest.* Initially, any applicant seeking assistance in fiscal year 1999 must submit a brief letter of interest to the DOT by June 23, 1999. The letter of interest should include a brief project description (including its purpose, basic design features, and estimated capital cost), basic information about the proposed financing for the project (including a summary of sources and uses of funds and the type and amount of credit assistance requested from the DOT), and a description of the proposed project participants. The letter of interest should not exceed five pages. A multi-agency DOT Credit Program Working Group will review this preliminary submission to ensure that the project meets the most basic requirements for participation in the TIFIA program. The Working Group will then designate a lead modal agency (FHWA, FRA, or FTA) for the project.

2. *Formal Application.* Once approved for further review, the applicant will be notified by a representative from the designated modal agency of its eligibility to submit

a formal application. The applicant must submit all required materials (generally described in 49 CFR 80.7 and detailed in the TIFIA application) to the DOT by August 2, 1999. The TIFIA application and additional program information may be obtained from the TIFIA web site at <http://tifa.fhwa.dot.gov> or through one of the program contacts listed in this notice.

3. *Sponsor Presentation.* Each applicant that passes an initial screening of the formal application for completeness and satisfaction of the eligibility threshold criteria will be invited to make an oral presentation to the DOT on behalf of its project. The DOT plans to schedule presentations within two weeks of the application deadline, and will discuss the structure and content of the presentation with the applicant at the time of the invitation.

4. *Project Selection.* Based on the formal application and oral presentation, the DOT shall evaluate each project's distinct public benefits and contribution to program goals according to each of the selection criteria described in 23 U.S.C. 182(b) and 49 CFR 80.15. The Secretary of Transportation plans to make final selections of projects within four to six weeks of the application deadline.

### Charges

For fiscal year 1999, the DOT will require each TIFIA applicant to pay an application initiation charge of \$5,000. The project sponsor applying for TIFIA assistance must submit this payment by the application deadline August 2, 1999. There will be no credit processing charge for the fiscal year 1999 application and approval cycle. For

each application and approval cycle in fiscal year 2000 and beyond, the DOT may adjust the amount of the application initiation charge and will determine the appropriate amount of the credit processing charge (established to equal a portion of the costs to the DOT of evaluating applications, selecting projects to receive assistance, and negotiating credit agreements) on the basis of its program implementation experience. The DOT will publish these amounts in each **Federal Register** solicitation for applications.

Applicants shall not include application initiation or credit processing charges or any other expenses associated with the application process (such as charges associated with obtaining the required preliminary rating opinion letter) among eligible project costs for the purpose of calculating the maximum 33 percent credit amount.

If there is insufficient budget authority to fund the credit instrument for a qualified project that has been selected to receive assistance under TIFIA, the DOT and the approved applicant may agree upon a supplemental charge to be paid by or on behalf of the approved applicant at the time of execution of a term sheet to reduce the subsidy cost of that project. No such charge may be included among eligible project costs for the purpose of calculating the maximum 33 percent credit amount.

Dated: May 25, 1999.

**Rodney E. Slater,**

*Secretary, Department of Transportation.*

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