

December 2016

DOT DISCRETIONARY GRANTS

Problems with Hurricane Sandy Transit Grant Selection Process Highlight the Need for Additional Accountability

Why GAO Did This Study

In October 2012, Hurricane Sandy hit the Mid-Atlantic coast causing severe damage to transit systems in the New York City region. In response, the Disaster Relief Appropriations Act of 2013 provided approximately \$10.9 billion for FTA's response, recovery, and resilience efforts. In December 2013, FTA announced discretionary grants to be awarded on a competitive basis for projects to increase the resilience of transit systems to withstand future disasters in the Sandy-affected areas. In November 2014, FTA announced 40 projects selected to receive about \$3.6 billion.

GAO was asked to review FTA's discretionary transit resilience grants. This report examines FTA's process for evaluating and selecting projects and the extent to which the selected projects reflect the grant program's policy priorities. GAO reviewed program documents and guidance; analyzed project proposals; and interviewed FTA officials.

What GAO Recommends

GAO recommends that DOT issue a directive for discretionary grant programs that includes requirements to, among other things, document key decisions and align the grant programs' policy priorities with the evaluation process. GAO also recommends that DOT examine FTA-funded transit resilience projects for potential duplication with other efforts and determine if realigning or rescinding those funds is appropriate. DOT concurred with the recommendations but disagreed with aspects of GAO's findings. GAO continues to believe its findings are valid, as discussed in the report.

View [GAO-17-20](#). For more information, contact Mark Goldstein at (202) 512-2834 or goldsteinm@gao.gov.

What GAO Found

The Federal Transit Administration (FTA) evaluated and selected Hurricane Sandy transit resilience projects for award based on a multi-step process, but did not take sufficient steps to ensure the process was consistent or appropriately documented. First, four technical review teams with expertise in infrastructure projects, program management, and hazard mitigation evaluated and rated projects. FTA's program office then conducted a quality assurance review before forwarding the results to FTA and Department of Transportation (DOT) leadership for review and final selection decisions. However, the technical review teams were inconsistent in how they assigned cost-effectiveness ratings, and it is unclear the extent to which the teams screened projects for fulfillment of minimum program requirements, such as whether the project would be built to the appropriate flood standards. Additionally, since DOT lacks clear department-wide requirements for what should be documented when evaluating discretionary grant awards, FTA did not document key decisions including how it addressed high-level concerns, such as potential implementation challenges, raised by reviewers regarding 26 of the 40 funded projects. Without such documentation, FTA cannot definitively demonstrate the basis for many of its project selections—totaling \$3.6 billion—and is vulnerable to questions about the integrity of the selection process.

FTA established the grant program's policy priorities in the notice of funding availability (NOFA), but funded projects that may not address the priorities and that may no longer be needed if other resilience projects in the region are implemented. For example, one policy priority concerned project types that would be outside the scope of the program. However, while reviewers questioned whether two rail bridge replacement projects were outside the program's scope, FTA awarded these projects \$607 million. Program officials told GAO that the policy priorities were to help advise applicants on the project types FTA was seeking and that FTA did not consider them when evaluating or selecting projects for award. While the NOFA did not present the policy priorities as evaluation criteria, it also did not present them as advice and contained specific and clear language, for example, about project types outside the scope of the program. As a result, FTA may have discouraged applicants from submitting projects that may have been funded, and FTA cannot be certain that the selected projects will address its priorities. Another policy priority was that projects should promote a regional approach to resilience. To address this priority, FTA collected information from the U.S. Department of Housing and Urban Development and applicants on potential connectivity or coordination needed between submitted projects and other resilience efforts in the same area. However, FTA did not consider this information in the evaluation and selection process and funded projects that may have benefits that are duplicative of other resilience efforts in the region. Given that FTA has not yet fully obligated funding for most of these projects, determining the extent to which FTA's projects provide duplicative benefits could help ensure that the projects supported by FTA are effectively coordinated with other efforts and help identify cases where FTA-supported projects may need to be revised or may no longer be needed.