



U S. Department
of Transportation
**Federal Transit
Administration**

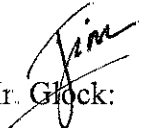
REGION IX
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SEP 25 2009

Mr. James W. Glock
Director
Tucson Department of Transportation
201 N. Stone Avenue, 6th floor
Tucson, AZ 85701

Re: Final Design Approval
Tucson Modern Streetcar Project

Dear Mr.  Glock:

I am pleased to inform you that the Federal Transit Administration (FTA) has approved the City of Tucson's (COT) request to initiate Final Design (FD) for the Tucson Modern Streetcar Project. COT requested entry into FD as an "exempt" project (requesting less than \$25 million) under FTA's New Starts Program. The Safe, Accountable, Flexible, Efficient Transportation Equity Act - A Legacy for Users (SAFETEA-LU) eliminated the "exempt" project category and replaced it with the Small Starts Program. However, in accordance with 49 USC 5309 (e)(1)(B), the requirements of the Small Starts Program shall not apply until such date as the final rulemaking process is complete and a regulation is published. Therefore, FTA is approving COT's project as an "exempt" project.

With this FD approval, COT has automatic pre-award authority to incur costs for FD activities, demolition, and other non-construction activities such as the procurement of rails, ties, commodities and other specialized equipment. COT should contact Region 9 for a determination of whether any other proposed non-construction activity falls within the automatic pre-award authority granted with FD approval.

In addition, per FTA's Final Policy Guidance on New and Small Starts, published September 2, 2009, COT has automatic pre-award authority to procure vehicles and perform utility relocation since NEPA has already been completed. FTA reminds COT that the procurement of vehicles must comply with all Federal requirements including, but not limited to, competitive procurement practices, the Americans with Disabilities Act, and Buy America. FTA encourages COT to discuss the procurement of vehicles with FTA further prior to exercising the pre-award authority.

This pre-award authority does not constitute a commitment that future Federal funds will be approved for FD or any other project cost. Thus, COT should understand that it would undertake these activities at its own risk. As with all pre-award authority, relevant Federal requirements must

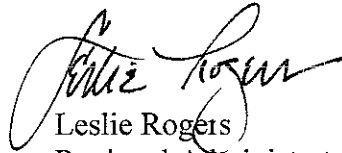
be met prior to incurring costs in order to preserve the eligibility of the costs for future FTA grant assistance. FTA's approval to initiate FD is not a commitment to fund final design, construction or any other activity of the project that may result. Such a decision must await the outcome of FTA's satisfactory determination of COI's demonstration of the technical, legal, and financial capability to implement the project.

Based on a review of the Tucson Modern Streetcar Project's readiness to date, FTA expects COI to accomplish the following activities during FD:

- Update the PMP to more adequately address contracting methods, organizational structure, project scope, cost and schedule;
- Include a Senior Scheduler and Cost Estimator as part of the COI organization to provide oversight of the project;
- Submit quarterly project progress reports to FTA, including the status of the Cushing Avenue Bridge project and its funding; and
- Work with the Arizona Department of Transportation, the state rail safety oversight agency, to satisfy the requirements of 49 CFR Part 659.

FTA looks forward to continuing to work with you on this important transit improvement. Please call Alex Smith if have any questions or comments at (415) 744-2599

Sincerely,



Leslie Rogers
Regional Administrator