New Starts/Small Starts Program

Best Practices: Coordination of Transit, Regional Transportation Planning and Land Use Conference
August 28, 2007

Topics

• Overview of the Program
• New Starts Project Planning & Development
• New Starts Evaluation and Funding
• Small Starts Interim Guidance
• Outreach
New and Small Starts Program

- Over $1.5 billion annually for “fixed guideway” transit investments
- Total cost of pipeline: >$26 billion, $10 billion in New and Small Starts funding
- FTA tracking >100 planning studies considering major transit capital investments

Historical Highlights of Legislative Requirements for Funding

- Alternative analysis
- Cost effectiveness
- Economic development and land use (recent)
- Local financial commitment
FTA New Starts Program Goal

Fund meritorious projects
- Develop reliable information on project benefits and costs
- Ensure projects treated equitably nationally
- Facilitate communication between FTA, transit industry and Congress

How FTA Meets Its Goals
- Sound and rigorous management of the program
- Promote - and assist in - the development of reliable information on costs and benefits
- Transparent evaluation process
- Local decisions, project ratings, and funding recommendations are based on the best information available to both the public and decision-makers
The New Starts Environment

315 Projects
16 FFGAs, 26 FD/PE, 100 AA

Press

FTA

Office of the Secretary

Inspector General

White House

Government Accountability Office

Senate Authorizing
Majority/Minority

Senate Appropriations
Majority/Minority

House Authorizing
Majority/Minority

House Appropriations
Majority/Minority

Individual Senate and House Members

New Starts Planning and Project Development
New Starts Project Development Process

- Project Development: Typically 6-12 Years

<table>
<thead>
<tr>
<th>Phase</th>
<th>Duration</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alternatives Analysis</td>
<td>1-2 years</td>
<td>FTA Approval Required</td>
</tr>
<tr>
<td>Preliminary Engineering</td>
<td>2-3 years</td>
<td>FTA Approval Required</td>
</tr>
<tr>
<td>Final Design</td>
<td>3-7 years</td>
<td>FTA Approval Required for Full Funding Grant Agreement (FFGA)</td>
</tr>
<tr>
<td>Construction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operation</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

~ 100 AA Studies
19 PE Projects
7 FD Projects
16 FFGA Projects

Key Decisions for Each Phase of Project Development

- Systems planning: priority corridor
- Alternatives analysis: mode and alignment
- Preliminary engineering: final scope/cost, completion of NEPA, financial plan
- Final design: construction documents
- Full Funding Grant Agreement
  - FTA: funding
  - Project sponsor: delivery of the project
Alternatives Analysis: Guiding Principles

- Local process, local decisions
- Early and ongoing participation by a wide range of stakeholders
- Sufficient level of analysis is necessary to select a mode and general alignment
- Documentation and presentation of key study components
- Development of alternatives that isolate the costs and benefits of capital investment in guideways
Alternatives Analysis: Key Elements

- Identification of corridor problems, project “purpose and need,” and goals and objectives
- Development of a range of alternatives that address causes of transportation problems
- Analysis of costs, benefits, and impacts of alternatives
- Refinement of Alternatives
- Evaluation of alternatives

Preliminary Engineering

What It Is

- Work necessary to develop a firm scope and cost estimate with appropriate contingencies:
  - Finalize station locations and configuration
  - Yard and shop location
  - Alignment
  - Park and ride size and configuration
  - Number of vehicles and peak capacity needs
- Work necessary to complete the environmental requirements
- Work necessary to firm up funding commitments
What is a Full Funding Grant Agreement (FFGA)?

- Formal Agreement signed by FTA and Grantee following detailed review by DOT, OMB and Congress
- Agreement on Project Scope, Budget, and Schedule
- Terms and Conditions of Federal Participation
- Multi-year Funding Commitment (subject to Congressional Appropriations)
- Caps Federal Section 5309 New Starts funds

Significance of FFGA

- Historically, 85% of New Starts Funds Appropriated for FFGAs and Projects with Recommended or Highly Recommended Ratings
- All Projects Eventually Receive 100% of Total New Starts Funding in FFGA
- Majority of Projects Receive New Starts Funding according to Annual Schedule in FFGA
- Practical Limits on Total New Starts Funding and Annual Schedule for Individual Projects
New Starts Evaluation and Oversight

- Among most rigorous in government
- Increasingly credible and important to Congress and local communities
- Program Management Oversight recommended by GAO and OIG
New Starts Rating Criteria

- Mobility improvements
- Environmental benefits
- Operating efficiencies
- Cost effectiveness*
- Land Use*
- Economic Development* (new!)
- Reliability of costs and ridership forecasts*(new!)
- Local financial commitment*
- Other factors*
* = Also Small Starts Criteria

The FTA New Starts Evaluation and Rating Framework

Summary Rating

Financial Rating
- Non-Section 5309 Share
- Capital Finances
- Operating Finances

Project Justification Rating
- Mobility Improvements
- Environmental Benefits
- Operating Efficiencies
- Cost Effectiveness
- Land Use
- Other Factors
- Low Income Households
- Employment
- User Benefits

Minimum Project Development Requirements:
- Capital Cost
- O&M Cost
- User Benefits
- Metropolitan Planning and Programming Requirements
- Project Management Technical Capability
- NEPA Approvals
- Other Considerations
New Starts Overall Ratings

- **High**
  - Project rated at least "medium-high" for both finance and project justification

- **Medium**
  - Project rated at least "medium" for both finance and project justification

- **Low**
  - Project not rated at least "medium" for both finance and project justification

Cost Effectiveness

- Used instead of cost/benefit due to the difficulties in monetizing all transit benefits.
- Effectiveness measure represents either most of the benefits of projects or is highly correlated to other benefits
- For projects nationally that are different modes with widely differing costs, cost effectiveness addresses the question: What are the incremental benefits obtained for additional costs for an alternative?
Cost Effectiveness Measure

• Costs are same as what would be used in cost/benefit:
  – Annualized incremental capital (federal and local) plus incremental annual operating cost vs not building project

• Effectiveness addresses the transportation benefits of the project:
  – Annual travel time savings for users of the project

Source of Transportation Benefits of New Starts Projects

• Highway Users: benefits from less congestion due to travelers changing from driving to riding on the New Start

• Current transit users: benefits from faster travel times for New Starts project compared to their previous transit mode

• New transit users: benefits from faster travel times for New Starts project
Calculation of Transportation Benefits of New Starts Projects

- Highway Users: not determined because of serious travel model difficulties in quantifying degree of congestion relief
- Transit users: benefits from faster travel times for New Starts project for all travelers in the region
  - In-vehicle time
  - Walk and wait time
  - Number of transfers
  - Capacity constraints
  - Reliability, comfort, security, branding

Cost-Effectiveness

- Rating Values:
  - Low  >$30 per hour
  - Medium-low  $24 - $29.99 per hour
  - Medium  $15.50 - $23.99 per hour
  - Medium-high  $12 - $15.99 per hour
  - High  < $11.99 per hour
Land Use Rating Criteria

• Existing Land Use
• Transit-supportive Plans and Policies
  – Growth Management
  – Transit-supportive Corridor Policies
  – Supportive Zoning Regulations Near Transit Stations
  – Tools to Implement Land Use Policies
• Performance and Impacts of Policies
  – Performance of Land Use Policies
  – Potential Impact of Transit Investment on Regional Land Use
• Other Land Use Considerations

Local Financial Commitment

• Stability and reliability of capital plan
• Stability and reliability of operating plan
• Non-Section 5309 New Starts share (overmatch)

Key Considerations:
  – Demonstrated non-New Starts funding commitments
  – Demonstrated financial capacity
  – Reasonable cost, revenue, and other assumptions
Financial Ratings In Project Development

- PE Approval – Reasonable financial plan; Funding sources identified; Good non-federal funding history
- FD Approval – At least 50 percent of non-5309 New Starts funding committed; Firm cost estimates; Address funding shortfalls
- FFGA – 100% non-New Starts funding committed; Funding shortfalls covered

Full Funding Grant Agreement

- To receive an FFGA a project must:
  - Be Authorized in Law
  - Complete the Planning, Project Development, and NEPA Processes
  - Meet Project Readiness Requirements (technical capacity, firm and final cost estimate and funding)
  - Receive a “Medium” or higher overall rating
  - Receive a “Medium” or higher cost effectiveness rating
  - Meet all other Federal Requirements
Small Starts Interim Guidance and New Starts/Small Starts Rulemaking

Key SAFETEA-LU Provisions

- Separate Funding Category beginning FY 07 ($200 million authorized annually)
- Rulemaking Required
Eligibility - Costs

• Total cost $\leq$ $250$ million
• New Starts share $\leq$ $75$ million
• Exempt projects ($\leq$ $25$ million New Starts share) may:
  – Remain exempt until Final Rule – then be evaluated and rated
  – Be evaluated and rated now

Eligibility - Project Definition

• Fixed guideways, or
• Corridor bus project including at least:
  – Substantial transit stations
  – Traffic signal priority or pre-emption
  – Low floor buses or level boarding
  – Branding of the proposed service
  – 10 min peak/15 min off-peak headways or better while operating at least 14 hours a day
Eligibility – Very Small Starts

• Simple, low-cost projects that qualify for streamlined process
• Very Small Starts eligibility criteria:
  – Existing daily riders over 3,000/weekday
  – Total cost under $50 million
  – Under $3 million per mile, excluding rolling stock

Alternatives Analysis for Small Starts

• Refer to existing alternatives analysis guidance for New Starts
• Narrower range of alternatives
• Potentially less complex analytical methods
Alternatives Analysis for Very Small Starts

- Identification of corridor problems or opportunities
- Definition of the project
- Analysis of costs, benefits, and impacts of the project compared to existing conditions
- Determination of financial viability
- Explanation of choice of preferred alternative
- Implementation Plan

Evaluation of Small Starts

- Use Existing New Starts Criteria for Small Starts
  - Project Justification
    - Land-use
    - Cost-effectiveness
    - Other factors, including economic development, congestion and pricing strategies
  - Local Financial Commitment
Evaluation of Small or Very Small Starts – Local Financial Commitment

• Small or Very Small Starts projects receive “medium” for local financial commitment if:
  – Reasonable plan to secure local share (all non-New Starts funding committed for PCGA)
  – Project O&M under 5 percent of agency operating budget
  – Agency in solid financial condition
• Projects that cannot meet the conditions above submit a financial plan
  – According to FTA guidance
  – Covering period up to and including opening year
  – Evaluated based on criteria used for New Starts

Planned Outreach Activities
Outreach Meetings on NPRM For New and Small Starts

• September 13, Los Angeles
• September 18, Denver
• September 26, Chicago
• October 2, Washington
• October 9, Charlotte

Workshops and Training Courses

• September 19-20, Travel Forecasting for New and Small Starts, St. Louis
• November 13-15, Alternative Analysis Course, San Francisco
• March, 2007, Alternatives Analysis Course, Phoenix
• July, 2007, Alternatives Analysis Course, Seattle
• September, 2007, Alternatives Analysis Course, New York