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

# Reporting Instructions for the Section 5309 Capital Investment Grants Program

# Core Capacity

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*Prepared by:*
*Federal Transit Administration*
*Office of Planning and Environment*

NOTICE

This document is disseminated under the sponsorship of the U.S. Department of Transportation in the interest of information exchange. The United States Government assumes no liability for its contents or its use.

For additional guidance on the Capital Investment Grants evaluation criteria, and for specific questions related to this document, contact Beth Day, Director, Office of Capital Project Development, Federal Transit Administration, Washington, DC, at (202) 366-5159 or elizabeth.day@dot.gov.

# TABLE OF CONTENTS

# I. Introduction

The Federal Transit Administration (FTA) has produced these *Reporting Instructions for the Section 5309 Capital Investment Grants Program - Core Capacity* ("*Reporting Instructions*") to inform sponsors of proposed Core Capacity projects of the information they must provide to FTA so that it may undertake the legislatively required evaluation and rating of project merit. These *Reporting Instructions* take effect immediately and remain applicable until updated *Reporting Instructions* are released by FTA. Companion documents published by FTA with these *Reporting Instructions* include the Standard Cost Category Worksheets and Core Capacity Templates.

These *Reporting Instructions* do not outline all of the steps or requirements of the Capital Investment Grants (CIG) Program. Project sponsors should read and understand the contents of the *Final Capital Investment Grant Interim Policy Guidance* found on the FTA website before using these *Reporting Instructions*.

FTA reviews and evaluates the information developed by project sponsors according to these instructions to:

- Assign ratings to proposed Core Capacity projects for the purpose of deciding whether projects may advance into the Engineering phase of the Core Capacity process;
- Assign ratings to proposed Core Capacity projects for the *Annual Report on Funding Recommendations* ("*Annual Report*"); and,
- Determine final ratings for Core Capacity projects prior to a Full Funding Grant Agreement (FFGA).

FTA emphasizes that project sponsors may request advancement into Project Development or Engineering at any time throughout the year, and need not tie advancement to the *Annual Report* schedule. Project sponsors should talk to their assigned FTA staff member in the FTA Headquarters Office of Planning and Environment to determine what needs to be submitted.

Parallel sets of reporting instructions for New Starts and Small Starts projects are available on FTA's website at www.transit.dot.gov.

### Reporting Format

Project sponsors should submit information electronically via email to the FTA Office of Planning and Environment staff member assigned to their project. **FTA requests electronic files in their original format (Excel/Microsoft Word/etc.) and not PDF files. When submitting a financial cash flow electronically in spreadsheet format, sponsors must submit a version with the formulas included and not just a version with hardcoded numbers.**

As a reminder, Core Capacity project sponsors must use the most recent Core Capacity Standard Cost Categories (SCC) worksheets issued by FTA for reporting the capital costs and schedules of their proposed projects. Core Capacity project sponsors should report costs in 2021 constant dollars. Core Capacity project sponsors must also use the most recent Core Capacity templates issued by FTA.

The Core Capacity SCC worksheets and Core Capacity templates include formulas and locked cells to ensure validity and consistency in the FTA evaluation and rating process. The cells are marked as follows:

- White cells require data entry by the project sponsor.
- Gray or green shaded cells are locked to protect FTA formulas and calculations that generate information for project evaluation and rating.

Project sponsors should enter information in the white data entry cells. **Project sponsors should not unlock, alter or otherwise modify the worksheets and templates.** Project sponsors who submit worksheets and templates that have been altered or changed will be required to submit revised information using the original, unaltered worksheets and templates. Please be aware that this will delay FTA's evaluation and rating of the project.

Project sponsors should include with their submittal a cover letter addressed to FTA's Associate Administrator for Planning and Environment from the Chief Executive Officer (CEO) of the sponsoring agency attesting that the technical approaches and assumptions used are consistent with FTA's *Reporting Instructions* and *Final Interim Policy Guidance*. In the event that a project sponsor finds it necessary to deviate from FTA's guidance, the letter should identify any differences and explain why. Any such differences should be discussed with FTA's Office of Planning and Environment in advance so that appropriate guidance can be provided. The cover letter should also summarize what changes were made to the project and to the information in the submittal since the last FTA evaluation and rating, and explain the reasons those changes were made. Specific details on any changes should be provided. For example, if changes were made to the inflation assumptions in the Standard Cost Categories workbook, those changes and the associated reasons should be summarized.

The Core Capacity templates include a tab in the excel workbook that provides a ratings summary that project sponsors can use to estimate their summary project justification and finance ratings as well as the overall project rating. The ratings summary worksheet automatically populates several of the project justification criteria ratings from the Mobility, Cost Effectiveness, Capacity Needs, and Congestion Relief Templates. Estimated ratings for local financial commitment must be entered by the project sponsor. This tool is provided by FTA to help project sponsors understand how their projects might rate based on information they enter in the templates. The final rating assigned by FTA may differ based on our own analysis.

## Contacting FTA

For additional guidance on the CIG program evaluation criteria, and for specific questions related to this document, contact Beth Day, Director, Office of Capital Project Development, Federal Transit Administration, Washington, DC, at (202) 366-5159 or elizabeth.day@dot.gov.

# II. Principles to Ensure a Level Playing Field for Comparison of Projects

FTA strives to create a "level playing field" upon which a wide variety of candidate projects compete for funding. This section summarizes FTA's key principles to ensure consistency in project evaluations and ratings. Please visit FTA's Capital Investment Grants webpage for additional guidance.

### Cost Estimating Assumptions

A project's capital cost estimate includes costs for planning, design and construction. It includes labor and material for construction of the improvement – such as guideways, stations, support facilities, sitework, special conditions and systems – as well as costs for vehicle design and procurement, environmental mitigation, right-of-way acquisition, relocation of existing households and businesses, planning, facility design, construction management, project administration, finance charges, and contingencies. Core Capacity project sponsors must use the most recent SCC worksheets issued by FTA for reporting the capital costs and schedules of their proposed projects. Core Capacity project sponsors should report costs in 2021 constant dollars.

FTA expects that cost estimates for the project be up-to-date, be based on unit costs that apply to expected conditions during construction, and specifically identify remaining uncertainties in those unit costs. Similarly, estimates of operations and maintenance costs should be based on current local experience, adjusted for differences in vehicle and service characteristics, and, for any transit modes new to the system, consistent with experience in similar settings elsewhere.

# III. General Reporting Information

This section describes information that must be submitted to FTA for project evaluation and rating.

## *III.1. Project Background Information*

The following subsections describe information necessary for FTA to understand the project, its planning context, and how (and why) it addresses the identified transportation problems in the corridor. Project background information comprises the three items described in this section:

- Project Description Template
- Project Narrative
- Project Maps

### Project Description Template

Project sponsors must provide descriptive information on the proposed Core Capacity project and the regional public transportation system. FTA uses the information in the Project Description Template to learn about the existing fixed guideway corridor and the service currently provided in the peak hour, which helps FTA to determine eligibility for the Core Capacity program. Additionally, FTA uses the information in the Project Description template to understand the project and to establish a database of project characteristics and local contact information. All Core Capacity project sponsors must submit this template to FTA.

### Project Narrative

A project sponsor may submit to FTA a short (no more than five-page) narrative that succinctly describes the benefits of the proposed project. The optional document helps to familiarize FTA with the proposed project and its rationale; it does not affect a project's rating. The short narrative should describe key project outcomes drawn from planning studies performed by the project sponsor that were used as the basis for selecting the proposed project.

Below is an outline of what the narrative could contain.

- **Project Identification**. In two or three short sentences, provide the essential characteristics of the proposed project: its location, length, termini, number of stations, hours of service, and frequency by time period.
- **Setting**. Along with a good map of the corridor, in a few paragraphs describe the key elements of the setting such as the major activity centers within the corridor, significant highway facilities, existing transit facilities like fixed-guideways and transfer centers, and the alignment of the proposed project.
- **Current Conditions**. Important conditions might include: the population and employment of the corridor and any major activity centers within the corridor; congestion levels on important highway facilities; existing transit shares, ridership volumes, and any key attributes (capacity issues, rider characteristics, etc.) that are important for the

project. Highlight the principal functions of transit services in the corridor, focusing on whatever limitations exist on the performance of the transit system. Focus on the corridor itself, rather than the metropolitan area.

- **Purpose of the Project**. Succinctly describe the specific ways that the proposed transit investment will address the capacity problems identified in the corridor.
- **Summary**. In one paragraph draw together the key points made in the document. Highlight the conditions that motivate consideration of the transit improvement and the specific capacity improvements expected to result from the project.

**Project Maps**

All Core Capacity sponsors must submit electronic maps of their proposed projects. To ensure compatibility, maps should be created in a geographic information system (GIS) program such as MapInfo, ArcInfo, Maptitude, or TransCAD. In lieu of a GIS-based map, a clearly legible map of the project may be submitted. All maps should be submitted to FTA in Adobe Acrobat (PDF) format.

To ensure consistency among projects, maps submitted to FTA must include the following features:

- A title indicating the project's name and primary city and state.
- The alignment of the existing fixed guideway corridor identifying the parameters of the core capacity project along that corridor. For example, show whether the core capacity project covers the entire corridor or just a portion of the corridor. The map should be scaled to the project; also, the line style used to depict the project's alignment should be easily distinguishable from styles used for other transportation infrastructure.
- If applicable, new stations included in the project should be labeled and marked in a distinguishable manner from existing transit stations. Stations with park & ride facilities should be further distinguished from others, either via markings or labels.
- Any transit vehicle maintenance or storage facilities to be constructed as part of the project.
- Street, highway and railroad networks in the area surrounding the project, with major streets' names and highways' designations labeled as appropriate.
- Key connecting mass transit lines including existing stations.
- Major water bodies with names labeled as appropriate.
- Names of cities and/or counties to be served by the project, with jurisdictional boundaries demarcated as appropriate.
- A legend, scale, and compass.

Elements of the maps should be distinguishable when reproduced in grayscale. The map should fit on one 8.5 by 11-inch paper, with one inch margins. Maps may be provided in landscape or portrait orientation depending on the alignment of the project; typically, north-south alignments

are provided in portrait orientation and east-west alignments are provided in landscape orientation.

## *III.2. Documenting Existing Ridership in the Project Corridor*

Given the unusual circumstances in calendar years 2020 and 2021 due to the COVID-19 public health emergency, FTA is accepting current-year submittals derived from transit service, fare policy and ridership from prior to the COVID-19 pandemic. In other words, FTA is accepting current year documentation of existing transit riders based on 2019 pre-pandemic information.

Core Capacity project sponsors should prepare and submit the following information to document existing ridership in the corridor today. This information is used to demonstrate eligibility for the program and to calculate the capacity needs, congestion relief, cost effectiveness and mobility improvements criteria.

1. A map of the proposed core capacity improvement project, showing the existing fixed guideway line or lines that pass through the proposed project corridor. The map should highlight or otherwise delineate the stations and station-to-station segments that are included in the defined Core Capacity project.
2. A spreadsheet that includes the following information:
    - Existing peak-hour, peak-direction boardings ("ons") and alightings ("offs") by individual station *for the entire length of the existing line (or lines*) where the core-capacity improvement project is located. If multiple lines operate in the area of the proposed core capacity project, this information should be provided for each line individually.
    - For each line, the spreadsheet should include a computation that reports on-board loading for each station-to-station segment along the entire line using the following formula:

      *Segment Load = Load on Previous Segment + Station Boardings – Station Alightings*

    - The spreadsheet should compute the average load over all segments included in the Core Capacity project so the project sponsor can enter this data in line 3 of the Capacity Needs & Congestion Relief Template.
3. A separate spreadsheet that includes the same information as contained in item 2 above, but showing total average weekday boarding and alighting information by line rather than peak-hour, peak direction boarding and alighting information. The project sponsor should use this spreadsheet to compute the average weekday linked trips information for inclusion in lines 1a and 1b of the Mobility & Cost Effectiveness Template.
4. A description of the methodology used by the project sponsor to collect the existing ridership data, including the dates of collection. Data collections should be representative of an average weekday, which often means that they be based on Tuesdays, Wednesdays, or Thursdays, since Mondays and Fridays may have differing ridership patterns. Additionally, they should not generally include weekdays when extra service is scheduled to meet special service needs such as civic celebrations, parades, or holiday events.

Project sponsors should contact FTA if they do not currently have the data requested above to discuss what information they may instead have available.

## *III.3. Operations and Maintenance Costs*

System-wide and project specific operations and maintenance costs are a key component of the project financial plan. Project sponsors are required to submit to FTA documentation summarizing how operating and maintenance costs were developed. Additionally, the following considerations apply:

- System-wide and route level operating cost data (and factors) are typically available as part of ongoing operations planning.
- The latest available operating and maintenance cost estimates, accurately reflecting the latest scope and service plan of the proposed project, should be used in the financial plan.

## *III.4. Capital Costs*

This section provides information on the SCC workbook and general guidelines for when a project capital cost estimate should be updated.

**Standard Cost Categories**

Project sponsors are required to submit capital cost information electronically in the SCC Excel format. The SCC Workbook establishes a consistent format for the reporting of capital cost and schedule information. The SCC structure accommodates all project elements within 10 major cost categories. The most recent SCC worksheets issued by FTA must be used. Capital costs must be reported in 2021 constant dollars.

The following worksheets of the SCC Workbook must be submitted:

- Build Main: Ensure that allocated contingency amounts are entered.
- Project Description
- Inflation: The inflation rates shown in the SCC worksheet are provided only as an example. The project sponsor should input inflation rates representative of conditions in their area.
- Schedule
- Build Annualized.
- Funding Sources by Cost Category
- Funding Sources by Year: This is an important worksheet that FTA uses to understand annual CIG funding levels the project sponsor anticipates receiving, as well as annual funding assumed to come from other sources. The information contained in this worksheet should match what is provided in the financial plan submitted to FTA.

Sponsors should refer to the following two worksheets in the SCC Workbook for general guidance:

- **SCC Definitions**. This worksheet contains explanations of the individual line items and thus helps to achieve consistency of use by all parties. Contact the FTA Office of Capital Project Management if you have questions or would like to comment on the definitions.
- **Scopes and Activity Line Items (ALIs)**. When applying for a grant from FTA (*any grant*, e.g. Congestion Mitigation and Air Quality, Section 5307, Section 5309, etc.) for your Core Capacity project, use the 14-Series Scopes and ALIs shown on this worksheet to input your grant budget. The 14-Series matches the SCC Categories.

**SCC Build Main Worksheet Instructions**

Project sponsors may often undertake a major construction project that involves both Core Capacity and State of Good Repair elements. When this is the case, FTA requires project sponsors to differentiate early in the Project Development phase the percentage of costs in each SCC line item associated with capacity improvements versus the percentage associated solely with State of Good Repair elements for the purposes of determining what costs are eligible for which type of FTA funds. These percentages are reviewed and discussed with FTA per the direction given in the *Final Interim Policy Guidance*.

If a project includes both Core Capacity and State of Good Repair elements, the project sponsor must enter the core capacity percentage of costs for each SCC line item in the Core Capacity Percentage Column of the Build Main worksheet. For projects that do not include any State of Good Repair elements, project sponsors should enter 100 percent in the Core Capacity Percentage Column.

**SCC Build Annualized Worksheet Instructions**

Capital costs in constant, base year dollars are estimated by the project sponsor for the proposed project. The Build Annualized Worksheet automatically calculates the annualized Core Capacity share for the project based on the useful lives of the various cost items, an established discount rate, and the information on project funding sources entered by the project sponsor in the Fund Source by Category Worksheet. The annualized cost figure is an input to the calculation of cost effectiveness.

Below are specific instructions that must be followed when completing the Build Annualized Worksheet:

- Useful Life Assumptions: The Build Annualized Worksheet provides the project sponsor with the opportunity to claim anywhere from 12 to 18 years for the estimated useful life for buses on SCC Line 70.04. If the project sponsor claims a useful life longer than 12 years, documentation demonstrating experience with maintaining buses beyond 12 years (e.g. National Transit Database records) must be provided supporting the reasonability of such a claim.

- Unallocated Contingency: Base Year costs are automatically populated in the Build Annualized Worksheets from the Build Main Worksheet. However, Unallocated Contingency must be manually distributed across the line items according to perceived risks.

**When to Report Updated Project Cost Estimates**

The capital cost estimate should be updated when it no longer accurately reflects the current scope and schedule of the project, triggered by either an expansion or reduction in the scope or schedule. The update should be accompanied by a brief explanation of what changed and why. More specifically, a project capital cost estimate should be updated when any of the following events occurs:

- Requests to Advance Through the Process
    - The project sponsor requests entry into the Engineering phase or requests an FFGA.
- Scope changes
    - Design and construction scope of work changes - Horizontal or vertical alignment, number or type of stations, number of vehicles, length of guideway, mode, quantity of material, substitution of material, value engineering changes.
    - Planning context changes - Political, institutional, or project management changes impacting project scope or schedule; project procurement conditions change, such as changes in the bidding climate, price of commodities, or contracting methodology.
- Schedule changes
    - Schedule has slipped or been extended by six months or more, resulting in additional cost for labor, materials, and/or inflation which could result from extended community input, project review, funding disapproval, labor disputes, etc.
- Cost changes
    - The costing methodology has changed as a natural part of the continued development of the project, for example, from a parametric estimate to a detailed labor and materials quantity take-off.
    - A change in a funding source or financing method has caused modification of scope, schedule, or cost.

# IV. Project Justification Criteria

The following summarizes the information necessary to support the project justification criteria. Specific information on each of the criteria and measures can be found in the *Final Interim Policy Guidance* found on FTA's website. All reporting templates are available there as well. Any questions regarding these criteria, their associated measures, and/or the calculation of the measures should be directed to the FTA Office of Planning and Environment.

## *IV.1. Mobility Improvements*

The following data must be entered in the templates to compute the mobility improvements measure:

- Existing daily linked trips on the existing line or lines in the project corridor today for non-transit dependent and transit dependent persons (in lines 1a and 1b of the Mobility & Cost Effectiveness Template). For project sponsors who do not have readily available the number of those existing linked trips made by transit dependent persons, FTA allows sponsors to estimate the number of existing trips made by transit dependent persons by multiplying the total number of linked trips on the existing line in the corridor today by the percent of low income or zero car households located in the project corridor as shown in the annual American Community Survey.
- Annualization factor (in lines 1a and 1b of the Mobility & Cost Effectiveness Template). The annualization factor should be consistent with the current service offered in the fixed guideway corridor today. In addition to filling out the annualization factor in the Mobility & Cost Effectiveness Template, a written justification for the annualization factor should be provided to FTA.

## *IV.2. Cost Effectiveness*

The following data must be entered in the Core Capacity templates to compute the cost effectiveness measure:

- Existing daily linked trips on the existing line or lines that operate in the fixed guideway project corridor today for non-transit dependent and transit dependent persons (in lines 1a and 1b of the Mobility & Cost Effectiveness Template),
- Annualization factor (in lines 1a and 1b of the Mobility & Cost Effectiveness Template), and
- The annualized Core Capacity share of the project cost in constant 2021 dollars as generated by the Build Annualized Worksheet of FTA's SCC Workbook (enter in line 3 of the Mobility & Cost Effectiveness Template). For additional guidance on the calculation of annualized capital cost see Section III.4 Capital Costs.

## *IV.3. Existing Capacity Needs of the Corridor*

The following data must be entered in the Core Capacity templates to compute the capacity needs measure:

- Details on existing operations, consistent with the supplied existing ridership information, in the peak hour and peak direction (on page 3 of the Project Description Template), including the following:
    - The name, by transit line delineation (e.g., color, letter, number, route name) of every train that enters the Core Capacity project corridor during the peak hour in the peak direction.
    - For departure time, the actual time of day that each train enters the Core Capacity project corridor during the peak hour in the peak direction.
    - The number of passenger cars in each train consist that enters the Core Capacity project corridor during the peak hour in the peak direction.
    - For heavy rail and light rail projects, enter the actual dimensions of the passenger cars in feet and inches for each train. Do not subtract 8 inches from the external width to account for wall thickness, and 6 feet 7 inches from the external length to account for a driver cab compartment as this is automatically accounted for in the calculation of usable space in the Capacity Needs & Congestion Relief Template. For commuter rail projects, enter the number of seats per passenger car for each train.
- Existing Ridership in the Peak Hour in the Peak Direction for the Core Capacity project corridor (in line 3 of the Capacity Needs & Congestion Relief Template). For additional guidance on the calculation of existing ridership see Section III.2 Documenting Existing Ridership in the Project Corridor.

## *IV.4. Congestion Relief*

The following data must be entered in the Core Capacity templates to compute the congestion relief measure:

- Details on existing operations in the peak hour and peak direction (on page 3 of the Project Description Template), including the following:
    - The name, by transit line delineation (e.g., color, letter, number, route name) of every train that enters the Core Capacity project corridor during the peak hour in the peak direction.
    - For departure time, the actual time of day that each train enters the Core Capacity project corridor during the peak hour in the peak direction.
    - The number of passenger cars in each train consist that enters the Core Capacity project corridor during the peak hour in the peak direction.

  - For heavy rail and light rail projects, enter the actual dimensions of the passenger cars in feet and inches for each train. Do not subtract 8 inches from the external width to account for wall thickness, and 6 feet 7 inches from the external length to account for a driver cab compartment as this is automatically accounted for in the calculation of usable space in the Capacity Needs & Congestion Relief Template. For commuter rail projects, enter the number of seats per passenger car for each train.

- Details on planned operations in the peak hour and peak direction for when the Core Capacity project is complete for all of the same characteristics described above (on page 3 of the Project Description Template).
- Existing Ridership in the Peak Hour in the Peak Direction for the Core Capacity project corridor (in line 3 of the Capacity Needs & Congestion Relief Template). For additional guidance on the calculation of existing ridership see Section III.2 Documenting Existing Ridership in the Project Corridor.

## *IV.5. Economic Development*

No information needs to be reported for this criterion. The *Final Interim Policy Guidance* specifies that FTA considers Core Capacity projects to be warranted for this measure because the existing development in the corridor must already be transit supportive otherwise there would not be capacity constraints resulting from high ridership. Therefore, FTA will automatically assign a Medium rating for the Economic Development criterion to all proposed Core Capacity projects. However, at the project sponsor's option, information may be submitted to FTA for evaluation and rating in accordance with the requirements under the New Starts Economic Development criterion if they wish to strive for a higher than Medium rating. Project sponsors who wish to submit information for this criterion should contact the Office of Capital Project Development for additional guidance.

## *IV.6. Environmental Benefits*

No information needs to be reported for this criterion. The *Final Interim Policy Guidance* specifies that FTA considers Core Capacity projects to be warranted for this measure because the existing fixed guideway corridor already has extensive ridership that produces environmental benefits. Therefore, FTA automatically assigns a Medium rating for the Environmental Benefits criterion to all proposed Core Capacity projects. However, at the project sponsor's option, information may be submitted to FTA for evaluation and rating in accordance with the requirements under the New Starts Environmental Benefits criterion if they wish to strive for a higher than Medium rating. Project sponsors who wish to submit information for this criterion should contact the Office of Capital Project Development for additional guidance.

# V. Local Financial Commitment Criteria

### Streamlined Financial Evaluation

A streamlined financial evaluation is possible for Core Capacity projects less than $250 million in total project cost when a Core Capacity project sponsor can demonstrate the following:

- A reasonable plan to secure funding for the non-CIG share of capital costs or sufficient available funds for the non-CIG capital share (all non-CIG funding must be committed before receiving an FFGA);
- The additional operating and maintenance cost of the proposed Core Capacity project is less than a five percent increase in the project sponsor's current year approved system-wide operating budget; and
- The project sponsor is in reasonably good financial condition.

Project sponsors shall submit the following items to demonstrate that they meet these conditions:

- A completed Core Capacity Finance Template, described below;
- A description of the plan to secure funding for the non-CIG share of the project cost that includes the sources, amounts, and steps needed to secure funding commitments;
- A detailed operating and maintenance cost estimate;
- The current year approved budget documenting that the project's operating and maintenance costs would constitute no greater than a five percent increase in current system-wide operating and maintenance costs; and
- Three years of audited financial statements documenting the financial health of the project sponsor.

### Standard Financial Evaluation

If a Core Capacity project sponsor does not meet the criteria for a streamlined financial evaluation, FTA requires submittal of:

- a completed Core Capacity Project Finance Template;
- a comprehensive financial plan, including a 20-year cash flow model submitted electronically in excel format with formulas included rather than just hardcoded numbers;
- supporting documentation; and
- a completed financial submittal checklist.

These items are described in detail in the next sections.

All project sponsors must provide all of the required information included in FTA's *Guidance for Transit Financial Plans*. Failure to include any of the elements required for the financial review will adversely impact the project's financial rating.

FTA understands the challenges transit agencies are facing due to the COVID-19 public health emergency and the current difficulty of predicting future revenue and costs in a 20-year financial plan. FTA examines the reasonableness of future projections of costs and revenues included in a project sponsor's financial plan based on an examination of recent historical experience for those costs and revenues, typically the compound average growth rate over the past five to ten years. Due to the unusual circumstances in calendar years 2020 and 2021 due to the COVID-19 public health emergency, FTA is allowing project sponsors to exclude 2020 data and use historical experience from 2015 through 2019 (reflecting pre-pandemic levels) when estimating reasonable future growth rates. FTA is not specifying the timing project sponsors should use for a "return to normal" in the financial plan and cash flow. Rather, project sponsors should use their preferred approach and best estimates. FTA requests only that the rationale be explained clearly in the written financial plan submitted.

**Core Capacity Project Finance Template**

All project sponsors must complete the Finance Template. The Finance Template is designed to provide a uniform reporting method for the basic financial information and transit system characteristics necessary for FTA to assess the local financial commitment for the proposed Core Capacity project. It is not intended as a substitute for a financial plan. A written explanation should be provided for not submitting any requested or current data. Failure to adequately justify any non-compliance will adversely impact the project's financial rating.

Project sponsors should ensure that information reported in the Finance Template matches that reported in other documentation. FTA recommends that project sponsors perform the following quality control checks on data entered in the Finance Template:

- The core capacity capital cost reported on this template should match what is reported for the Core Capacity portion of the project in the Build Main Worksheet of the SCC Workbook. The core capacity capital cost estimate must include costs for project development and engineering activities.
- Finance charges must be included in the capital cost estimate of all Core Capacity projects. Specifically, only finance charges that are expected to occur prior to either the revenue operations date or the fulfillment of the non-CIG funding commitment in the FFGA, whichever occurs later in time, should be included.
- If the core capacity capital cost of the project has changed significantly from last year, please provide an explanation.
- Total Federal funding for the core capacity project (CIG funding plus other Federal sources) should not exceed 80 percent.
- The sum of all proposed sources of operating funds reported on the Core Capacity Project Finance Template should equal the total transit system annual operating cost in the first full year of revenue service.
- The type of funding sources should be identified for each capital and operating revenue source.

### Financial Plan

All project sponsors must submit a financial plan to FTA. In accordance with FAST, FTA evaluates the financial plan to ensure that the project sponsor has the financial capacity to construct and operate the proposed Core Capacity project while continuing to operate and maintain the existing transit system without requiring a reduction in existing services. FTA has developed guidance on the content and format of financial plans for transit agencies in FTA's *Guidance for Transit Financial Plans*. All project sponsors submitting information for evaluation and rating are required to submit financial plans that adhere to these guidelines. Failure to provide a complete financial plan will adversely impact a project's financial rating.

### Supporting Documentation

Documentation demonstrating the level of commitment for each of the funding sources included in the financial plan must be provided. FTA uses the following definitions to classify the level of commitment for each capital funding source:

**Committed:** Committed sources are programmed capital funds that have all the necessary approvals to be used to fund the proposed project without any additional action. These capital funds have all legislative and/or voter approvals needed, and have been formally programmed in the MPO's TIP and/or any related local, regional, or state documents such as an approved annual budget or multi-year Capital Improvement Program (CIP). Examples include dedicated or approved tax revenues, state capital grants that have been approved by all required legislative bodies, cash reserves that have been dedicated to the proposed project, and debt capacity that requires no further approvals and has been dedicated to the proposed project.

**Budgeted:** This category is for funds that have been budgeted and/or programmed for use on the proposed project but are not yet fully committed, i.e., the funds have not yet received statutory approval. Examples include debt financing in an agency-adopted CIP that has yet to receive final legislative approval, or state capital grants that have been included in the state budget, but are still awaiting final legislative appropriations. These funds are almost certain to be committed in the near future. Funds will be classified as budgeted where available funding cannot be committed until the FFGA is executed, or due to local practices outside of the project sponsor's control (e.g., the project development schedule extends beyond the TIP or CIP period).

**Planned:** This category is for funds that are identified and have a reasonable chance of being committed, but are neither committed nor budgeted. Examples include proposed sources that require a scheduled referendum, reasonable requests for state/local capital grants that are not yet approved, and proposed debt financing that has not yet been fully approved.

**Uncertain:** This category is applied when it is unclear from the agency's submission whether or not a funding source is committed, budgeted, or unavailable. Instances where the plan to secure committed funds is deemed to be unreasonable may be classified as uncertain. This category applies to funding sources that the project sponsor may describe as committed or budgeted but for which no supporting documentation is provided to FTA. Also, funding proposals that have repeatedly failed (more than once), such as failed local referendums or repeated denial of state grants, will be classified as uncertain.

**Unspecified:** This category is applied when the proposed non-CIG funding sources are not sufficient or have not been clearly identified.

Documentation describing and justifying all assumptions included in the financial plan must be provided. All underlying financial assumptions should be identified in the project finance plan and reflect capital financing strategies, projected State of Good Repair costs for the existing system, operations and maintenance costs for the proposed project and the existing system, revenue stream assumptions, and cash flow projections.

Table 1 on the following page provides a checklist of information that must be provided for Core Capacity financial plans. The ratings assigned by FTA are directly related to the ability of reviewers to readily identify, locate, review, and assess the provided documentation. Therefore, a concise, well-organized submittal is to the advantage of the project sponsor.

## Financial Submittal Checklist

Table 1 below presents a checklist of information that should be submitted to FTA. The project sponsor must complete the checklist and include it with the financial submittal. If the checklist is not provided, the submittal will be considered incomplete. Insufficient or incomplete information supporting a project's local financial commitment criteria may result in a "Low" rating. Project sponsors are encouraged to pay careful attention to the reporting requirements.

### Table 1: Local Financial Commitment Checklist

| LOCAL FINANCIAL COMMITMENT CHECKLIST | Included (check one) | | Reason Why Information Has Not Been Provided |
|---|---|---|---|
| | Yes | No | |
| 20-year cash flow statement (in year of expenditure dollars) including capital and operating financial plans (provide both electronically and in hardcopy). The 20-year cash flow must begin with the current year, and clearly show: revenues and expenses for the project separated from those for the remainder of the transit system; level of service assumptions; and the debt service schedule for all existing and planned debt. | | | |
| Detailed written description/discussion of all assumptions used in the financial plan including:<br>• Federal, state, local, and debt proceed assumptions for all capital and operating revenue sources for the project and overall transit system<br>• Fare revenue assumptions, including average fares, the frequency and amount of fare increases, and fare elasticities applied to account for ridership losses when fares are raised<br>• Average weekday ridership assumptions for the project and annual ridership assumptions for the overall transit system used in the financial plan to predict various costs and revenues (these should match the ridership estimates used in the rest of the submittal to FTA)<br>• Debt coverage requirements/assumptions<br>• Assumptions used in the calculation of operating expenses for each mode (i.e. -- vehicle miles, vehicle hours of service provided, etc.)<br>• System-wide State of Good Repair cost and revenue assumptions<br>• Assumptions regarding cash balances or reserve accounts included in the financial plan<br>• Regional economic forecast assumptions and their implications for the project and transit system | | | |
| Project Description and Core Capacity Project Finance Template | | | |
| Capital cost estimate for the proposed project (in year of expenditure dollars) in the FTA standardized cost category worksheet format | | | |
| Sensitivity Analysis (spreadsheet calculations as well as narrative summary), including a description of a plan for covering unexpected funding shortfalls or cost increases on the project, e.g., access to funds via cash reserves, additional debt capacity, or other available funds. | | | |
| Supporting Documentation Including: | | | |
| Background information and description of the Core Capacity project, including project status | | | |
| Historical revenue and expense data (minimum of five years required for all data, and at least 10 years required for major funding sources that comprise more than 25 percent of the capital funding for the project or the overall transit system operation). At a minimum, all sponsors should submit historical revenue and expense data for the period 2015 through 2019. While FTA will not base its evaluation of the reasonableness of future growth rates on 2020 historical data given the unusual circumstances surrounding the COVID-19 public health emergency, FTA still requests that it be submitted for informational purposes. | | | |

| LOCAL FINANCIAL COMMITMENT CHECKLIST | Included (check one) | | Reason Why Information Has Not Been Provided |
|---|---|---|---|
| | Yes | No | |
| Documents demonstrating the commitment level of all non-CIG funding sources for the project. Examples include: completed, final, and signed third-party agreements with relevant sections identified; copies of Board-approved budgets or CIPs specifying funding amounts for the project; a capital program or budget approved by the state legislature specifying state funding for the project, etc. | | | |
| Enacting legislation for tax referenda, with relevant sections identified | | | |
| Joint development agreements, or description and supporting documentation of other innovative financing techniques, if applicable | | | |
| Annual Operating and Capital Budgets for the past 3 years including 2020 | | | |
| Audited Financial Statements and Compliance Reports for the past 3 years including 2020 | | | |
| Annual Reports/Comprehensive Annual Financial Reports (CAFR) for the past 3 years including 2020 | | | |
| Background information and description of the transit agency, including organizational structure and enabling legislation | | | |
| TIP/STIP (please provide only relevant pages of these documents showing the project listing) | | | |
| Regional Long Range Transportation Plan (please provide only relevant pages showing the project listing) | | | |
| Capital Improvement Program Documents | | | |
| Bus and Rail Fleet Management Plans including fleet replacement schedules | | | |
| Latest bonding prospectus/credit facility documents (credit lines, commercial paper, etc.) | | | |
| Local development, demographic and economic studies used in preparing the financial plan, plus documentation supporting efficiency or productivity gain assumptions | | | |
| Transit Asset Management Plan | | | |
| Other materials (if any), please describe: | | | |