Annual Report on Funding Recommendations

Fiscal Year 2009

Proposed Allocations of Funds for Fiscal Year 2009

New Starts, Small Starts, Alternative Transportation in Parks and Public Lands

Report of the Secretary of Transportation
to the United States Congress
Pursuant to 49 U.S.C. 5309(k)(1)

2009

Prepared by:
Federal Transit Administration
Available from:
Federal Transit Administration
Office of Planning and Environment
1200 New Jersey Avenue SE
Washington, DC 20590

http://www.fta.dot.gov

Executive Summary

This report provides the U.S. Department of Transportation's recommendations to Congress for the allocation of funds for the design and construction of fixed guideway New Starts and Small Starts capital investments for fiscal year (FY) 2009. These programs are part of the Capital Investment Grant Program provisions of 49 USC 5309, most recently reauthorized by the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) in August 2005. As required by SAFETEA-LU, this report also contains a summary of the allocation of funds made available in FY 2007 to assist qualified projects under the Alternative Transportation in Parks and Public Lands program under 49 USC 5320.

The Federal Transit Administration's (FTA) discretionary New Starts program is the Federal government's primary financial resource for supporting locally-planned, implemented, and operated major transit capital investments. From heavy to light rail transit (LRT), from commuter rail to bus rapid transit (BRT) systems, the New Starts program has helped to make possible dozens of new or extended transit fixed guideway systems across the country. These rail and bus investments, in turn, have improved the mobility of millions of Americans, have helped to reduce congestion and improve air quality in the areas they serve, and have fostered the development of more viable, safe, and livable communities.

The President's Budget for FY 2009 proposes $1,621 million for the capital investment grant program under Section 5309. A total of $1,300 million is recommended for 15 existing and two pending Full Funding Grant Agreements (FFGA). The pending FFGAs are all projects that meet the New Starts criteria, are at an advanced stage of development with few remaining uncertainties, and are expected to be ready for an FFGA prior to or during FY 2009. Funding in the amount of $85 million is being recommended for final design activities by projects that reach that milestone prior to the development of the FY 2009 appropriations bill. A total of $200 million is recommended for 13 Small Starts projects, to be funded either through one-year capital grants or multi-year Project Construction Grant Agreements (PCGA). Finally, a total of $36 million is recommended for ferry projects, statutory funding to support the work of the Denali Commission, and New Starts/Small Starts oversight activities.

Pending FFGAs, funding for final design, and Small Starts projects recommended for funding are presented below:

Pending FFGAs

- West Corridor LRT, Denver, Colorado
- University Link LRT Extension, Seattle, Washington

Small Starts PCGAs

- Perris Valley Commuter Rail Line, Riverside, California
- Wilshire Boulevard Bus-Only Lane, Los Angeles, California
- Mason Corridor BRT, Fort Collins, Colorado
- Fitchburg Commuter Rail Improvements, Fitchburg, Massachusetts
- Streetcar Loop, Portland, Oregon
- Pioneer Parkway EmX BRT, Springfield, Oregon
- Bellevue-Redmond BRT, King County, Washington

Small Starts Capital Grants

- Mountain Links BRT, Flagstaff, Arizona
- Livermore-Amador Route 10 BRT, Livermore, California
- Metro Rapid Bus System Gap Closure, Los Angeles, California
- Mid-City Rapid, San Diego, California
- Troost Corridor BRT, Kansas City, Missouri
- Pacific Highway South BRT, King County, Washington

Detailed summaries of these projects, as well as other major investment transit projects in the New Starts and Small Starts "pipeline," are presented in this report. Project funding recommendations, as well as the funding proposed for ferry projects, the Denali Commission, and project management oversight, form the basis of the President's FY 2009 budget submission for the New Starts/Small Starts program. All funding for the New Starts/Small Starts program is subject to the annual Federal appropriations process.

Finally, as required by SAFETEA-LU Section 3021(a), which amended Section 5320 to Title 49 of the United States Code, this report also includes information on the allocation of the $23.00 million appropriated in FY 2007 for the Alternative Transportation in Parks and Public Lands program. Forty-six capital and planning projects were selected for funding under the program. This report summarizes these projects and describes FTA's progress in developing this new program.

Introduction

This report provides the U.S. Department of Transportation's recommendations to Congress for the allocation of funds for the construction of new fixed guideway systems and extensions (49 USC 5309(d) – Major Capital Investment Grants of $75,000,000 or More, or "New Starts," and 49 USC 5309(e) – Capital Investment Grants of Less Than $75,000,000 or "Small Starts") for fiscal year (FY) 2009. The *Annual Report on Funding Recommendations* for FY 2009 is a collateral document to the President's annual budget submission to Congress. It contributes to the information exchange between the Executive and Legislative branches at the beginning of an appropriations cycle for the next fiscal year.

The mandate for the *Annual Report on Funding Recommendations* is a continuation of detailed provisions first established by the Transportation Equity Act for the 21st Century (TEA-21) in 1998 and reauthorized by the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), signed into law on August 10, 2005. SAFETEA-LU made some changes to the New Starts program, including the creation of a Small Starts program for capital investment grants of less than $75 million.

The President's Budget for FY 2009 proposes $1,621 million for the capital investment grant program under Section 5309. A total of $1,300 million is recommended for 15 existing and two pending Full Funding Grant Agreements (FFGA). The pending FFGAs are projects which meet the New Starts criteria, are at an advanced stage of development with few remaining uncertainties, and are expected to be ready for an FFGA prior to or during FY 2009. Funding in the amount of $85 million is being recommended for final design activities by projects which reach that milestone prior to the development of the FY 2009 appropriations bill. By reserving this amount of funding without committing any to specific projects at this time, FTA can take advantage of its project oversight and risk management activities to make timely and prudent recommendations as project uncertainties are mitigated and as Congress contemplates its FY 2009 appropriations decisions. A total of $200 million is recommended for 13 Small Starts projects, to be funded either through one-year capital grants or multi-year Project Construction Grant Agreements (PCGA). Finally, a total of $36 million is recommended for ferry projects, statutory funding to support the work of the Denali Commission, and New Starts/Small Starts oversight activities. See Table 1 on page 6 for funding details on these recommendations.

In addition to funding recommendations, Appendix A of the FY 2009 *Annual Report on Funding Recommendations* provides the status of the 15 FFGA projects; detailed results of FTA's evaluation of the project justification and local financial commitment of 13 proposed major capital investments in preliminary engineering (PE) or final design; results of FTA's streamlined evaluation of 13 Small Starts projects in "project development;" and brief summaries of the status of three projects in final design which are requesting less than $25 million in New Starts funding and are, therefore, exempt from the New Starts evaluation process. Appendix B describes the measures, rating breakpoints, and overall process followed by FTA for evaluating New Starts projects currently in PE and final design which are pursuing an FFGA, and Small Starts projects in project development. Finally, Appendix C describes FTA's FY 2007 Alternative Transportation in Parks and Public Lands program, which was established by Section 3021 of SAFETEA-LU.

Principles for Funding Recommendations

The funding recommendations in this report are the result of an extensive project development and evaluation process, which is described in detail in Appendix B of this report. SAFETEA-LU establishes a five-level scale of "*High*," "*Medium-High*," "*Medium*," "*Medium-Low*," and "*Low*" for rating candidate New Starts and Small Starts projects. Only those projects rated *Medium* or higher may be advanced through the New Starts and Small Starts project development processes or be recommended for funding. As they progress through project development, projects that continue to be rated *Medium* or higher will be eligible for multi-year funding recommendations in the President's budget if funding is available; the proposed project scope, cost estimate, and budget are considered firm and reliable; and local funding commitments are in place or expected to be in place at the time of a grant agreement. FTA further notes that it will not generally recommend for funding any project which does not achieve a rating of at least *Medium* for cost effectiveness.

FTA and sponsors of New Starts/Small Starts projects typically enter into a multi-year contractual agreement that formally establishes the maximum level of Federal financial assistance and outlines the terms and conditions of Federal financial participation. For projects requiring $75 million or more in New Starts funding, the requisite agreement is the FFGA. For projects requiring less than $75 million in Small Starts funding with a total project cost of no greater than $250 million, the requisite agreement is the PCGA. The FFGA/PCGA defines the project, including cost, scope, and schedule; commits to a maximum level of New Starts or Small Starts financial assistance (subject to appropriation); establishes the terms and conditions of Federal financial participation; defines the period of time for completion of the project; and helps FTA and the project sponsor manage the project in accordance with Federal law. Note that FTA may administer Small Starts funding as a capital grant for projects whose total Small Starts funding request is less than $25 million, and whose request can be met with a single year appropriation.

The FFGA/PCGA assures the grantee of predictable Federal financial support for the project (subject to Congressional appropriations), while placing a limitation on the amount of this support. Thus, an FFGA/PCGA limits the exposure of the Federal government to cost increases that may result if project design, engineering, and/or project management is not adequately performed at the local level. While FTA is responsible for ensuring that planning projections are based on realistic assumptions and that design and construction follow acceptable industry practices, it is the responsibility of project sponsors to properly manage, design, engineer and construct projects. FTA is not directly involved in the design and construction of New Starts/Small Starts projects, uses its Project Management Oversight Program to obtain independent feedback on project status and progress, including the establishment of scope, budget, and schedule, as well as to provide guidance on management, construction, and quality assurance practices.

Additional information and guidance on developing FFGAs is contained in further detail in FTA Circular 5200.1A, Full Funding Grant Agreements Guidance, dated December 5, 2002, and the FTA Rule on Project Management Oversight (49 CFR Part 633).

When recommending annual funding allocations among proposed New Starts and Small Starts projects, FTA applies the following general principles:

- Any project recommended for new funding commitments should meet the project justification, local financial commitment, and process criteria established by Sections 5309(d) and 5309(e) and be consistent with Executive Order 12893, *Principles for Federal Infrastructure Investments*, issued January 26, 1994.
- Existing FFGA commitments should be honored before any additional funding recommendations are made, to the extent that funds can be obligated for these projects in the coming fiscal year.
- The FFGA and PCGA define the terms of the Federal commitment to a specific project, including funding. Upon completion of an FFGA or PCGA, the Federal funding commitment has been fulfilled. Additional project funding will not be recommended. Any additional costs beyond the scope of the Federal commitment are the responsibility of the grantee, although FTA works closely with grantees to identify and implement strategies for containing capital costs at the level included in the FFGA or PCGA at the time it was executed.
- Funding for initial planning efforts such as alternatives analysis is no longer eligible for Section 5309 funding under SAFETEA-LU, but may be provided through grants under the Section 5303 Metropolitan Planning or Section 5307 Urbanized Area Formula programs; from Title 23 “flexible funding” sources; or from the newly created Section 5339 Alternatives Analysis program.
- Firm funding commitments, embodied in FFGAs or PCGAs, will not be made until projects demonstrate that they are ready for such an agreement, i.e., the project’s development and design has progressed to the point where its scope, costs, benefits, and impacts are considered firm and final.
- Funding should be provided to the most worthy investments to allow them to proceed through the process on a reasonable schedule, to the extent that funds can be obligated to such projects in the upcoming fiscal year. Funding decisions will be based on the results of the project evaluation process and resulting project justification, local financial commitment, and overall project ratings.
- For FY 2009, the specific Small Starts projects identified in this *Annual Report* which have requested less than $25 million in total Small Starts funding and have proposed a Small Starts share of 60 percent or less of total project costs are proposed in this budget to be funded under a one-year capital grant. FTA encourages overmatch of New Starts/Small Starts funding as a means of funding more projects and leveraging state, local, and other Federal financial resources.

FTA emphasizes that project evaluation and rating is an on-going process. As proposed New Starts projects proceed through the project development process, information concerning costs, benefits, and impacts is refined and the ratings may be reassessed to reflect new information.

Table 1 - FY 2009 Funding for New Starts and Small Starts Projects

	Project	Area	Overall Project Rating	FY 2007 and Previous Funding	FY 2008 Consolidated Appropriations Act	FY 2009 President's Budget	Remaining FFGA Funding	Total FFGA Funding
Totals by Phase								
Existing New Starts Full Funding Grant Agreements				$3,829,723,398	$1,142,929,824	$1,146,620,604	$3,080,763,174	$9,200,037,000
Pending New Starts Full Funding Grant Agreements				39,901,000	58,800,000	160,000,000		
Final Design				0	0	78,000,000		
Small Starts Project Development				33,115,230	61,560,660	200,000,000		
Other New Starts/Small Starts Projects				0	270,110,593 (1)	0		
Oversight Activities				30,539,700 (2)	15,690,920	16,208,289		
Ferry Capital Projects (AK or HI)				39,916,000	15,000,000	15,000,000		
Denali Commission				9,901,000	5,000,000	5,000,000		
GRAND TOTAL				**$3,983,096,328**	**$1,569,091,997**	**$1,620,828,893**		
Existing New Starts Full Funding Grant Agreements								
AZ	Central Phoenix/East Valley Light Rail	Phoenix	FFGA	$310,868,097	$88,200,000	$91,800,000	$96,331,903	$587,200,000
CA	Metro Gold Line Eastside Extension	Los Angeles	FFGA	255,193,449 (3)	78,400,000	81,600,000	75,506,551	490,700,000
CO	Southeast Corridor LRT	Denver	FFGA	473,439,516	50,529,274	1,031,210	0	525,000,000
DC	Largo Metrorail Extension	Washington	FFGA	295,300,000 (4)	34,300,000	34,700,000	0	364,300,000
IL	Ravenswood Line Extension	Chicago	FFGA	175,845,596	39,200,000	30,474,404	0	245,520,000
MN	Northstar Corridor Rail	Minneapolis-Big Lake	FFGA	31,743,940	53,900,000	71,166,060	0	156,810,000
NJ	Hudson-Bergen MOS-2	Northern NJ	FFGA	444,807,005	54,089,135	1,103,860	0	500,000,000
NY	Long Island Rail Road East Side Access	New York	FFGA	887,766,826	210,700,000	219,300,000	1,314,347,174	2,632,114,000
NY	Second Avenue Subway Phase I	New York	FFGA	33,418,049	167,810,300	277,697,000	821,074,651	1,300,000,000
OR	South Corridor I-205/Portland Mall LRT	Portland	FFGA	80,000,000	78,400,000	81,600,000	105,413,000	345,413,000
PA	North Shore LRT Connector	Pittsburgh	FFGA	202,183,000 (5)	32,846,115	670,885	0	235,700,000
TX	Northwest/Southeast LRT MOS	Dallas	FFGA	101,191,000	84,525,000	87,974,716	426,309,284	700,000,000
UT	Weber County to Salt Lake City Commuter Rail	Salt Lake City	FFGA	101,614,510	78,400,000	81,600,000	227,685,490	489,300,000
VA	Norfolk LRT	Norfolk	FFGA	33,799,145	23,030,000	57,055,734	14,095,121	127,980,000
WA	Central Link Initial Segment	Seattle	FFGA	402,553,265	68,600,000	28,846,735	0	500,000,000
Total Existing New Starts Full Funding Grant Agreements				**$3,829,723,398**	**$1,142,929,824**	**$1,146,620,604**	**$3,080,763,174**	**$9,200,037,000**
Pending New Starts Full Funding Grant Agreements								
CO	West Corridor LRT	Denver	Medium-High	$39,901,000	$39,200,000	$60,000,000		
WA	University Link LRT Extension	Seattle	High	0	19,600,000	100,000,000		
Total Pending New Starts Full Funding Grant Agreements				**$39,901,000**	**$58,800,000**	**$160,000,000**		
Final Design				**$0**	**$0**	**$78,000,000**		
Small Starts Project Development								
AZ	Mountain Links BRT	Flagstaff	Medium	$0	$0	$6,238,000		
CA	Livermore-Amador Route 10 BRT	Livermore	Medium	0	2,940,000	7,990,000		
CA	Metro Rapid Bus System Gap Closure	Los Angeles	Medium	0	16,347,380	332,620		
CA	Wilshire Blvd Bus-Only Lane	Los Angeles	Medium	0	0	10,952,330		
CA	Perris Valley Line	Riverside	Medium-High	0	1,960,000	50,000,000		
CA	Mid-City Rapid	San Diego	Medium-High	0	0	21,650,000		
CO	Mason Corridor BRT	Fort Collins	Medium	0	0	11,182,000		
MA	Commuter Rail Improvements	Fitchburg	Medium-High	0	5,880,000	30,000,000		
MO	Troost Corridor BRT	Kansas City	Medium	18,315,230	6,134,800	125,200		
OR	Streetcar Loop	Portland	Medium-High	0	0	50,000,000 (6)		
OR	Pioneer Parkway EmX BRT	Springfield	Medium-High	14,800,000	14,504,000	296,000		
WA	Bellevue - Redmond BRT	King County	Medium	0	0	10,952,330		
WA	Pacific Highway South BRT	King County	Medium	0	13,794,480	281,520		
Total Proposed Small Starts				**$33,115,230**	**$61,560,660**	**$200,000,000**		

1. Includes projects not recommended in the FY 2008 President's Budget, but appropriated in the FY 2008 Consolidated Appropriations Act (P.L. 110-161).
2. Funding for oversight has been deducted from each listed project in FY 2007 and previous funding.
3. Does not include $3,873,958 in prior year funds not included in FFGA.
4. Project completed original FFGA funding in FY 2005. The FFGA was amended on June 22, 2006 to include a total of $104,000,000 over FYs 2007 through 2009.
5. Does not include $1,710,057 in prior year funds received for FEIS.
6. Small Starts funding for the project contingent upon its achievement of a *Medium* cost effectiveness rating.

FY 2009 Funding Allocations and Recommendations

The President's Budget for FY 2009 proposes $1,621 million for the capital investment grant program under Section 5309. A total of $1,385 million is recommended for existing or pending FFGAs, and for final design activities for eligible projects. In addition, $200 million is recommended for the Small Starts program. Finally, $36 million is recommended for specific ferry projects, statutory funding to support the work of the Denali Commission, and program management oversight activities.

Existing Full Funding Grant Agreements

Fifteen projects have existing FFGAs that commit FTA to request from Congress a specified level of major capital investment funding in a given fiscal year, based on the budget and schedule for the project. A detailed schedule of the multi-year funding commitment negotiated by FTA and the project sponsor to finance the federal share is included as “Attachment 6” of each FFGA. FTA has reviewed the progress of each of these 15 projects and is requesting $1,140 million, which is the full amount reflected in the Attachment 6 for these projects for FY 2009. Descriptions of each of these projects can be found in Appendix A.

Pending Full Funding Grant Agreements

Two projects are currently pending issuance of an FFGA: the West Corridor Light Rail Transit (LRT) project in Denver, Colorado, which is rated *Medium-High;* and the University Link LRT Extension in Seattle, Washington, which is rated *High*. For these two projects, FTA recommends a total of $160 million in New Starts funding in FY 2009. Appendix A provides a detailed description of both projects, including their most recent New Starts rating.

Colorado: Denver/West Corridor LRT

The Regional Transportation District (RTD) is proposing the West Corridor LRT project, a 12-station, 12.1-mile light rail transit (LRT) line extending from RTD's existing LRT system near Colfax Avenue and Interstate 25 (I-25), and following the former Associated Rail right-of-way and US 6, to US 6/US 40 in Jefferson County, Colorado. The proposed project connects with the Central Platte Valley light rail extension and the Central Corridor light rail line at the existing Auraria station adjacent to downtown Denver where it interlines to Denver Union Station (DUS). Service would operate at five-minute headways between DUS and the Federal Center station in Lakewood and 15-minute headways between Federal Center and Jeffco Government Center during weekday peak periods.

The West Corridor project parallels West 6th Avenue, which carries the second highest traffic volume in the region. Regional projections indicate that local auto travel times will increase by almost 30 percent by 2030 in an already congested corridor. Neither the Colorado Department of Transportation nor the Denver Regional Council of Governments has included widening of this roadway in their long range transportation plans. Intended as a high-capacity transit alternative to West 6th Avenue, the West Corridor LRT project is designed to improve transit travel times in the corridor and to increase transit connectivity to regional employment centers currently underserved by public transportation.

RTD completed a Final Environmental Impact Statement (EIS) in October 2003, and FTA issued a NEPA Record of Decision (ROD) in April 2004. In November 2004, Denver-area voters passed RTD's FasTracks funding plan, which increases RTD's sales tax revenues and is anticipated to support the construction of over 100 miles of new rail transit (including the Denver West LRT project) and a 24 percent increase in local bus service. FTA approved the West Corridor LRT project into final design in August 2005, and recommended the project for an FFGA in the FY 2007 President's Budget. Since that time, the project has experienced a series of cost increases, many of which have been mitigated through value engineering and modest scope changes. FTA is completing its risk assessment in early 2008, which could result in further changes to the cost estimate. FTA anticipates the project will continue to rate *Medium-High* against the New Starts criteria, including a *Medium* cost-effectiveness rating. FTA expects to execute an FFGA for the project in Fall 2008. Revenue operations are scheduled to begin in 2013.

SAFETEA-LU Section 3043(b)(7) authorizes the Denver West Corridor LRT project for final design and construction. The capital cost for the 12.1-mile West Corridor LRT project is estimated to be $656.83 million, of which RTD is seeking $290.55 million, or 44 percent, in New Starts funding. Through FY 2007, Congress has appropriated $39.90 million in New Starts funding for this project. FTA recommends $60.00 million in New Starts funds for this project in FY 2009.

Washington: Seattle/University Link LRT Extension

The Central Puget Sound Regional Transit Authority, commonly known as Sound Transit, is proposing to implement an all-tunnel extension of the Central Link LRT Initial Segment, which is currently under construction from the Segment's northern terminus at Westlake Station in downtown Seattle to the University of Washington, 3.1 miles to the northeast. University Link is the first phase of Sound Transit's planned North Link LRT extension to the Northgate Transit Center in North Seattle.

The University Link corridor is the most densely developed residential and employment area in the Central Puget Sound region and in the state of Washington. The three largest urban centers in the state – downtown Seattle, Capitol Hill/First Hill, and the University District – are located along the University Link alignment. However, travel by private vehicle and bus between these areas is extremely congested due to high traffic volumes and the corridor's unique physical geography. First Hill and Capitol Hill rise sharply northeast of downtown Seattle, and Interstate 5 (I-5) – the region's primary north-south freeway corridor – runs along the base of these hills, separating them from downtown. The steep grades and limited crossing points of I-5 exacerbate congestion between downtown and the First Hill/Capitol Hill urban center. Farther to the north, the University District is separated from the rest of the corridor by Portage Bay and the Lake Washington Ship Canal; only three water crossings (two of them drawbridges) connect the University with the southern portion of the corridor.

Furthermore, while I-5 north of downtown features reversible express lanes to accommodate morning inbound and evening outbound travel, the significant and growing reverse-commute market between downtown (and points south) and Capitol Hill/First Hill and the University District enjoys no such advantage. This results in a substantial disparity between northbound and southbound transit travel times during peak periods. The University Link LRT Extension is intended to provide more reliable and faster bi-directional transit service to and between these urban centers, while supporting local land use goals and contributing to the maintenance of 1990 traffic levels at the University of Washington, which, by prior agreement, is necessary for the City of Seattle to approve any new campus development.

The University Link LRT Extension is part of the Central Link LRT system that has been in planning for more than two decades. Due to financial constraints, Sound Transit is implementing the Central Link LRT system in segments. An "Initial Segment" of the project runs from the Westlake Station of the existing Downtown Seattle Transit Tunnel south to Tukwila; this project alignment is currently being constructed under an FFGA executed by FTA in October 2003. The North Link segment would connect the Initial Segment's northern terminus with the Northgate Transit Center. Sound Transit completed a Supplemental Draft EIS for North Link in December 2003. The Sound Transit Board selected the locally preferred alternative for North Link in July 2005, and the following month selected the 3.1-mile University Link Extension as the first phase of the implementation of North Link. FTA issued a limited-scope Supplemental Draft EIS in October 2005 to address changes in the preferred alternative, including an alternative route through the University of Washington. FTA approved the project into PE in December 2005. The University Link LRT Extension was included in the "other projects" category in the FY 2007 President's Budget. FTA issued a ROD on the project in June 2006, and approved it into final design in December 2006. FTA expects to execute an FFGA for the project in mid-2008. Revenue operations for University Link are scheduled for 2016.

SAFETEA-LU Section 3043(c)(231) authorizes the Seattle Link LRT Extensions project for alternatives analysis and preliminary engineering. Section 3043(e)(3)(A) of SAFETEA-LU further makes all projects in subsection 3043(c) eligible for final design and construction effective October 1, 2007. The capital cost of the University Link is estimated to be approximately $1,798.12 million of which Sound Transit is seeking $750.00 million, or 42 percent, in New Starts funding. Through FY 2007, no New Starts funding has been appropriated for the University Link LRT Extension. FTA recommends $100.00 million in New Starts funding for the project in FY 2009.

Final Design

The President's Budget for FY 2009 includes $85 million in funding of final design activities for New Starts projects that achieve this milestone prior to the development of the FY 2009 appropriations bill. By reserving this amount of funding without committing any to specific projects at this time, FTA can take advantage of its project oversight and risk management activities to make timely and prudent recommendations as project uncertainties are mitigated and as Congress contemplates its FY 2009 appropriations decisions.

Small Starts

FTA is requesting $200 million in the FY 2009 President's Budget for projects that qualify under the Small Starts program, which is defined in SAFETEA-LU as transit capital investment projects with a total capital cost of no greater than $250 million and a Section 5309 Small Starts share of no greater than $75 million. In July 2007, FTA issued *Updated Interim Guidance and Instructions for Small Starts*, which documents procedures for evaluating and advancing projects into Small Starts project development for the FY 2009 evaluation cycle. The *Interim Guidance* further establishes the eligibility parameters for "Very Small Starts" projects, a subset of the lowest-cost Small Starts that may follow an even more simplified project development and evaluation process.

Because of the two percent budget recision in the FY 2008 Consolidated Appropriations Act (P.L. 110-161), four existing Small Starts projects were not fully funded in FY 2008 as anticipated. Hence, they are proposed for small amounts of funding in FY 2009 to complete FTA's commitment to these projects.

Demand for Small Starts program resources increased significantly in 2007. FTA has approved 12 projects into Small Starts project development since last year; each of these projects achieved at least a *Medium* rating against the Small Starts criteria identified in SAFETEA-LU and implemented through the Small Starts *Interim Guidance*.

Of these 12 projects recently approved into project development, nine proposed investments demonstrated sufficient readiness to be considered for funding in the FY 2009 President's Budget. Most of these projects are proposed to be funded under a multi-year Project Construction Grant Agreement. However, three projects which have requested less than $25 million in total Small Starts funding and a Small Starts share of 60 percent or less of total project costs are proposed in this budget to be funded under a one-year capital grant.

FTA notes that the Streetcar Loop project in Portland, Oregon, which is proposed for $50 million in Small Starts funding in the FY 2009 President's budget, is currently rated *Medium-Low* for cost effectiveness. This rating is based upon an estimation of transportation system user benefits, which may not accurately capture the travel-time and non-travel-time transportation benefits of the proposed circulator project. FTA has previously suggested to the Tri-County Metropolitan Transportation District (TriMet), the sponsor of the Streetcar Loop project, that it further analyze ridership patterns in the project corridor, as well as the ridership response to, and transportation and other effects of, its existing streetcar system in order to develop a more reliable technical approach for forecasting the user benefits of the Streetcar Loop. In order to maintain its FY 2009 funding recommendation and receive a PCGA for the project, TriMet must address these recommendations, develop travel forecasting methods that better capture the transportation impacts of streetcars in Portland, and achieve a rating of at least *Medium* for cost effectiveness by June 30, 2008. TriMet must work with FTA to gain FTA's approval of an acceptable approach prior to its implementation. If the Streetcar Loop cannot achieve sufficient cost effectiveness, FTA will recommend to Congress the re-allocation of the project's FY 2009 Small Starts proposed funding to other emerging Small Starts projects that demonstrate both the readiness and merit necessary to meet the Administration's goal of funding cost-effective Small Starts projects.

The following summarizes the FY 2009 Small Starts funding recommendations. Appendix A provides a detailed description of each of the 13 projects, including their most recent rating.

Arizona: Flagstaff/Mountain Links BRT

The Northern Arizona Intergovernmental Public Transportation Authority (NAIPTA) is proposing to construct and operate a 5.8-mile BRT line serving the campus of Northern Arizona University (NAU), nearby shopping centers, and downtown Flagstaff. The proposed line will combine two existing local bus routes as well as an on-campus shuttle system, and would feature 1.3 miles of dedicated guideway. In addition, through an intergovernmental service agreement with NAU, the proposed on-campus service will be combined with existing NAIPTA service and operated throughout Flagstaff as "Mountain Links." The proposed BRT project extends from a local shopping and residential center located southwest of NAU's campus onto the campus itself, continuing north into downtown Flagstaff. The Mountain Links BRT project includes 24 new stations, signal prioritization, and the purchase of eight electric-hybrid vehicles. The proposed service would operate with ten minute headways during the peak-period and 15-minute headways during the weekday off-peak.

The proposed project is the result of an alternatives analysis undertaken for campus transportation as part of the NAU Campus Plan planning effort in 2004. The analysis considered a range of options for improving existing transit service through campus. A "modified spine" option, which is the core of the Mountain Links BRT alignment, was found to offer a major improvement over current conditions and was selected as the LPA in 2005. The LPA was adopted into the region's financially constrained long range plan in June of 2006. FTA expects to approve the project into Small Starts project development in December 2007.

The capital cost for the Mountain Links BRT project is $10.41 million, with a proposed Small Starts share of $6.24 million, or 60 percent. FTA recommends this amount of Small Starts funding for the project in FY 2009.

California: Livermore/ Livermore-Amador Route 10 BRT

The Livermore Amador Valley Transit Authority (LAVTA) is proposing to construct and operate a 12.0-mile arterial and highway-running BRT line serving the communities of Livermore, Pleasanton, and Dublin. The proposed alignment generally traverses an existing local bus route but would create limited-stop operations intended to remove traffic impediments and improve travel time. The Livermore-Amador Route 10 BRT project includes 34 new stations, signal prioritization, and the purchase of 14 electric-hybrid vehicles. The proposed service would operate with ten minute headways during the peak-period and 15 minute headways during the weekday off-peak.

In October 2004, LAVTA and Bay Area Rapid Transit (BART) completed the Interstate 580 (I-580) Corridor Study alternatives analysis. This study evaluated several alternatives to improve transit service between Livermore, Dublin, and Pleasanton, including an extension of BART heavy rail, BRT service on I-580, and BRT service along the existing Route 10 corridor, which has the highest bus ridership in the LAVTA system. In January 2005, the LAVTA Board of Directors selected the Route 10 BRT as the locally preferred alternative (LPA). Since then, LAVTA has been further identifying station locations, working with local stakeholders to refine the project, and developing a financial plan. In May 2007, the LAVTA Board re-confirmed the proposed Livermore-Amador Route 10 BRT project as the LPA. FTA anticipates approval of the project into Small Starts project development in December 2007.

The Livermore Amador Route 10 BRT project is estimated to cost $21.66 million. LAVTA is proposing a Small Starts share of less than 51 percent, or $10.93 million. Congress has appropriated $2.94 million for the project through FY 2008. FTA recommends $7.99 million in Small Starts funding for the project in FY 2009.

California: Los Angeles/Metro Rapid Bus System Gap Closure

The Los Angeles County Metropolitan Transportation Authority (LACMTA) is proposing to construct and operate eight street-running BRT lines that would connect existing Metro Rapid Bus routes, which effectively completes a regional arterial BRT network. The proposed lines have been identified for their potential to reduce end-to-end travel times throughout the existing Metro Rapid Bus system. The project includes eight BRT routes with a total of 247 new stations spread over 120 miles. The proposed service would operate at-grade with ten minute headways during the peak period.

Each of the eight project corridors contains high population density, and nearly 20 percent of residents who live within one-half mile of the proposed corridors do not have access to an automobile. The project will supplement existing local bus service with BRT featuring fewer stops and traffic signal priority, which will result in significantly faster transit travel times.

In 1999, LACMTA initiated its Metro Rapid Bus Demonstration Program, which included the construction and implementation of Rapid Bus routes in two heavily used transit corridors. The Demonstration Program was successful and LACMTA approved the implementation of 22 additional Metro Rapid Bus lines in September 2002. Fourteen of the proposed 22 routes have been implemented and are currently operating. The remaining eight Metro Rapid Bus routes are the topic of this proposal. Four of these routes are scheduled to open by December 2007, with the remaining four lines scheduled to open in June 2008.

The capital cost for the eight street-running BRT corridors which make up the Gap Closure project is estimated to be $25.66 million, of which LACMTA is seeking $16.68 million, or 65.0 percent, in Small Starts funding. Congress has appropriated $16.35 million for the project through FY 2008. FTA recommends $332,620 in Small Starts funding for the project in FY 2009.

California: Los Angeles/Wilshire Boulevard Bus-Only Lane

The LACMTA, in coordination with the Los Angeles Department of Transportation (LADOT), is proposing to implement a dedicated bus lane along portions of a 12.5-mile stretch of Wilshire Boulevard between downtown Los Angeles and the City of Santa Monica. Wilshire Boulevard is the site of LACMTA's first Metro Rapid "arterial" BRT line, which opened for service in June 2000. The proposed Wilshire Boulevard Bus-Only Lane project features 9.6 miles of curb lanes converted into an exclusive facility during peak-period (7 – 9 a.m. and 4 – 7 p.m.) operations. The lanes will be differentiated in their appearance with pavement markings and line delineators, and will be enforced by the Los Angeles Police Department for moving violations.

In November 2006, LACMTA and the LADOT began studying the feasibility of implementing end-to-end bus lanes on Wilshire Boulevard between downtown Los Angeles and the City of

Santa Monica. A variety of lane configurations and conversions, coupled with engineering and operational enhancements, were studied. In May 2007, the Los Angeles City Council chose to implement the conversion of curb lanes into peak-period end-to-end bus-only lanes. This option was chosen to meet the corridor objectives of reducing bus congestion, improving transit usage and passenger travel times, and minimizing the removal of parking. FTA expects to approve LACMTA's request for Small Starts project development in December 2007.

The capital cost for LACMTA's Wilshire Boulevard Bus-Only Lane project is $31.51 million, with a proposed Small Starts share of $23.32 million, or 74 percent. FTA recommends $10.95 million in Small Starts funding for the project in FY 2009.

California: Riverside/Perris Valley Line

The Riverside County Transportation Commission (RCTC), in conjunction with the Southern California Regional Rail Authority, is proposing to construct a 22.7-mile extension to the Metrolink regional commuter rail system. The Perris Valley Line project would result in an extension of the existing Route 91 commuter rail line between Los Angeles and downtown Riverside southeast in an alignment parallel to the Ramona Expressway (I-215), serving the communities of Allessandro, Moreno Valley, and Perris, terminating at South Perris. The project includes six new stations and park-and-ride lots to accommodate 1,430 vehicles, as well as the acquisition of three bi-level coaches. The proposed project would operate with 30-minute headways during the a.m. and p.m. peak period; as well as a single mid-day train, in the anticipated opening year of 2011.

In 2002, RCTC initiated an alternatives analysis/Environmental Assessment to evaluate transportation strategies to alleviate congested conditions in a 38-mile corridor along Interstate 215, the major commuter route from Riverside County to San Bernardino and Orange Counties. In June 2003, the RCTC board adopted a 22-mile commuter rail extension as the LPA. The LPA was adopted into the Southern California Association of Governments (SCAG) long-range plan in July 2004. Working with FTA, RCTC updated the SCAG regional travel model to produce reliable forecasts; this work was completed in early 2007. FTA expects to approve the project into Small Starts project development in December 2007.

SAFETEA-LU Section 3043(c)(201) authorizes the Perris Valley Line Metrolink Extension project for alternatives analysis and preliminary engineering. Section 3043(e)(3)(A) of SAFETEA-LU further makes all projects in subsection 3043(c) eligible for final design and construction effective October 1, 2007. The capital cost of the Perris Valley Line project is $168.26 million, with a Small Starts share of $75.00 million, or 45 percent. Congress has appropriated $1.96 million for the project through FY 2008. FTA recommends $50.00 million in Small Starts funding for the project in FY 2009.

California: San Diego/Mid-City Rapid

The San Diego Association of Governments (SANDAG), in conjunction with the San Diego Metropolitan Transit System (MTS), is proposing the development and implementation of a nearly 10-mile "arterial" BRT route connecting downtown San Diego and San Diego State University. The BRT alignment would run primarily along three of the region's densest urban travel corridors: Broadway in downtown; Park Boulevard through North Park and Hillcrest; and El Cajon Boulevard, running east-west through several of San Diego's older and densely populated "Mid-City" neighborhoods. The project scope includes 11 enhanced bus shelters in each travel direction with real-time passenger information systems; traffic signal priority systems throughout the corridor; and 15 low-floor advanced technology buses, which will provide a unique identity differentiating it from local bus service in the corridor. Mid-City Rapid service is proposed to operate at 10-minute peak period frequencies.

A major capital transit investment has been anticipated in the Mid-City corridor since 2002, when it was first selected as a potential BRT "showcase" project for further study. SANDAG has completed the necessary planning work in the corridor including: adopting a Transit First strategy for the San Diego region in 2003 which included, among other things, the identification of several BRT corridors, including the proposed Mid-City corridor; preparing a Mid-City Transit Network Plan in 2005 to define a series of short- and long-term strategies for improving transit throughout the area; and identifying arterial BRT along El Cajon Boulevard as an immediate investment strategy. FTA expects to approve the project into Small Starts project development in November 2007. Project construction is anticipated to commence in 2009, with revenue operations assumed by July 2010.

SAFETEA-LU Section 3043(c)(217) authorizes the San Diego First Bus Rapid Transit project for alternatives analysis and preliminary engineering. Section 3043(e)(3)(A) of SAFETEA-LU further makes all projects in subsection 3043(c) eligible for final design and construction effective October 1, 2007. The San Diego Mid-City Rapid project is estimated to cost $43.30 million, with a proposed Small Starts share of 50 percent, or $21.65 million. FTA recommends this amount of Small Starts funding for the project in FY 2009.

Colorado: Fort Collins/Mason Corridor BRT

The City of Fort Collins, Colorado, is proposing a 5.0-mile Mason Corridor BRT system within its Mason Transportation Corridor (MTC), which extends from Maple Street in downtown Fort Collins to Harmony Road. The "Mason Express" or "MAX" right-of-way (ROW) is parallel to, and a few hundred feet west of, College Avenue (US 287), the city's primary north-south arterial, and adjacent to Burlington Northern Santa Fe (BNSF) railway tracks, which currently accommodate six to eight freight trains per day. MAX BRT would operate at-grade in mixed traffic from the existing North Transit Center for 1.2 miles to the northern edge of Colorado State University (CSU) and continue in a 3.8-mile exclusive ROW to the proposed South Transit Center. Service would operate at ten-minute peak frequencies. The project scope includes construction of the South Transit Center, traffic signal priority in general purpose lanes, a bus guideway facility, eight transit stations, eight enhanced bus stops, 250 park-and-ride spaces, unique MAX project branding, and five new low-floor vehicles.

The BRT project is a result of a citizens' initiative begun in 1996 that produced the Mason Street Transportation Corridor Master Plan in January 1999. BRT was selected as the locally preferred alternative in October 2000. The MTC BRT project was approved into New Starts preliminary engineering in 2001, but dropped out in 2005 when a series of local ballot initiatives failed. With the infusion of capital from the Colorado Department of Transportation in 2007, the City of Fort Collins sought to advance the project as a Small Start. Project development approval is expected in December 2007. An Environmental Assessment for the project was initiated in August 2002; after significant delays, final Federal clearance is expected in early 2008. MAX service is scheduled to begin in 2010.

The Fort Collins Mason Corridor BRT project is estimated to cost $74.19 million, with a proposed Small Starts share of 80 percent, or $59.35 million. FTA recommends $11.18 million in Small Starts funding for the project in FY 2009.

Massachusetts: Fitchburg/Commuter Rail Improvements

The Montachusett Regional Transit Authority (MART) of the Fitchburg/Leominster, Massachusetts, metropolitan area, in conjunction with the Massachusetts Bay Transportation Authority (MBTA), is proposing to modernize an existing commuter rail line to provide improved service and reliability for riders at 18 urban and suburban stations over a 50-mile corridor extending from Fitchburg to Boston's North Station. Owned by the MBTA and operated under contract by the Massachusetts Bay Commuter Rail (MBCR) Company, improvements to the Fitchburg Line will include installation of approximately 8.5 miles of double-track from Ayer to South Acton resulting in double-track operations throughout the entirety of the line; upgrade of horizontal and vertical track alignment to achieve a maximum 80 mph operation compared with the current 60 mph maximum speed; construction of three high-level platforms to replace three mini-high platforms displaced by double-tracking; replacement of a wayside signal control system with in-cab signal control; improvement of four highway grade crossings; installation of fiber optic cable and Wi-Fi access along the route; and installation of additional storage track at the Willows Freight Rail Yard.

MBTA initiated an analysis of potential Fitchburg Line improvements with three public meetings in 2003. MART, the transit agency responsible for the Fitchburg/Leominster area northeast of Boston, initiated the Fitchburg Commuter Rail Improvements alternatives analysis in March 2006. The study included the participation of the Massachusetts Executive Office of Transportation and Public Works and the MBTA. In addition, the Massachusetts Legislature established a "Fitchburg MBTA Line Corridor Advisory Committee" to recommend improvements for the Fitchburg Line. The alternatives analysis examined various packages of low and moderate-cost strategies to improve reliability and travel times in the Fitchburg corridor. MART identified an LPA in August 2007. An Environmental Assessment on the LPA was initiated shortly thereafter. FTA expects to approve the project into Small Starts project development in December 2007. As the Fitchburg project progresses, the MBTA, as owner of the line, will assume responsibility for the design and construction of the proposed improvements.

SAFETEA-LU Section 3043(c)(73) authorizes the Fitchburg Commuter Rail Extensions and Improvements project for alternatives analysis and preliminary engineering. Section 3043(e)(3)(A) of SAFETEA-LU further makes all projects in subsection 3043(c) eligible for final design and construction effective October 1, 2007. The Fitchburg Commuter Rail Improvements project is estimated to cost $149.98 million, with a Small Starts share of $74.99 million, or 50 percent. Congress has appropriated $5.88 million for the project through FY 2008. FTA recommends $30.00 million in Small Starts funding for the project in FY 2009.

Missouri: Kansas City/Troost Corridor BRT

The Kansas City Area Transportation Authority (KCATA) is proposing to construct and operate an approximately nine-mile long, street-running BRT line along Troost Avenue, terminating in downtown Kansas City, Missouri. The Troost Corridor BRT project includes 25 new stations with a real-time passenger information system, signal prioritization, and the purchase of 15 low-floor, branded vehicles. The proposed service would operate with ten-minute headways during the peak period. The project qualifies as a Very Small Start, as defined in the *Interim Guidance and Instructions for Small Starts.*

The Troost Avenue corridor contains the greatest population density in the Kansas City region, as well as major employment and entertainment centers such as the CBD, the Hospital Hill Medical Complex, Stower's Medical Institute, the University of Missouri at Kansas City, Rockhurst University, and the Federal/Honeywell complex.

In 2001, KCATA and the City of Kansas City, Missouri, completed planning activities and identified two main corridors in need of transit improvement. The first corridor ran north-south along Main Street, and the second along Troost Avenue. LRT was proposed as a transportation solution for each of these corridors, while identifying BRT as an alternative improvement strategy should light rail prove to be financially infeasible. Light rail was rejected by area voters in 2001 as too costly. Subsequently, BRT was selected as the preferred alternative for each corridor.

SAFETEA-LU Section 3043(b)(11) authorized the Southtown BRT project for final design and construction. The capital cost for the nine-mile, street-running BRT line along Troost Avenue is estimated to be $30.73 million, of which KCATA is seeking $24.58 million, or 80 percent, in Small Starts funding. Congress has appropriated $24.45 million for the project through FY 2008. FTA recommends $125,200 in Small Starts funding for the project in FY 2009.

Oregon: Portland/Streetcar Loop

The City of Portland, Oregon, in conjunction with the Tri-County Metropolitan Transportation District (TriMet), is proposing to construct a 3.3-mile extension to its existing "Westside" streetcar line. The project would result in a new streetcar line originating at the existing streetcar station at 10th Street and Lovejoy in the Pearl District northwest of downtown Portland, running east across the Willamette River to the City's Lloyd District, and then south along Martin Luther King (MLK) Jr. Boulevard and Grand Avenue, terminating near the Oregon Museum of Science and Industry (OMSI). This "Eastside" alignment includes 18 new stations and significant capital improvements to the Broadway Bridge to accommodate streetcar operations. The project would require seven new vehicles, all of which are being procured outside of the scope of the proposed Small Start. Service would operate at 12-minute headways during weekday peak periods in the opening year of 2011; future streetcar operations would result in "through" service (i.e., not requiring a transfer) between the Westside and Eastside alignments.

The City of Portland formed an Eastside Corridor Steering Committee in 2003 to explore opportunities for extending the existing Westside Portland Streetcar to the Lloyd District and Central Eastside area. Based upon this work, Metro, the metropolitan planning organization for the Portland region, initiated an alternatives analysis study in July 2005, evaluating the costs and benefits of various streetcar alignments and bus service in the Eastside corridor. In July 2006, local stakeholders selected a streetcar alignment running north-south along MLK Boulevard and Grand Avenue terminating at OMSI as the initial construction segment. TriMet submitted a complete request for entry into Small Starts project development for this alignment in March 2007; the request was approved by FTA the following month. TriMet is expected to complete an Environmental Assessment on the project in December 2007.

SAFETEA-LU Section 3043(c)(194) authorizes the Portland Streetcar Extensions project for alternatives analysis and preliminary engineering. Section 3043(e)(3)(A) of SAFETEA-LU further makes all projects in subsection 3043(c) eligible for final design and construction effective October 1, 2007. The Portland Streetcar Loop project is estimated to cost $126.92 million with a Small Starts request of $75.00 million, or 59 percent of total project costs. FTA recommends $50.00 million in Small Starts funding for the project in FY 2009, contingent upon its achievement of a *Medium* cost effectiveness rating.

Oregon: Springfield/Pioneer Parkway EmX BRT

The Lane Transit District (LTD) is proposing to construct and operate a 7.8-mile extension of the Franklin corridor Emerald Express (EmX) BRT currently under construction in Eugene, Oregon. The proposed project would extend service from the eastern terminus of the Franklin corridor route north along the Pioneer Parkway to existing and new residential and employment areas in Springfield. The project includes 14 new stations, traffic signal priority, and the purchase of four low-floor, branded, hybrid-electric vehicles. The proposed service would operate at-grade with ten-minute headways during the weekday peak and off-peak period.

Major employment centers along the Pioneer Parkway BRT route include Symantec, Royal Caribbean, PeaceHealth, and the North Gateway Mall. Total employment within one-half mile of the BRT route is expected to be 15,500 jobs by 2010, over 10 percent of the metropolitan area's total forecasted employment.

In 2001, BRT was identified as a strategy to combat congestion in the adopted Eugene-Springfield Regional Transportation Plan. LTD completed an Environmental Assessment on the Pioneer Parkway EmX BRT project in November 2006.

SAFETEA-LU Section 3043(c)(98) authorizes the Lane County Bus Rapid Transit Phase 2 project for alternatives analysis and preliminary engineering. Section 3043(e)(3)(A) of SAFETEA-LU further makes all projects in subsection 3043(c) eligible for final design and construction effective October 1, 2007. The capital cost for the 7.8-mile extension Pioneer Parkway EmX BRT line is estimated to be $36.99 million, of which LTD is seeking $29.59 million, or 80 percent, in Small Starts funding. Congress has appropriated $29.30 million for the project through FY 2008. FTA recommends $296,000 in Small Starts funding for the project in FY 2009.

Washington: King County/Bellevue-Redmond BRT

King County Metro is proposing to construct and operate a 9.25-mile long street-running BRT line connecting downtown Bellevue, Crossroads Mall, the Overlake urban center, and downtown Redmond. This alignment traverses portions of two existing local bus routes: Routes 253 and 230, which currently operate at a combined 15-minute headway. The corridor already features substantial existing transit investment including three regional transit transfer centers. The Bellevue - Redmond BRT project is intended to complement these facilities. The scope includes 12 new stations, real-time bus arrival information, signal prioritization, and 18 low-floor hybrid vehicles. The proposed service would operate with 10-minute headways during the peak-period and 15-minute headways during the weekday off-peak.

In 2002, King County Metro adopted a Transit Development Plan, which identified strategies and projects to be completed over the following six years. This plan included pursuing BRT as an alternative in a number of transportation corridors in King County. The proposed BRT route was developed as part of a larger system that has since been named RapidRide. RapidRide is proposed as a network of BRT routes that seek to complement the region's fixed-route and high capacity transit service by providing intermediate capacity in transportation corridors.

The Bellevue - Redmond corridor was one of three corridors identified in the Transit Development Plan where BRT was the LPA. This corridor was the highest ranked corridor in eastern King County. The project is expected to be approved into project development in December 2007.

The capital cost estimate for the Bellevue – Redmond BRT project is $26.95 million, with a proposed Small Starts share of $20.21 million, or 75 percent. FTA recommends $10.95 million in Small Starts funding for the project in FY 2009.

Washington: King County/Pacific Highway South BRT

King County Metro is proposing to construct and operate a 10.9-mile BRT route extending from the City of Tukwila to the City of Federal Way, south of Seattle. The project includes 14 new stations, traffic signal priority, and the purchase of 16 low-floor, branded, diesel-hybrid vehicles. The proposed service would operate at-grade with ten-minute headways during the peak period. The project qualifies as a Very Small Start, as defined in the *Interim Guidance and Instructions for Small Starts.*

The project corridor contains significant employment and residential nodes in the region such as the Duwamish Manufacturing/Industrial Center, as well as major attractions such as SeaTac International Airport. Current bus service in the corridor makes frequent stops to accommodate passenger demand. The project would provide improved transit service and amenities for a large number of existing transit riders, as well as attract new riders.

In 2002, King County Metro identified three potential BRT corridors in its 2002 *Six-Year Transit Development Plan*. After local commitments were made to provide basic operational and physical improvements in the corridor to support BRT service, the Pacific Highway South project was selected as the first BRT line in the county for implementation.

The capital cost for the 10.9-mile BRT route is estimated to be $25.07 million, of which King County Metro is seeking $14.08 million, or 56.2 percent, in Small Starts funding. Congress has appropriated $13.79 million for the project through FY 2008. FTA recommends $281,520 in Small Starts funding for the project in FY 2009.

Other Funding

The President's FY 2009 Budget also includes funding in the amount of $36.20 million for other statutorily-required purposes. Funding for the Denali Commission (Commission) was provided for in Section 3011(a) of SAFETEA-LU (49 USC 5309(m)(6)(C)), with $5.00 million authorized for each fiscal year from 2006 to 2009. The Commission is designed to provide critical utilities, infrastructure, and economic support throughout Alaska, particularly in remote communities. As directed by Section 307(e) of Pub.L. 105-277, div. C, title III, as amended (42 USC 3121 note), "The Secretary of Transportation is authorized to make direct lump sum payments to the Commission to construct docks, waterfront development projects, and related transportation infrastructure, provided the local community provides a ten percent non-Federal match in the form of any necessary land or planning and design funds."

SAFETEA-LU also reauthorized funds for Ferry Capital Projects in Alaska and Hawaii, with $15.00 million in funding authorized each fiscal year from 2006 to 2009 for fixed guideway ferry systems and extension projects utilizing ferry boats, ferry boat terminals, or approaches to ferry boat terminals (49 USC 5309(m)(6)(B)).

Finally, $16.20 million – one percent of the Section 5309 New Starts/Small Starts program – is included for Federal oversight of the planning, development, and construction of candidate projects.

Alternative Transportation in Parks and Public Lands Program

SAFETEA-LU Section 3021, which amended Section 5320 of Title 49 USC, established a new program to fund alternative transportation projects in national parks and public lands. The program is to be implemented by the U.S. Department of Transportation in consultation with the Department of the Interior and other Federal land management agencies.

Section 5320 stipulates that the Secretary of Transportation annually submit a report on the allocation of amounts made available to assist qualified projects under this section, and that this information is to be included in the *Annual Report on Funding Recommendations* submitted under Section 5309(k)(1). In FY 2007, Congress appropriated $23.00 million for the Alternative Transportation in Parks and Public Lands (ATPPL) program, which was generally consistent with funding levels authorized in SAFETEA-LU. In 2007, FTA and the Department of the Interior selected 46 capital and planning projects for funding under the ATPPL program. Appendix C of this *Annual Report on Funding Recommendations* describes FTA's overall progress in developing this new program, details the 46 alternative transportation projects funded in FY 2007, and notes the technical assistance activities sponsored to date.

FY 2009 New Starts Projects and Ratings Contained in this Report

As noted previously, Appendix A of the FY 2009 *Annual Report on Funding Recommendations*, as with all previous annual reports, provides information on New Starts projects in different stages of development. For projects under an FFGA, the report includes a summary "profile" of the project scope, expected ridership, and implementation status. The report also includes detailed information, evaluations, and ratings for all candidate projects that have been approved by FTA for, and are actively engaged in, PE and final design and that are seeking more than $25 million in New Starts funding. Per FTA's June 2007 *Guidance on New Starts/Small Starts Policies and Procedures*, FTA no longer requires New Starts and Small Starts project sponsors to submit information for evaluation in the *Annual Report* if their project is not a candidate for FY 2009 funding, unless significant issues were raised in prior year evaluations that warranted a re-rating. Instead, the *Annual Report* conveys the most recent ratings of such projects and notes their progress and any significant issues since that evaluation.

The report also includes summary information on three projects approved by FTA for, and actively engaged in, final design but that are exempt from project evaluation because they are requesting less than $25 million in New Starts funding. Finally, the report includes Small Starts projects that have been approved into project development. The maps on pages 21 and 22 present the location of existing and pending FFGAs, and projects in PE, final design, and Small Starts project development, respectively.

In the past year, four proposed New Starts projects included in the FY 2008 *Annual Report on Funding Recommendations* no longer meet the conditions for inclusion in this year's report. Sponsors of these projects have either: a) fully implemented the project scope described in last year's report; b) received the entirety of the New Starts funding requested to implement said scope; or c) terminated or suspended project development activities on the specific project under FTA approval for preliminary engineering.

Two projects that were requesting less than $25 million in New Starts funding and are thus exempt from both FTA's evaluation and consideration for an FFGA – the ***CORRIDORone Rail*** project in Harrisburg, Pennsylvania, and the ***Downtown Transit Service Enhancement Project*** in Jacksonville, Florida –received FY 2008 appropriations sufficient to meet their New Starts funding requests. As for all projects, both proposed major transit capital investments must meet all grant requirements in order for FTA to obligate these funds.

Two projects reported in preliminary engineering in last year's report are not included in the FY 2009 *Annual Report on Funding Recommendations*. On October 26, 2007, the Metropolitan Transit Authority of Harris County (Houston METRO) informed FTA that it was ceasing further development of ***bus rapid transit projects in the North and Southeast corridors***. In their place, METRO intends to advance light rail transit in the two corridors. As FTA's PE approval did not extend to LRT - and as the *Annual Report on Funding Recommendations* only reports on proposed projects in PE, final design, or Small Starts project development - METRO's proposed LRT projects are not included in this year's report. However, due to the unique project delivery method proposed for the two projects, it is anticipated that the revised projects will be able to advance toward construction after remaining uncertainties regarding their anticipated costs, benefits, environmental impacts, and financing methods are better known. FTA and METRO are continuing to work together to develop sufficient information to provide for an evaluation of the LRT projects' merit and sponsor's technical and financial capacity, at which time the projects will be re-considered for entry into the New Starts pipeline, and, potentially, a future funding recommendation.

Tables 2A and 2B present the ratings for all projects currently advancing through the New Starts and Small Starts development process. Projects are rated against a number of measures which reflect the project justification and local financial commitment criteria established by statute. The FY 2009 project evaluation process for New Starts is similar to the process used in the evaluation of projects included in the FY 2004-2008 *Annual Reports,* and is consistent with both FTA's *Final Rule on Major Capital Investment Projects* issued on December 7, 2000, and the June 2007 *Guidance on New Starts/Small Starts Policies and Procedures*, which implemented new measures for the mobility improvements criterion and established the required rating of each project's *Making the Case* document. As this is the first year of evaluating the sponsor-submitted "case" for their proposed project, FTA has decided not to incorporate the rating of this measure into the summary project justification rating. Appendix B provides a detailed explanation of the evaluation process used to evaluate New Starts and Small Starts projects contained in the FY 2009 *Annual Report*.

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Summary of FY 20

Phase State, City, Project	Capital Cost (millions)	Financing Costs (millions)
Final Design		
CO Denver, West Corridor LRT	$606.5	$50.3
CT Hartford, New Britain - Hartford Busway	$447.6	$11.2
CT Stamford, Urban Transitway Phase II (1)	$48.3	$0.0
DE Wilmington, Wilmington to Newark Commuter Rail Improvements (1)	$78.4	$0.0
RI Providence, South County Commuter Rail (1)	$49.2	$0.0
WA Seattle, University Link LRT	$1,614.0	$184.1
Preliminary Engineering		
CA Sacramento, South Sacramento Corridor Phase 2	$226.2	$0.0
CA San Francisco, Central Subway LRT	$1,289.8	$0.0
FL Miami, Orange Line Phase 2: North Corridor Metrorail Extension	$1,334.1	$271.3
FL Orlando, Central Florida Commuter Rail Transit - Initial Operating Segment	$415.8	$0.9
MA Boston, Silver Line Phase III	$1,060.6	$106.8
MN St. Paul - Minneapolis, Central Corridor LRT	$932.3	$0.0
NC Charlotte, Northeast Corridor Light Rail Project	$749.0	$0.0
NJ Northern New Jersey, Access to the Region's Core	$7,263.5	$0.0
UT Salt Lake City, Mid-Jordan LRT	$513.7	$40.0
VA No. Virginia, Dulles Corridor Metrorail Project - Extension to Wiehle Ave	$2,548.8	$412.0
Small Starts Project Development		
AZ Flagstaff, Mountain Links BRT	$9.9	$0.5
CA Livermore, Livermore-Amador Route 10 BRT	$21.7	$0.0
CA Los Angeles, Metro Rapid Bus System Gap Closure	$25.7	$0.0
CA Los Angeles, Wilshire Boulevard Bus-Only Lane	$31.5	$0.0
CA Riverside, Perris Valley Line	$168.3	$0.0
CA San Bernandino, E Street Corridor sbX BRT	$163.4	$0.0
CA San Diego, Mid-City Rapid	$43.3	$0.0
CA San Francisco, Van Ness Avenue BRT	$78.6	$9.0
CO Fort Collins, Mason Corridor BRT	$74.2	$0.0
MA Fitchburg, Commuter Rail Improvements	$149.8	$0.2
MI Grand Rapids, South Corridor BRT	$35.6	$1.1
MO Kansas City, Troost Corridor BRT	$30.7	$0.0
OR Portland, Streetcar Loop	$121.9	$5.0
OR Springfield, Pioneer Parkway EmX BRT	$37.0	$0.0
WA King County, Bellevue-Redmond BRT	$27.0	$0.0
WA King County, Pacific Highway South BRT	$25.1	$0.0

(1) This project has not been rated; under §5309(e)(8))(A), proposed New Starts projects requiring less than $25

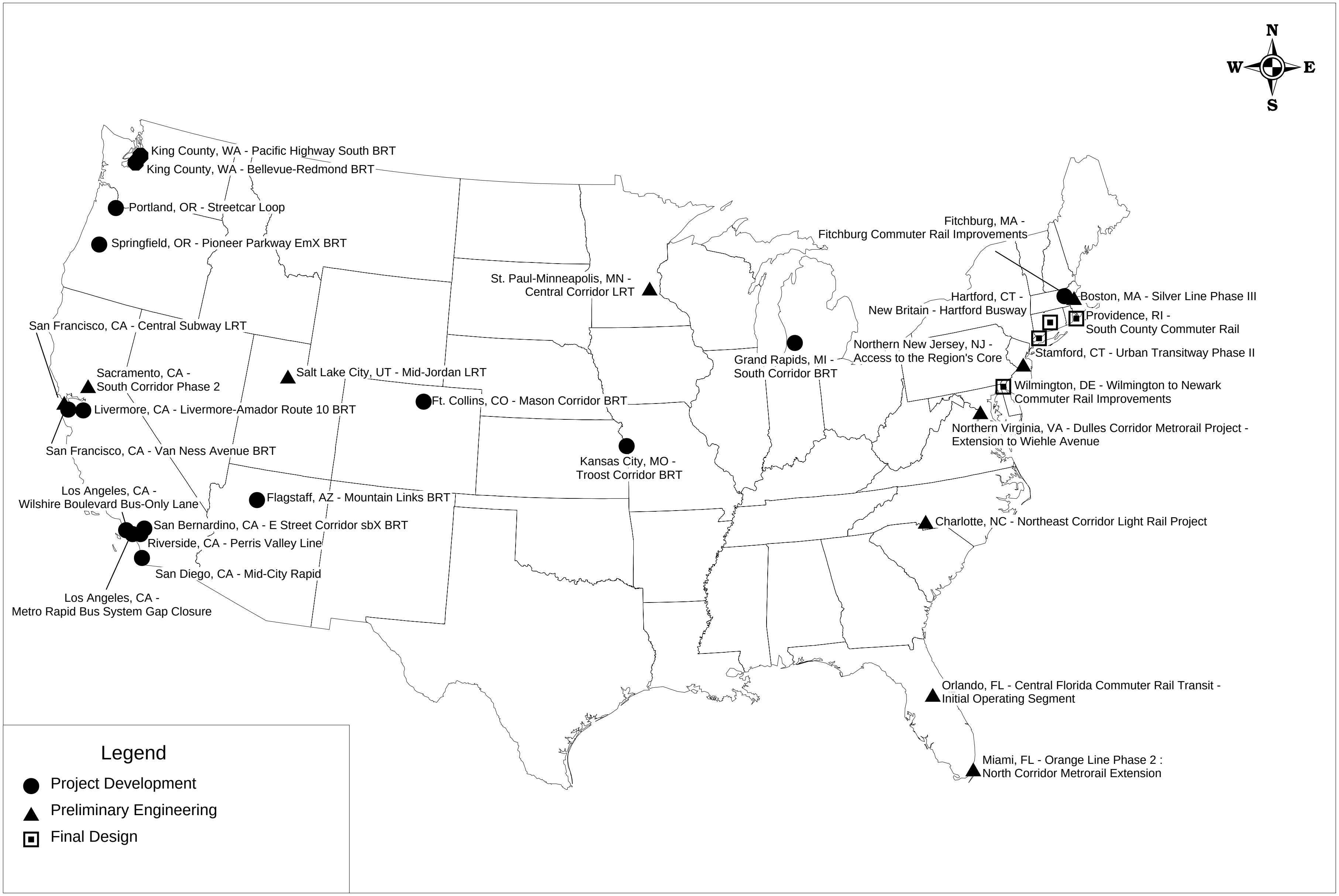
ıble 2A
)09 New Starts Ratings

Total Capital Cost (millions)		Total New Starts Funding Requested	New Starts Funds Share of Capital Costs	Overall Project Rating	Local Financial Commitment Rating
$656.8	YOE	$290.6	44%	**Medium-High**	Medium-High
$458.8	YOE	$275.3	60%	**Medium**	Medium
$48.3	YOE	$24.7	51%	**Exempt**	Exempt
$78.4	YOE	$25.0	32%	**Exempt**	Exempt
$49.2	YOE	$24.9	51%	**Exempt**	Exempt
$1,798.1	YOE	$750.0	42%	**High**	Medium-High
$226.2	YOE	$113.1	50%	**Medium-High**	Medium-High
$1,289.8	YOE	$762.2	59%	**Medium-High**	Medium
$1,605.4	YOE	$700.0	44%	**Medium-Low**	Medium-Low
$416.7	YOE	$208.3	50%	**Medium-High**	Medium-High
$1,167.3	YOE	$699.2	60%	**Medium**	Medium
$932.3	YOE	$465.2	50%	**Medium**	Medium
$749.0	YOE	$374.5	50%	**Medium-High**	Medium-High
$7,263.5	YOE	$3,000.0	41%	**Medium-High**	Medium
$553.7	YOE	$431.9	78%	**Medium-High**	Medium-High
$2,960.8	YOE	$900.0	30%	**Not Rated**	Medium-Low
$10.4	YOE	$6.2	60%	**Medium**	Medium
$21.7	YOE	$10.9	51%	**Medium**	Medium
$25.7	YOE	$16.7	65%	**Medium**	Medium
$31.5	YOE	$23.3	74%	**Medium**	Medium
$168.3	YOE	$75.0	45%	**Medium-High**	High
$163.4	YOE	$75.0	46%	**Medium-High**	High
$43.3	YOE	$21.7	50%	**Medium-High**	High
$87.6	YOE	$70.0	80%	**Medium-High**	Medium
$74.2	YOE	$59.4	80%	**Medium**	Medium
$150.0	YOE	$75.0	50%	**Medium-High**	High
$36.7	YOE	$29.3	80%	**Medium**	Medium
$30.7	YOE	$24.6	80%	**Medium**	Medium
$126.9	YOE	$75.0	59%	**Medium-High**	Medium
$37.0	YOE	$29.6	80%	**Medium**	Medium
$27.0	YOE	$20.2	75%	**Medium**	Medium
$25.1	YOE	$14.1	56%	**Medium**	Medium

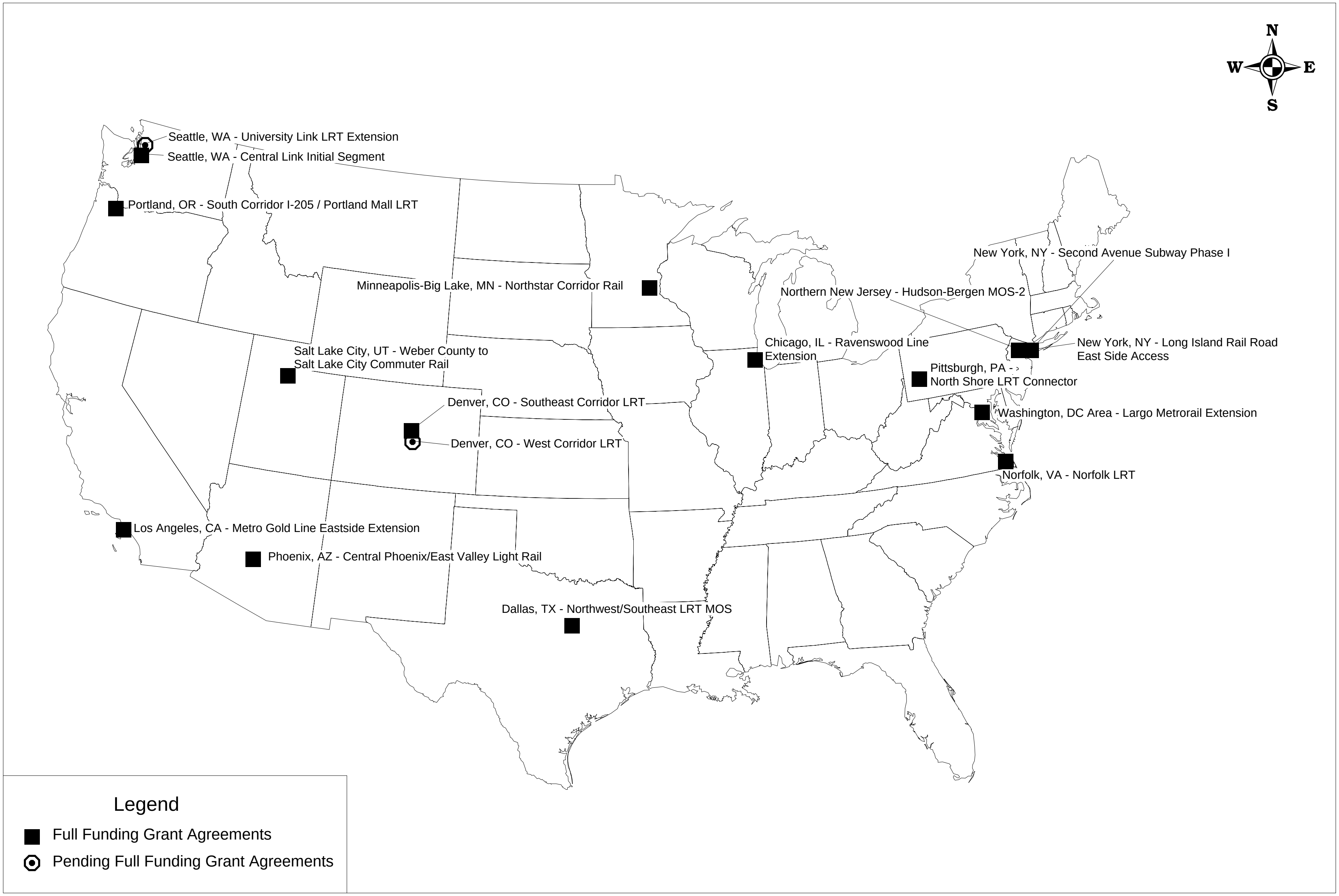
ı.00 million in §5309 New Starts funding are exempt from the project evaluation and rating process.

Project Justification Rating
Medium
Medium
Exempt
Exempt
Exempt
Medium-High
Medium
Medium-High
Medium
Medium
Medium-High
Medium
Medium
Medium-High
Medium
Not Rated
Medium
Medium
Medium
Medium
Medium
Medium
Medium
High
Medium
Medium
Medium
Medium
Medium-High
Medium-High
Medium
Medium

Project Development, Preliminary Engineering & Final Design
FY 2009



Existing and Pending Full Funding Grant Agreements
FY 2009



Background

The project profiles presented in this Appendix provide background information supporting the U.S. Department of Transportation's (USDOT) New Starts and Small Starts Program funding recommendations for FY 2009. USDOT's funding recommendations are being provided to Congress pursuant to 49 USC 5309(k)(1). The funding recommendations are based on the decision criteria defined in 49 USC 5309(d) and (e).

Under 49 USC 5309(d), major capital investment grants for the construction of a new fixed guideway system or the extension of an existing system seeking $75 million or greater in Federal New Starts funds may be made only if the Secretary determines that the proposed project is:

(A) based on the results of an alternatives analysis and preliminary engineering;

(B) justified based on a comprehensive review of its mobility improvements, environmental benefits, cost effectiveness, and operating efficiencies, economic development effects and public transportation supportive land use policies and future patterns; and

(C) supported by an acceptable degree of local financial commitment (including evidence of stable and dependable funding sources) to construct, maintain, and operate the system or extension, and maintain and operate the entire public transportation system without requiring a reduction in existing public transportation services or level of service to operate the proposed project.

49 USC 5309(e) establishes new requirements for "Small Starts" projects seeking no more than $75 million in New Starts funding with a total project cost of not greater than $250 million. Grants for such projects can only be made if the Secretary finds that the project is:

(A) based on the results of an alternatives analysis and preliminary engineering;

(B) justified based on a review of its cost effectiveness, public transportation supportive land use policies, and effect on economic development; and

(C) supported by an acceptable degree of local financial commitment.

This *Annual Report on Funding Recommendations* presents FTA's evaluation of New Starts and Small Starts projects as provided for under 49 USC 5309(d) and (e). The *Annual Report* includes profiles for each project under a Full Funding Grant Agreement (FFGA) as well as proposed projects undergoing final design, preliminary engineering, or Small Starts project development. In addition to providing information to Congress, the document serves as guidance to project sponsors so that improvements in project development can be made. Since projects can be expected to continue to change as they progress through the development process, the ratings for projects that are not yet recommended for FFGAs should not be construed as a statement about the ultimate merit of the project. Rather, the ratings provide an assessment of the project's current strengths and weaknesses as of November 2007.

Profiles for projects that are under construction – or, in a few cases, in revenue operation - are also included in this report if additional funds are needed in FY 2009 to fulfill the FFGA.

In general, the profiles for projects in final design, preliminary engineering, and Small Starts project development include the following sections:

(1) **Description:** This section briefly describes a project's physical characteristics (scope) and peak period operating plan. This section also summarizes the transportation problem or problems the proposed project is intended to address. Projects' overall ratings of *High, Medium-High, Medium, Medium-Low,* or *Low* are presented in this section, as are areas of concern or action items which the project sponsor must address prior to subsequent evaluations.

(2) **Project Development History and Current Status:** This section identifies where the project is in the development process. It indicates, for example, when the project was approved into preliminary engineering (and final design, if appropriate), as well as when it completed – or is anticipating to complete – Federal environmental review requirements.

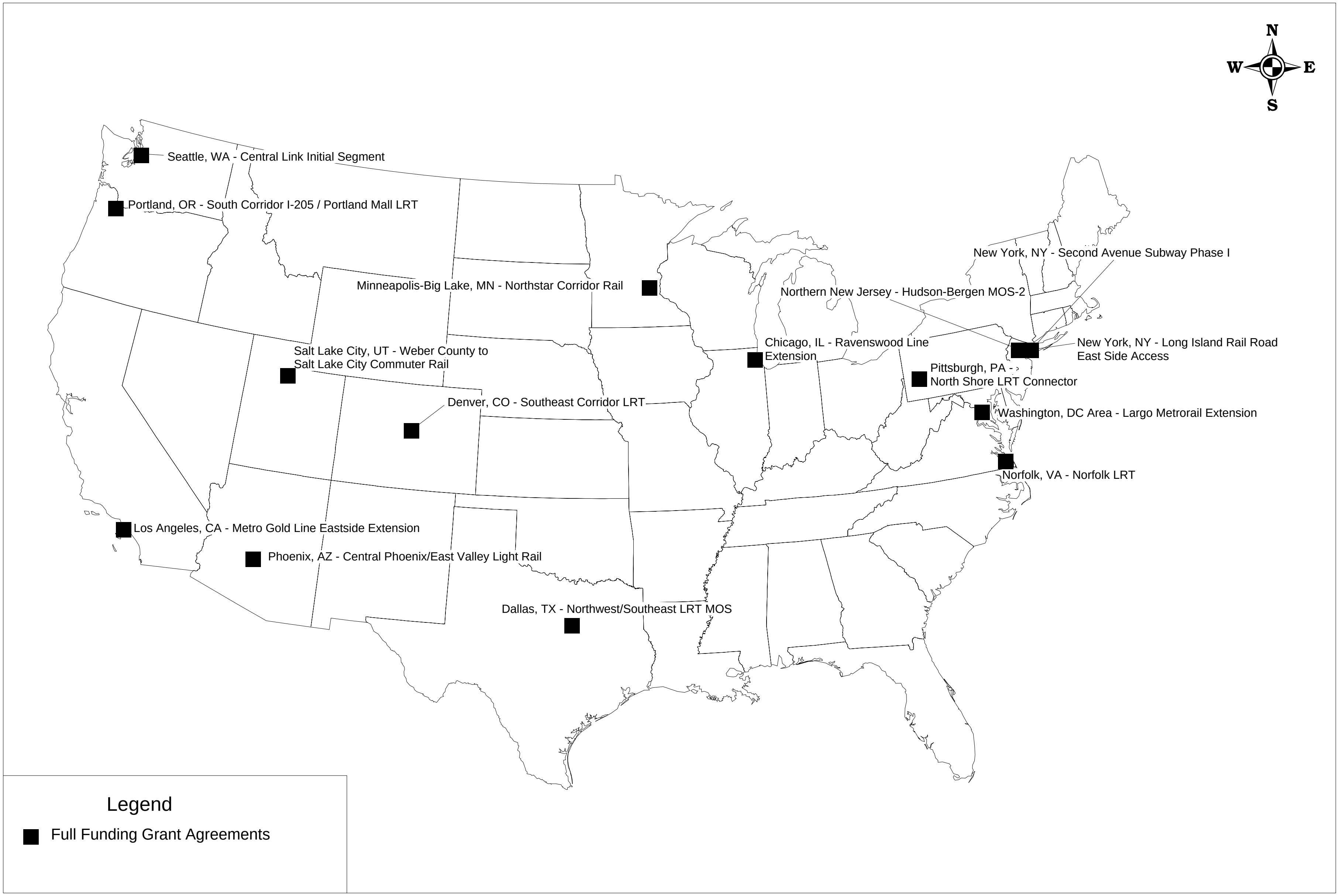
(3) **Significant Changes Since FY 2008 Evaluation:** This section describes significant changes in the project scope, capital cost, travel demand forecasts, or financial plan since the previous evaluation, which contribute to an understanding of why the information reported in the FY 2009 *Annual Report on New Starts* may be different from last year's data.

(4) **Project Justification:** This section presents an evaluation of each project's merit based on the criteria cited in 49 USC 5309(d) and (e); FTA's *Final Rule* on New Starts project evaluation and rating, which became effective April 6, 2001; FTA's *Final Guidance on New Starts/Small Starts Policies and Procedures,* issued June 4, 2007; and FTA's *Updated Interim Guidance and Instructions for Small Starts,* issued July 20, 2007. Information on transit supportive land use and project cost effectiveness is summarized in this section. A rating and summary of the *Making the Case* document for projects that are not in final design and are being re-evaluated for the FY 2009 *Annual Report* are also included in each profile. As this is the first year of evaluating the sponsor-submitted "case" for their proposed project, FTA has decided not to incorporate the rating of this measure into the summary project justification rating. For New Starts projects, ratings and data are also reported for the other project justification criteria, including mobility improvements, environmental benefits, and other factors (where appropriate).

(5) **Local Financial Commitment:** This section presents the evaluation of each project's financial plan and local financial commitment for the New Starts or Small Starts share, capital financial plan, and operating financial plan.

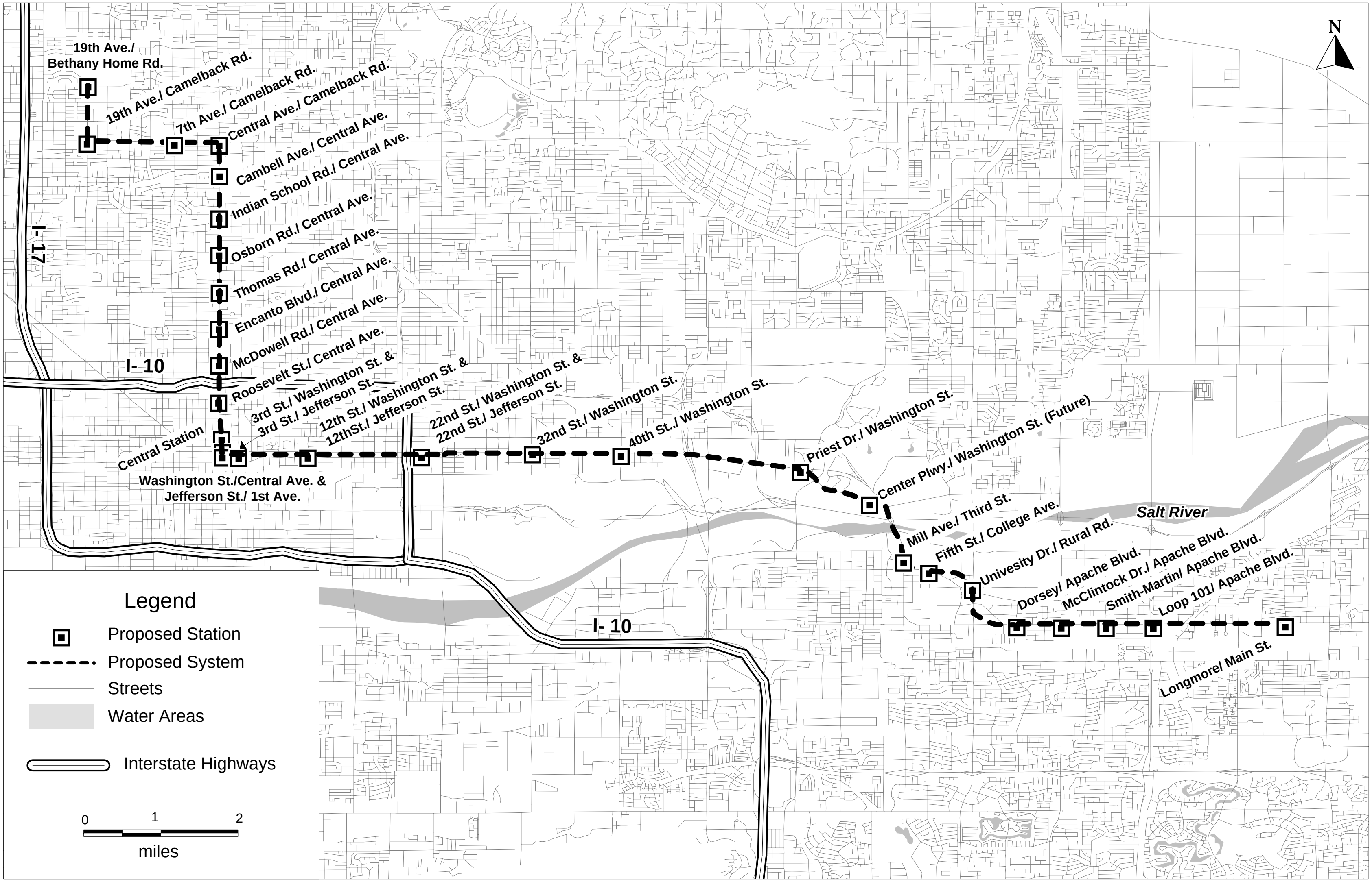
Profiles of projects that are "exempt" from evaluation under the New Starts criteria include only the description and status sections. Additionally, profiles for projects covered by existing FFGAs include only the information contained under the description and status sections because projects are not re-evaluated once a funding agreement is in place.

Full Funding Grant Agreements FY 2009



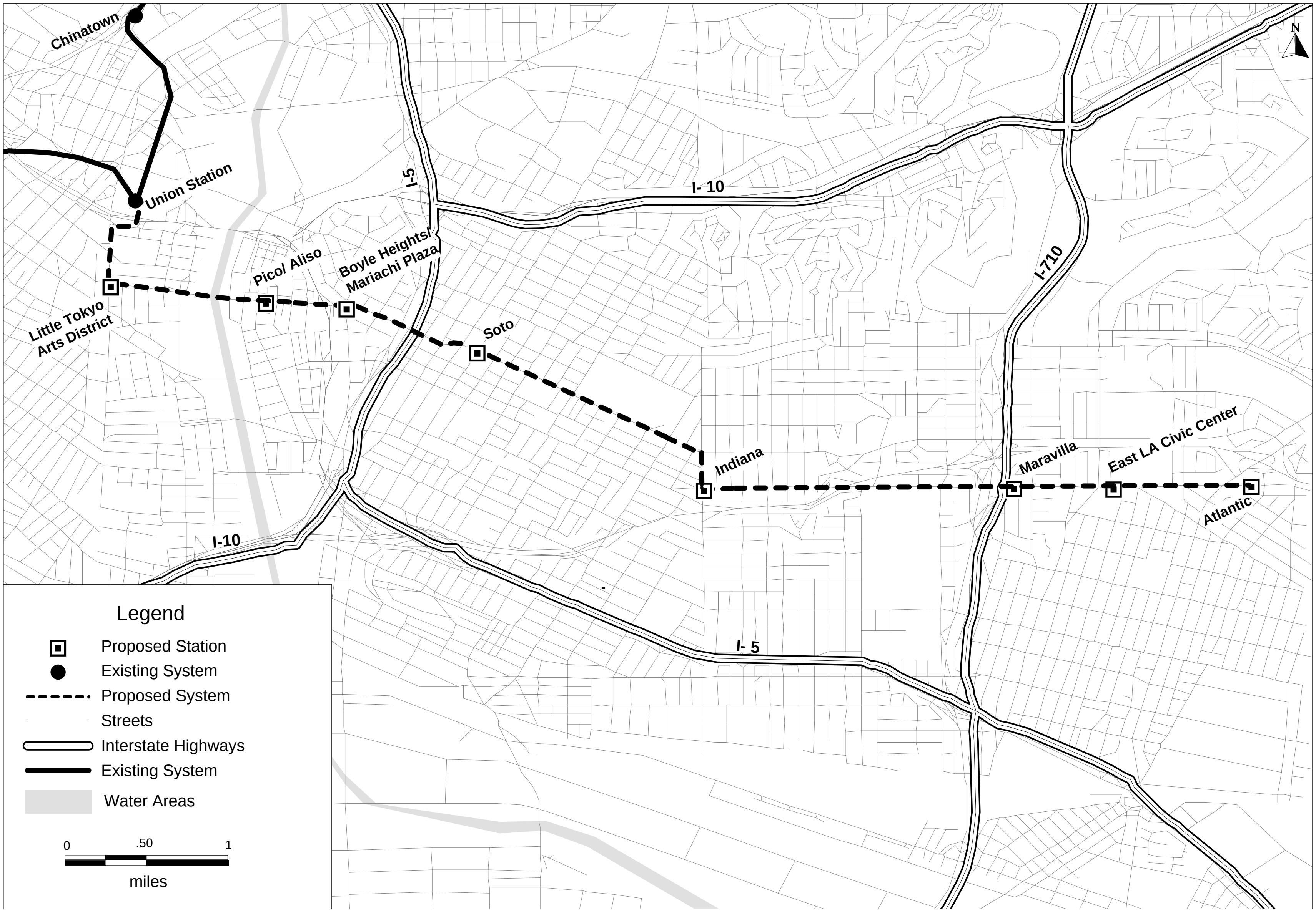
Central Phoenix / East Valley Light Rail

Phoenix, Arizona

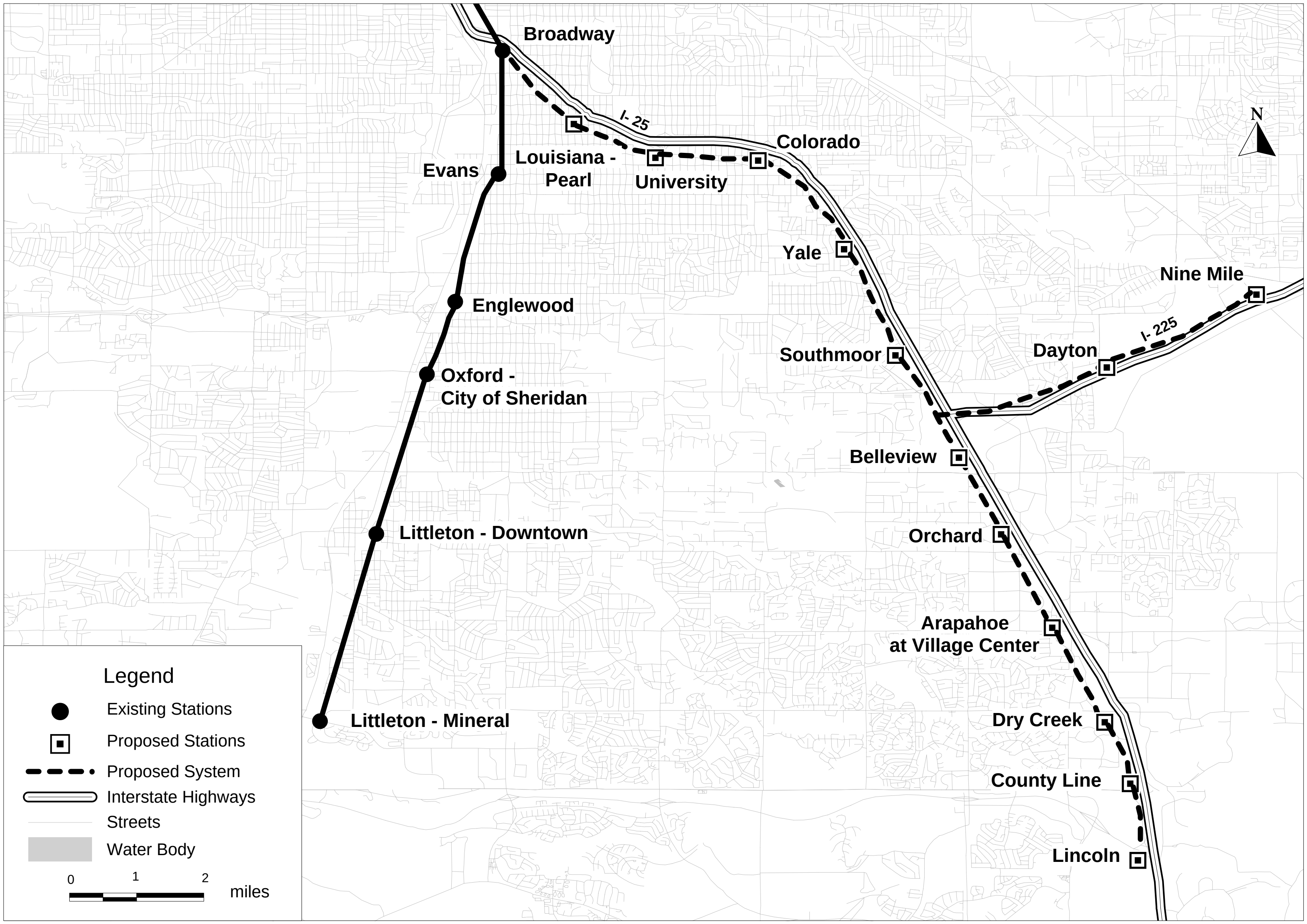


Metro Gold Line Eastside Extension

Los Angeles, California

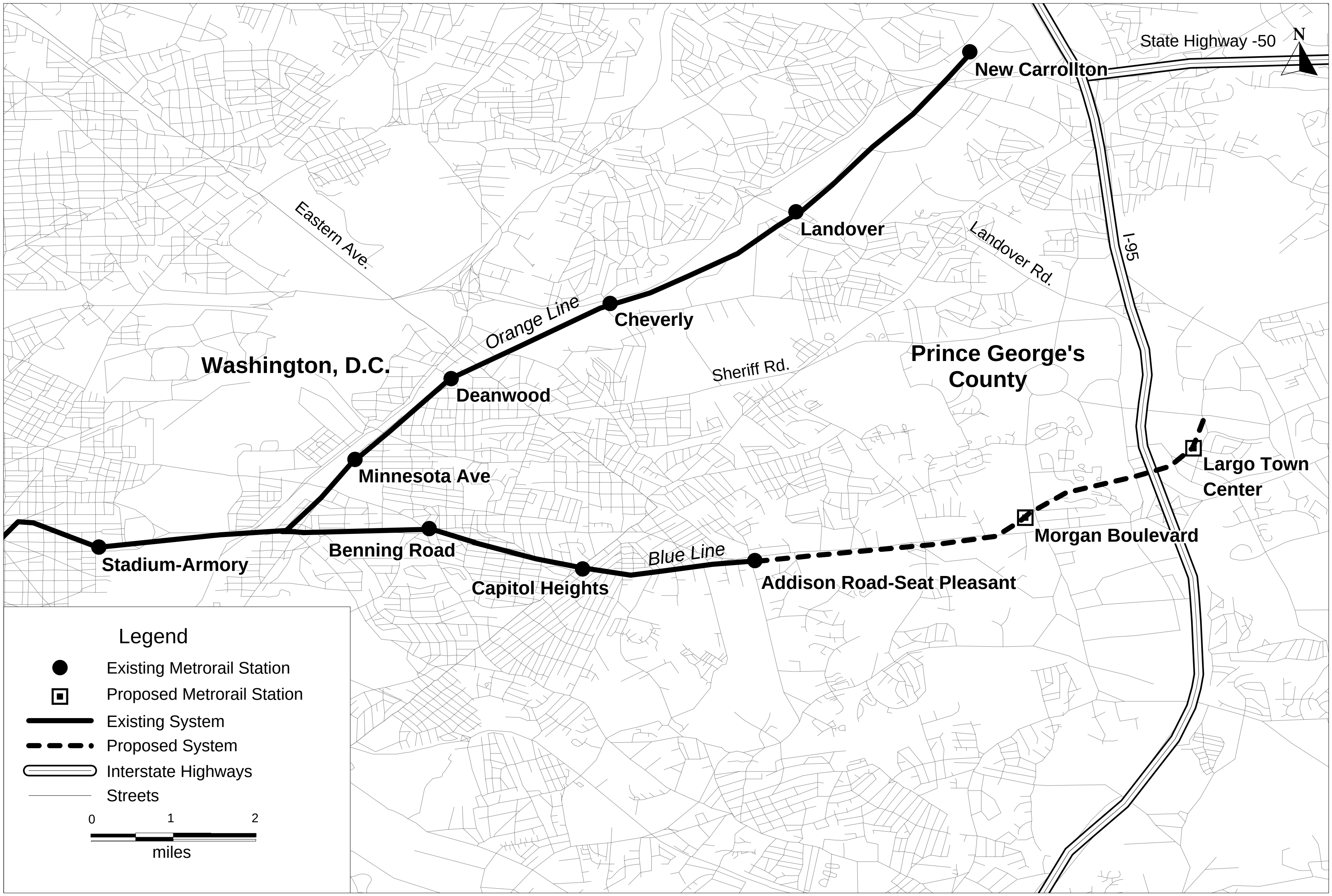


Southeast Corridor LRT
Denver, Colorado



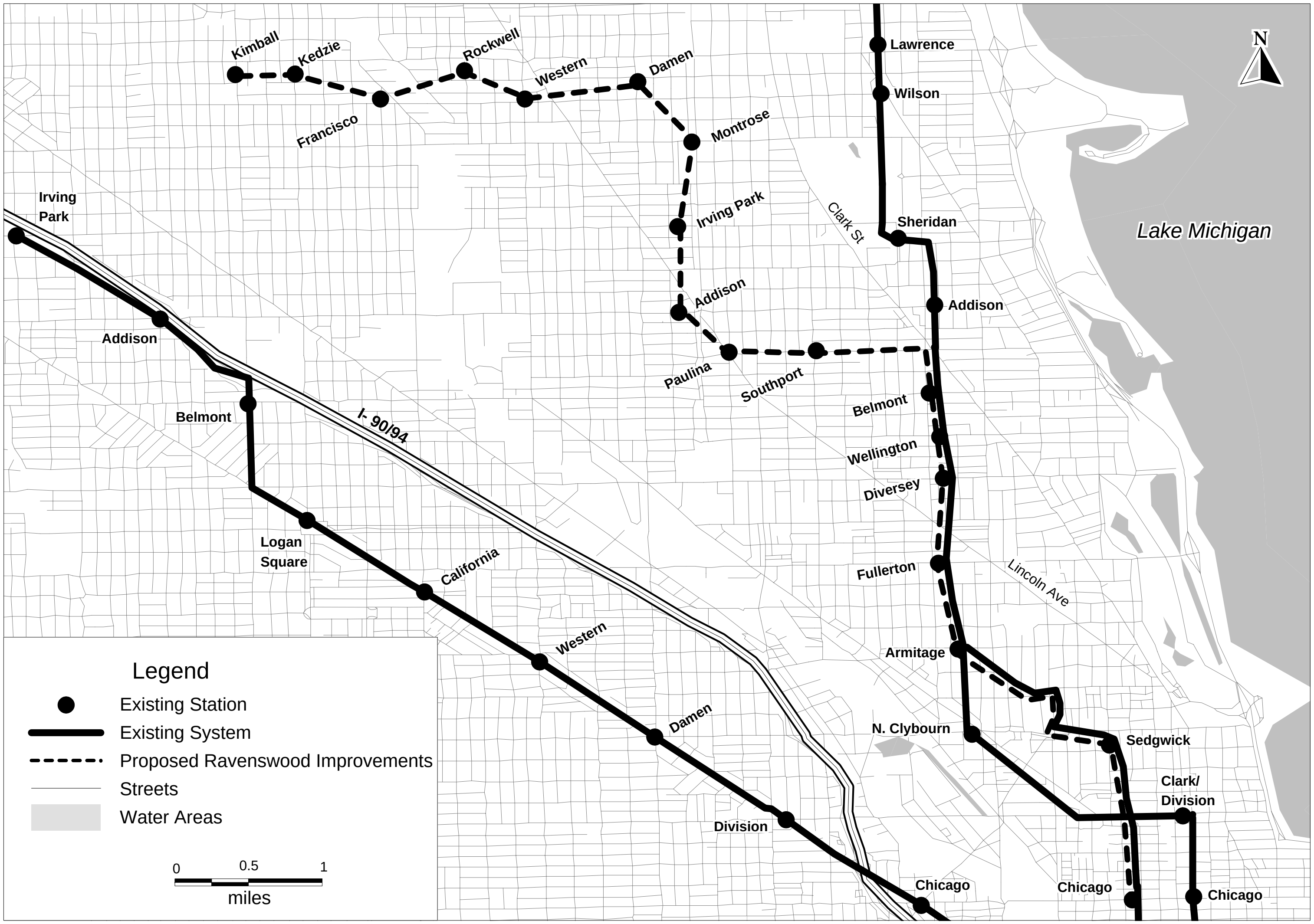
Largo Metrorail Extension

Washington, DC Metropolitan Area



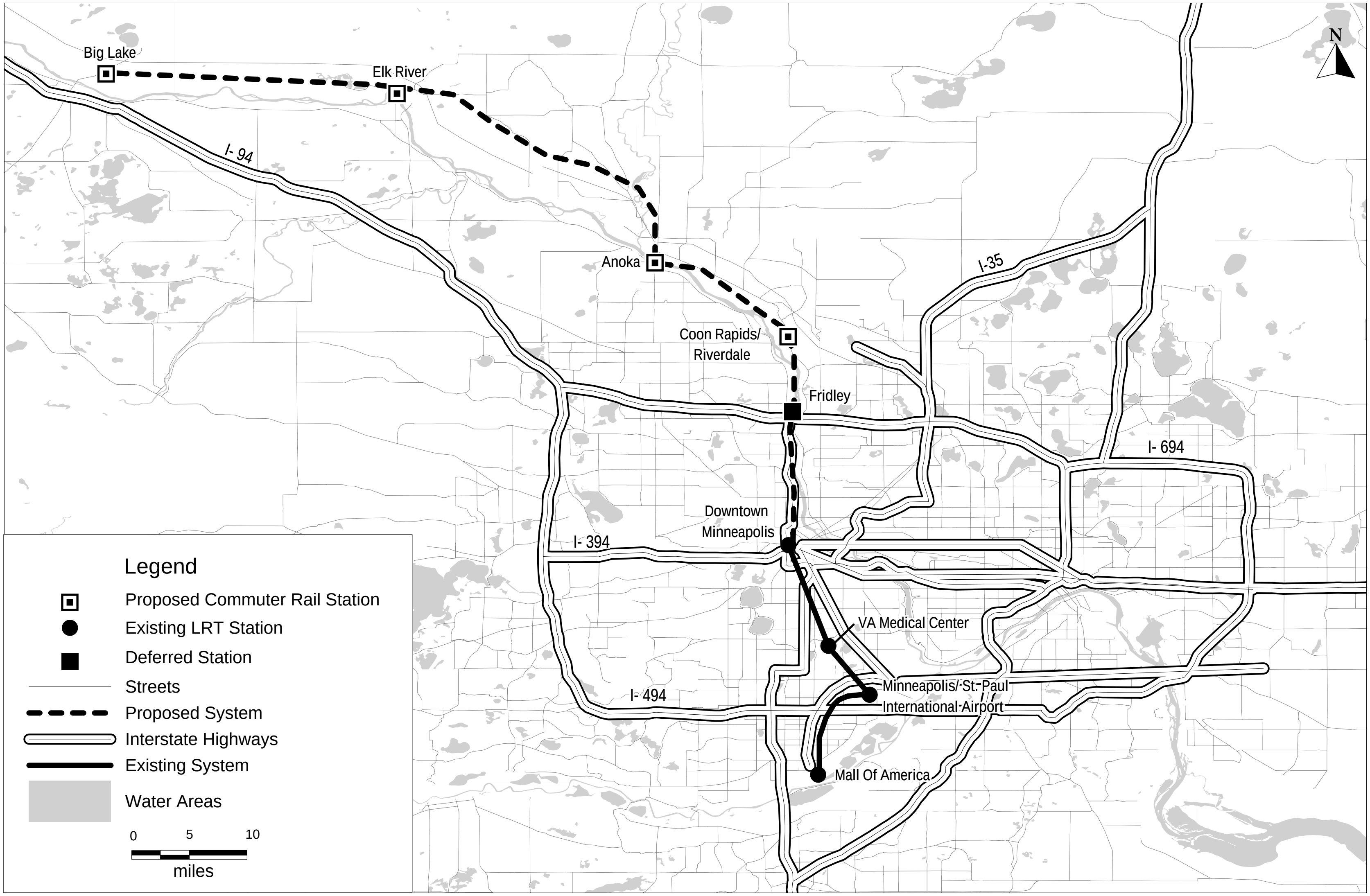
Ravenswood Line Extension

Chicago, Illinois



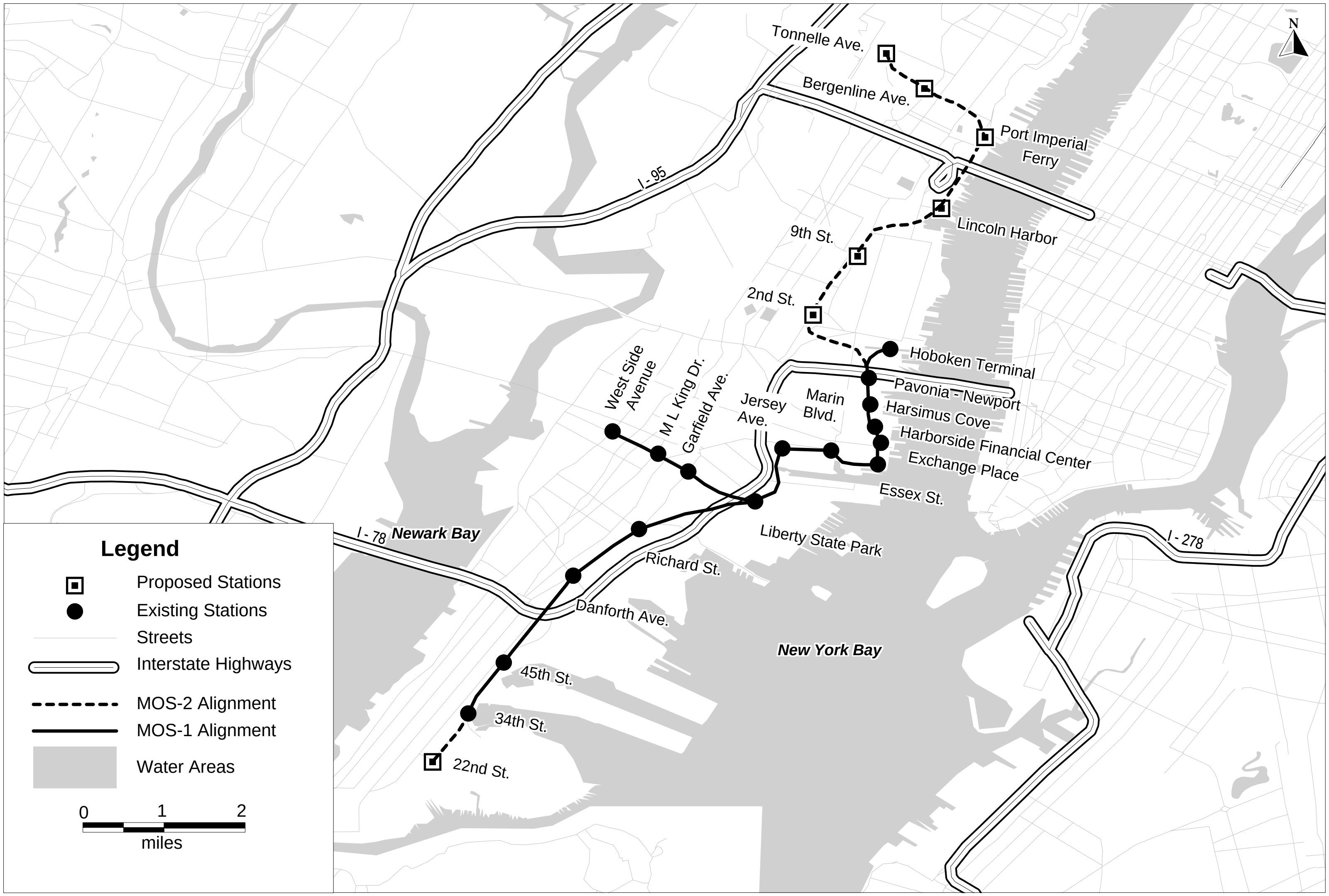
Northstar Corridor Rail

Minneapolis-Big Lake, Minnesota



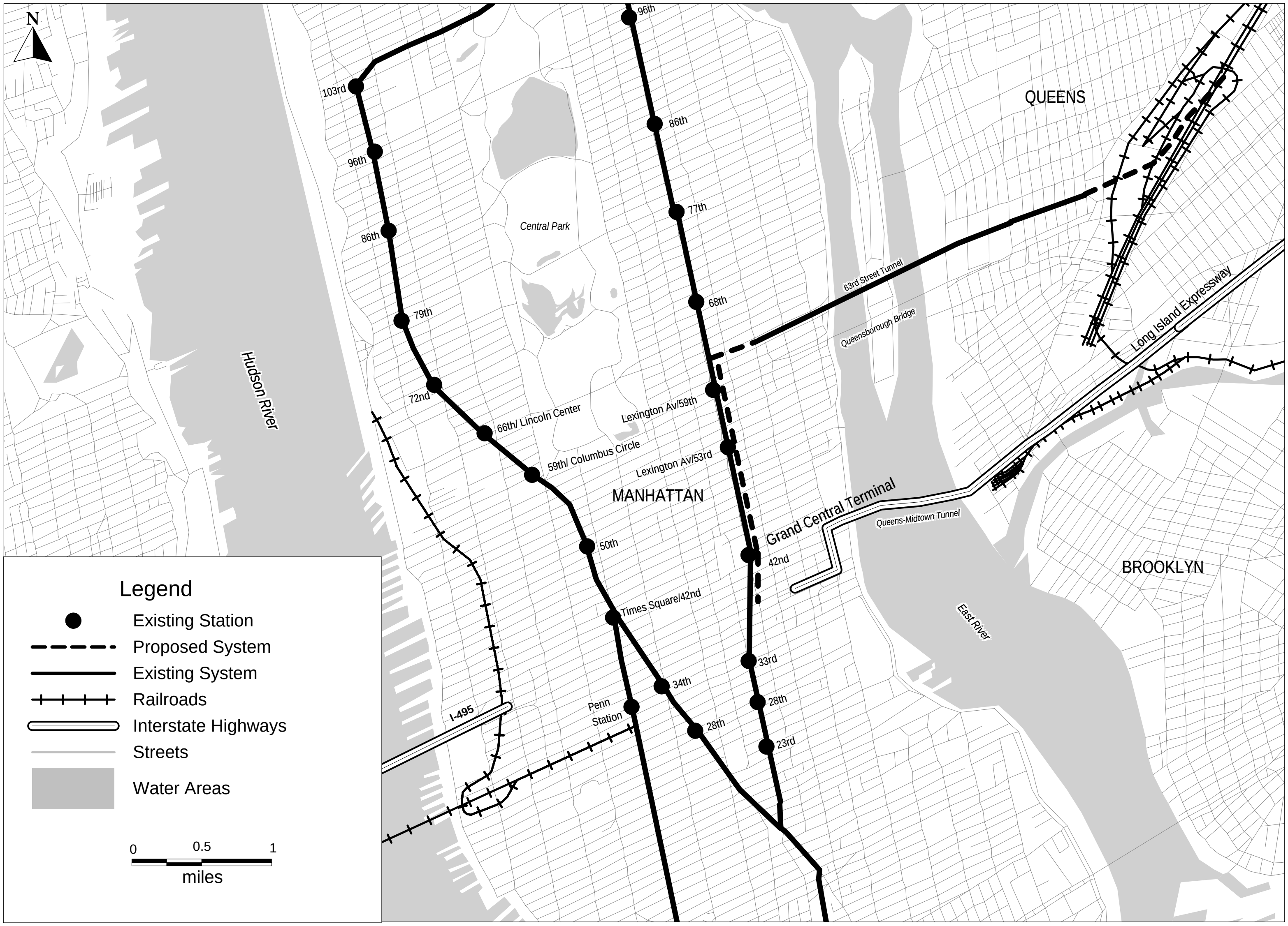
Hudson-Bergen MOS-2

Northern New Jersey



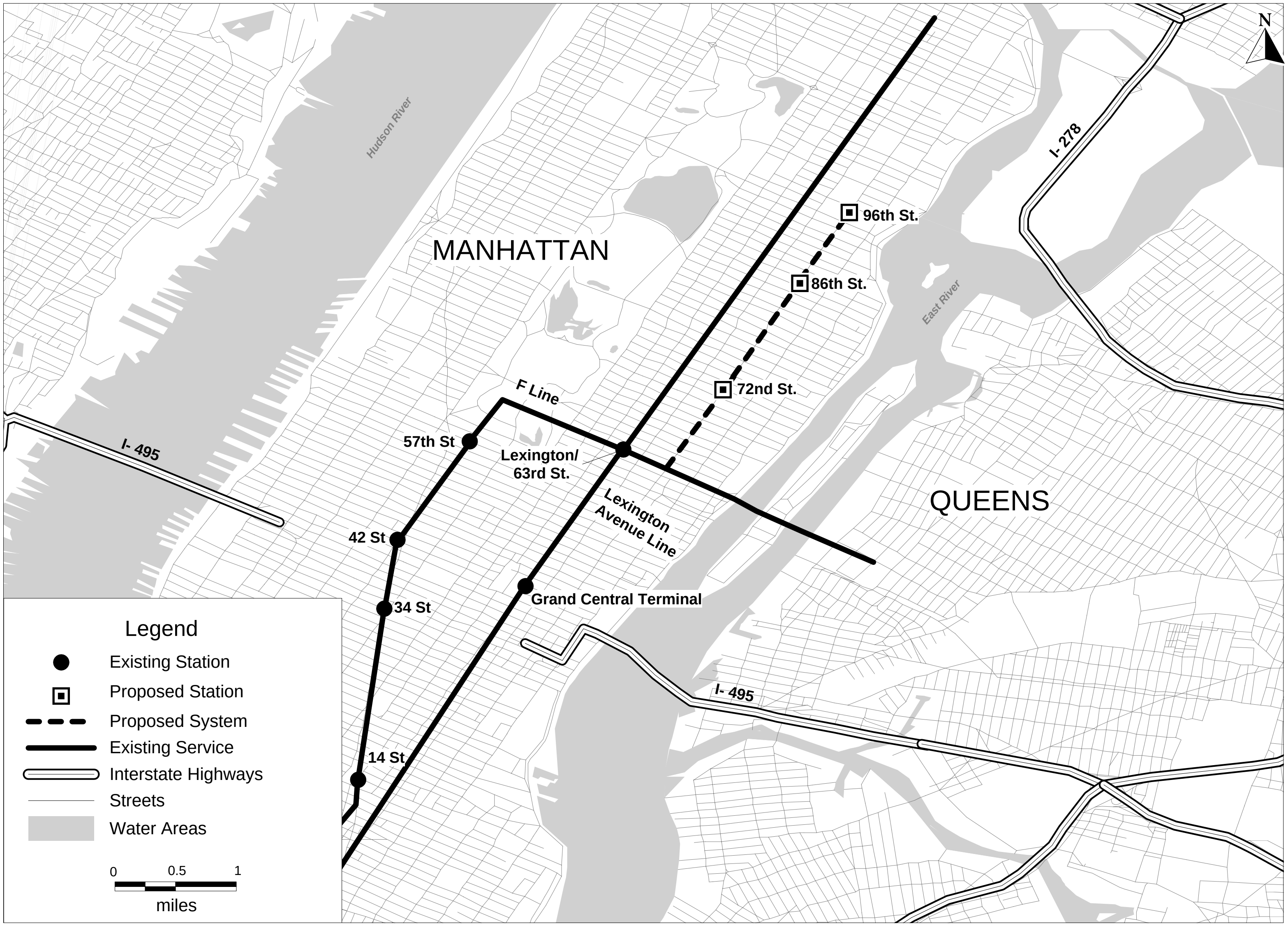
Long Island Rail Road East Side Access

New York, New York



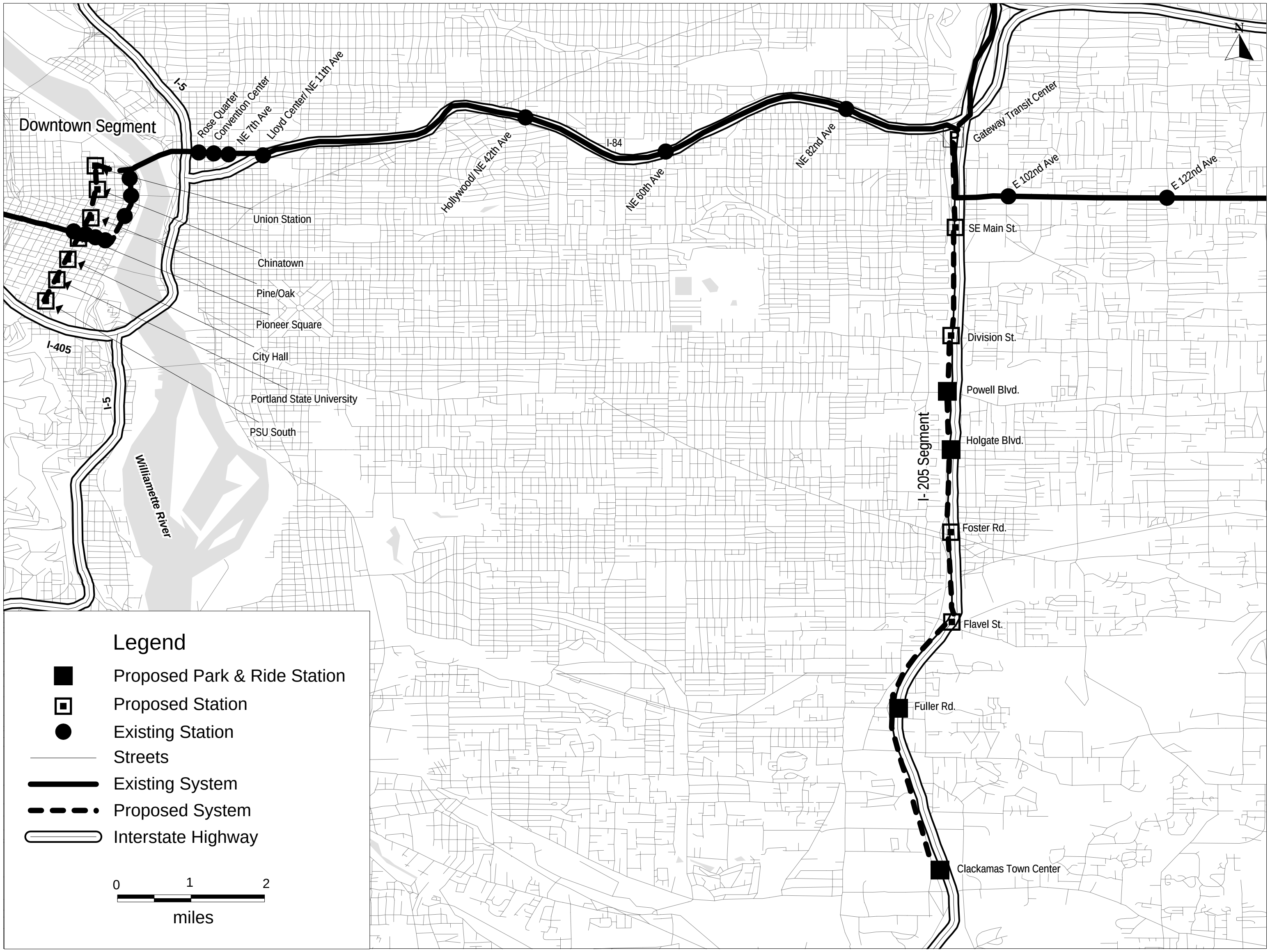
Second Avenue Subway Phase I

New York, New York



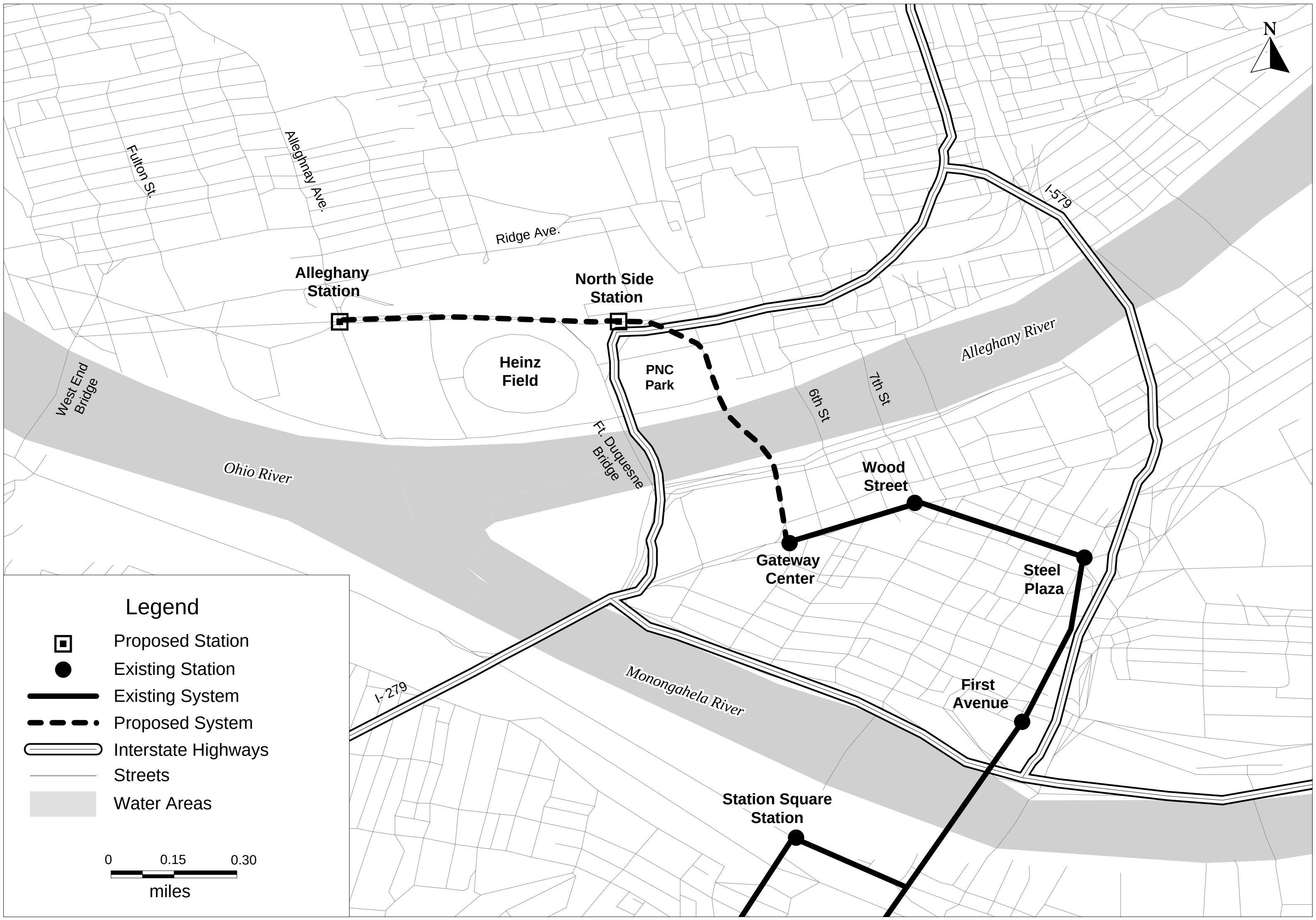
South Corridor I-205 / Portland Mall LRT

Portland, Oregon



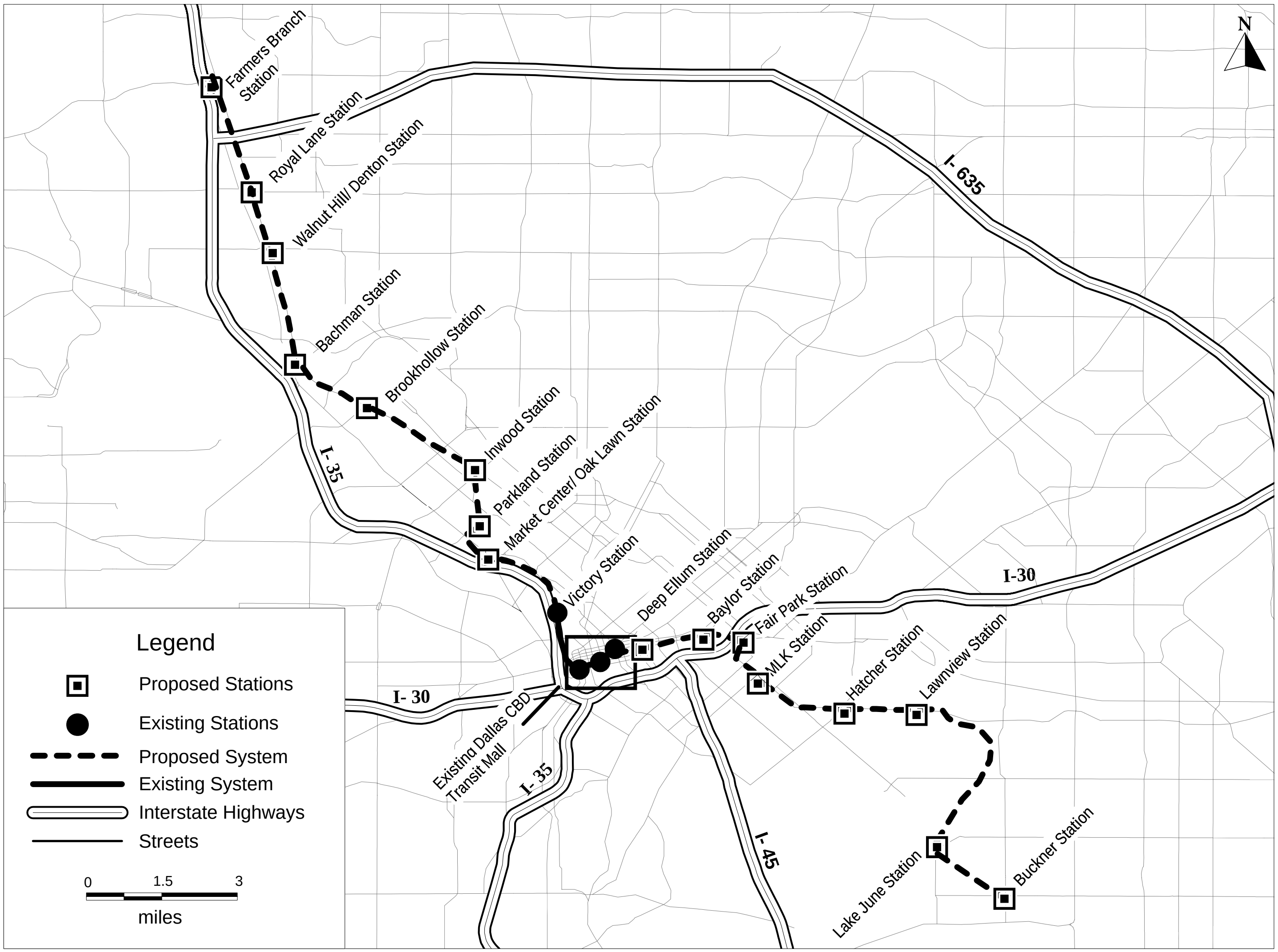
North Shore LRT Connector

Pittsburgh, Pennsylvania



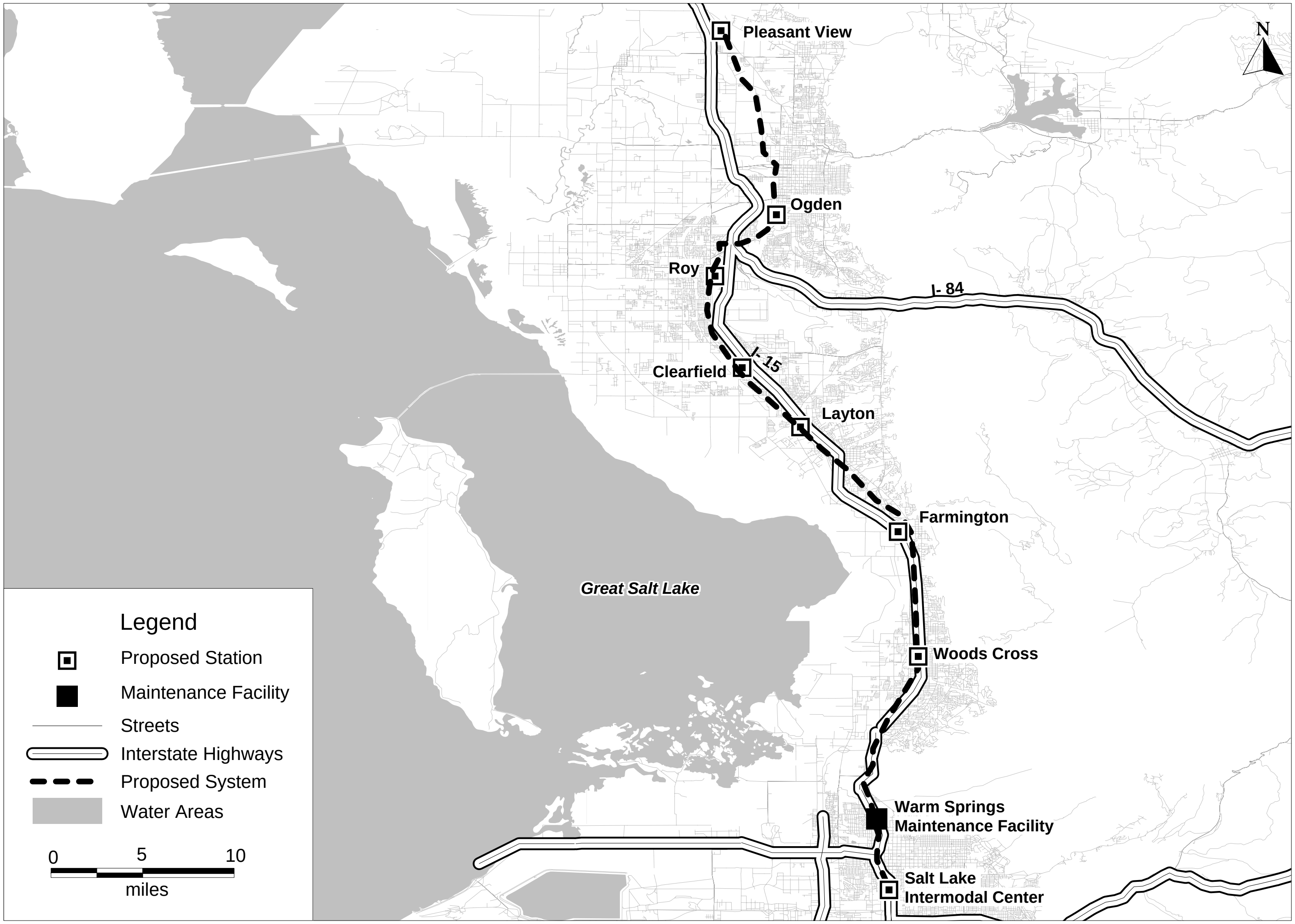
Northwest / Southeast LRT MOS

Dallas, Texas



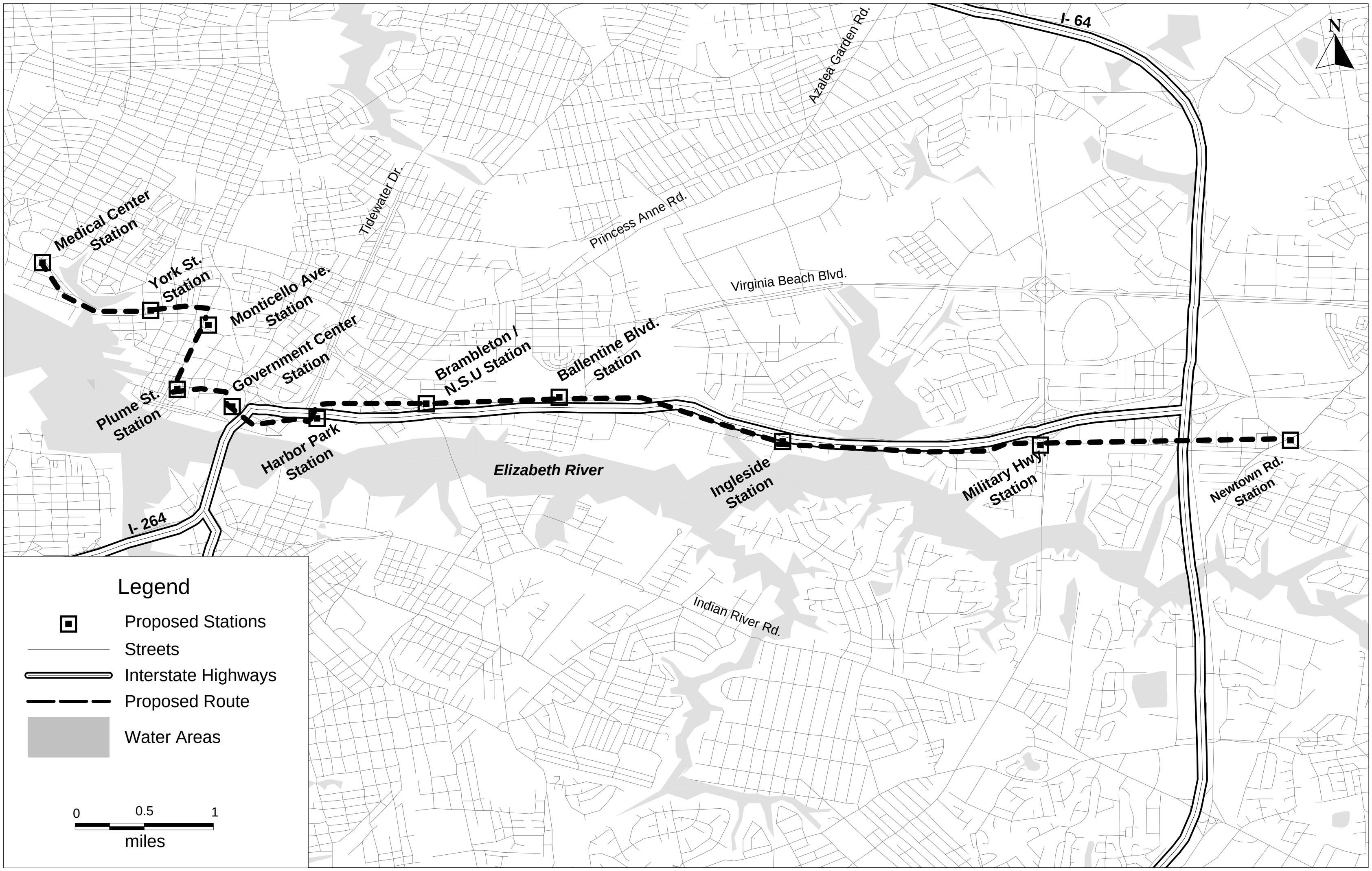
Weber County to Salt Lake City Commuter Rail

Salt Lake City, Utah



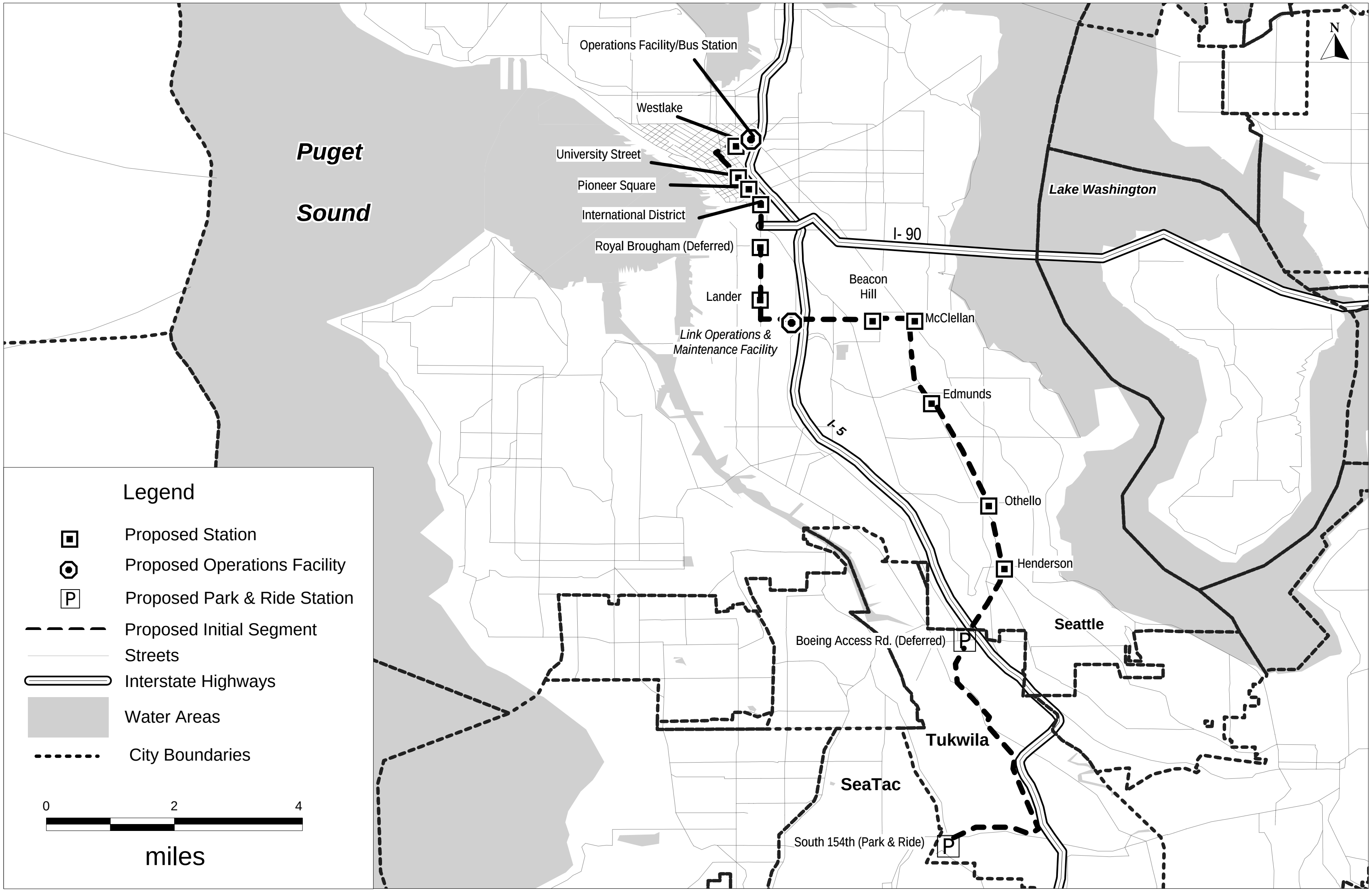
Norfolk LRT

Norfolk, Virginia



Central Link Initial Segment

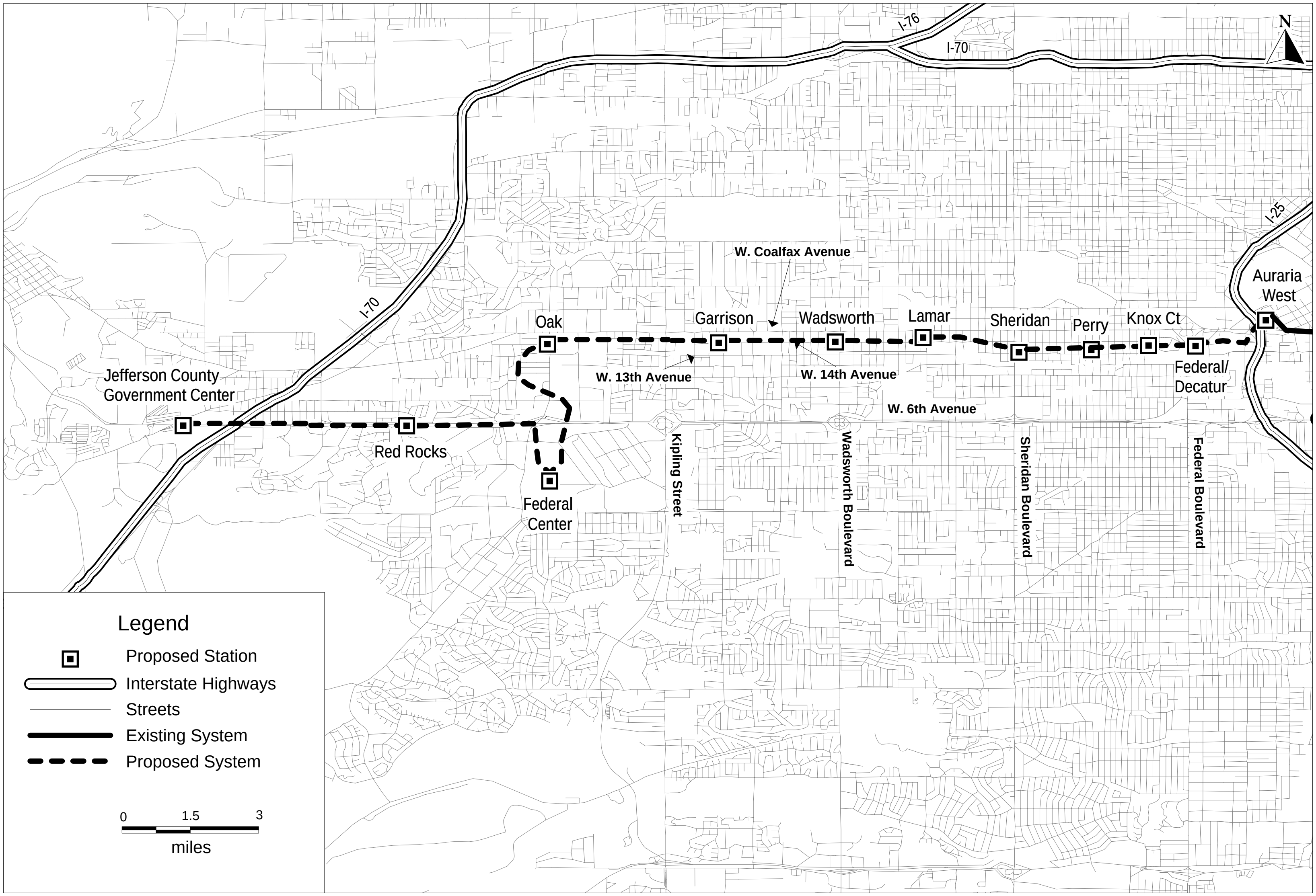
Seattle, Washington



Pending Full Funding Grant Agreements FY 2009

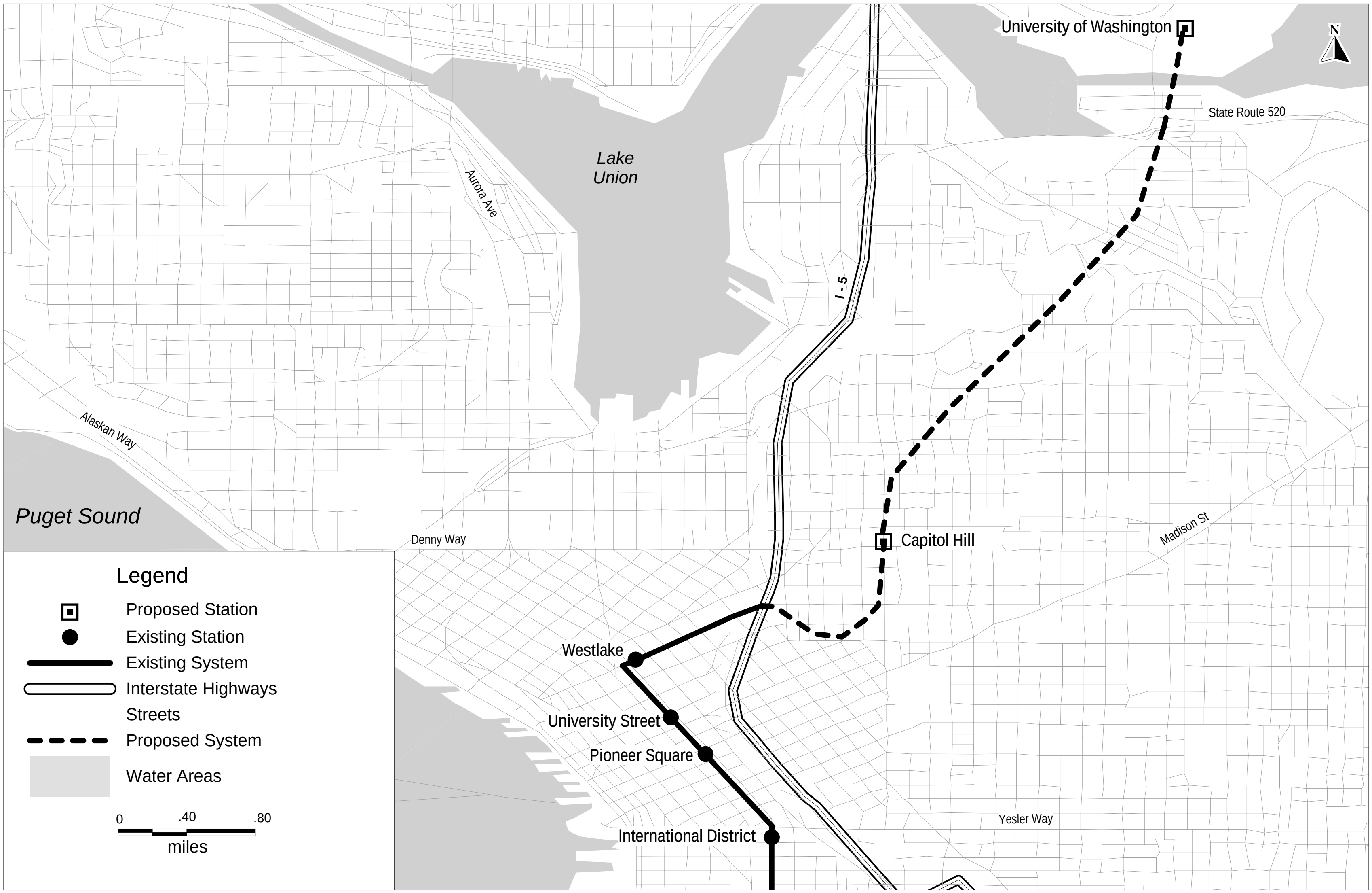
West Corridor LRT

Denver, Colorado



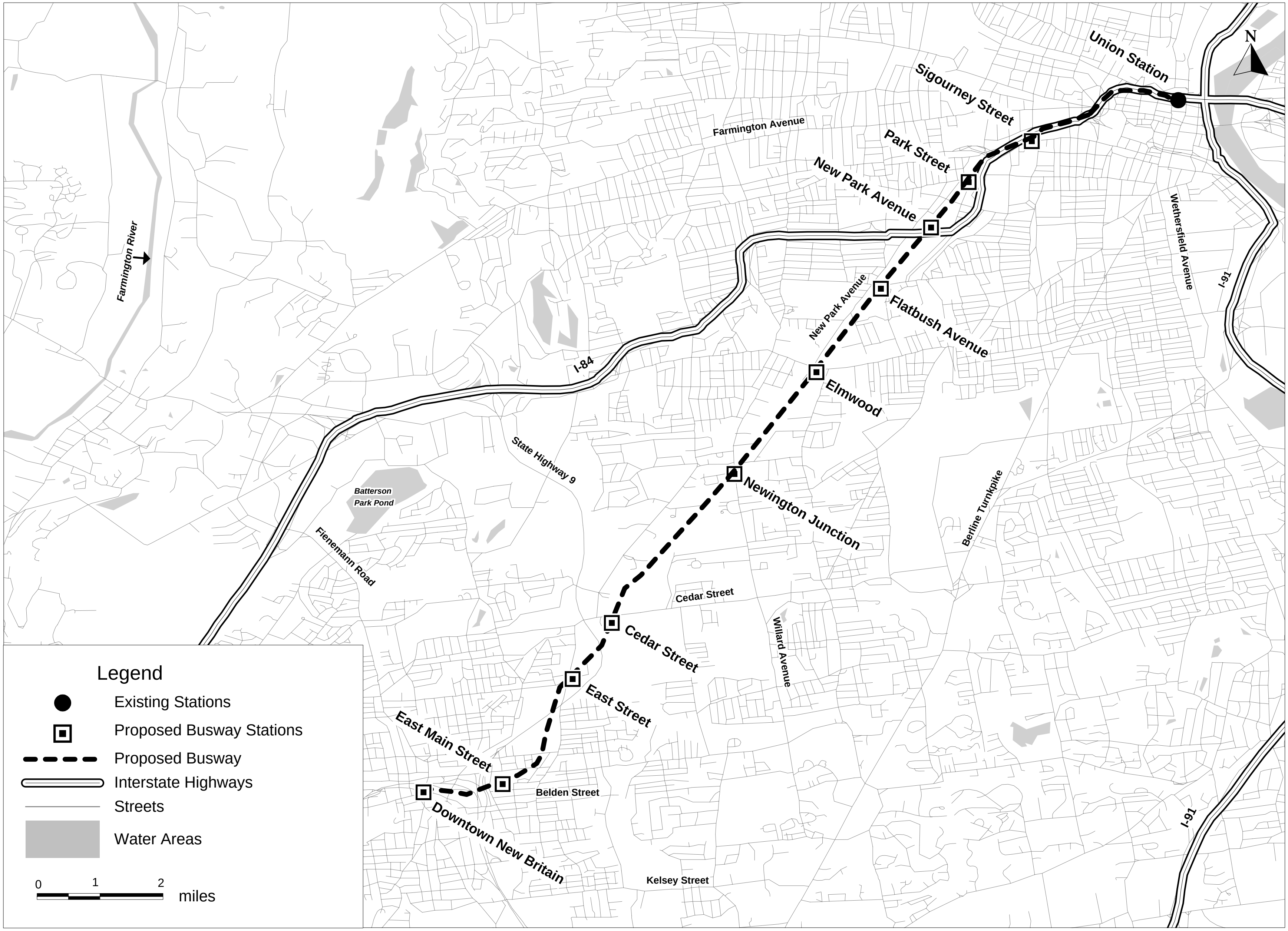
University Link LRT Extension

Seattle, Washington



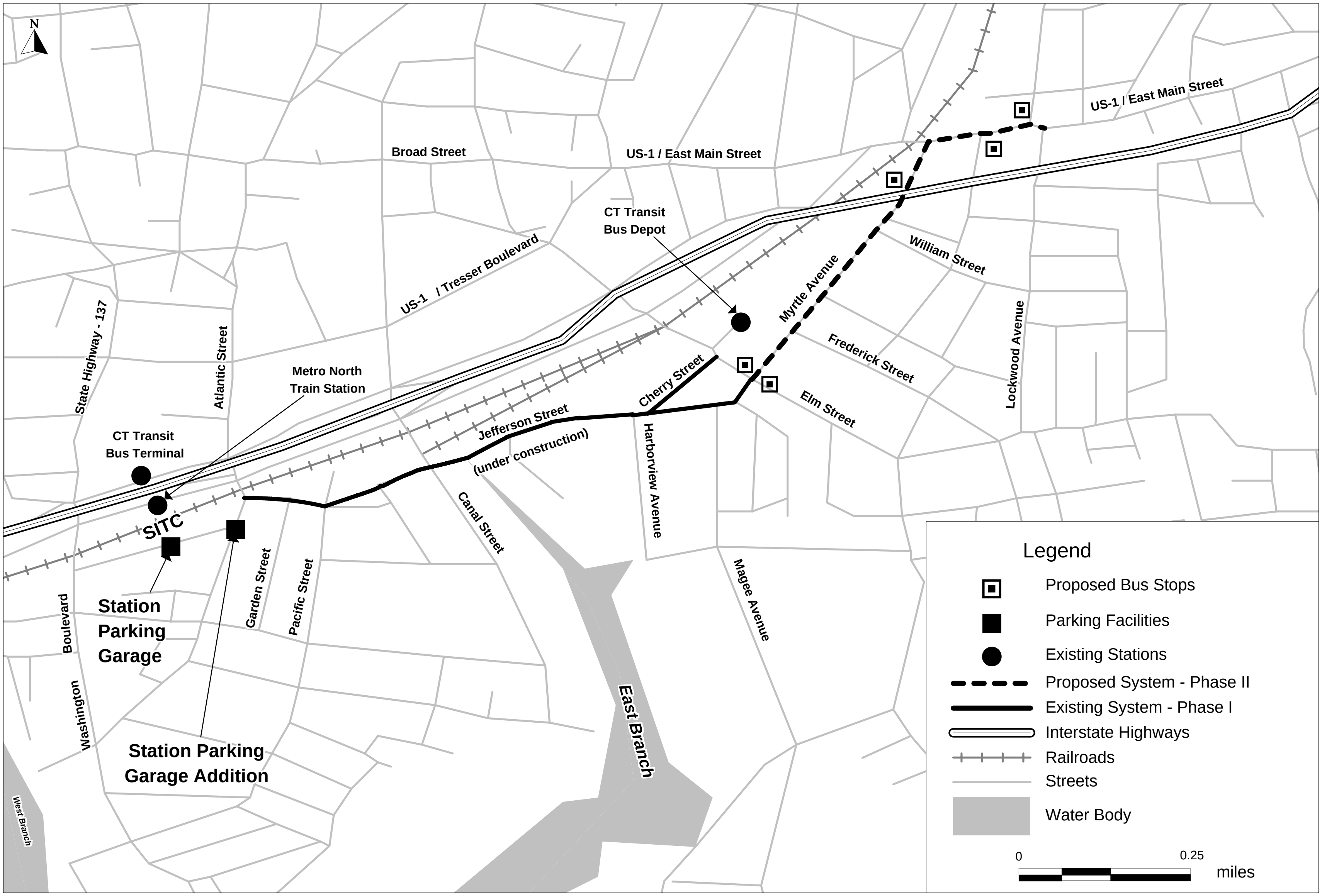
Final Design FY 2009

New Britain - Hartford Busway
Hartford, Connecticut



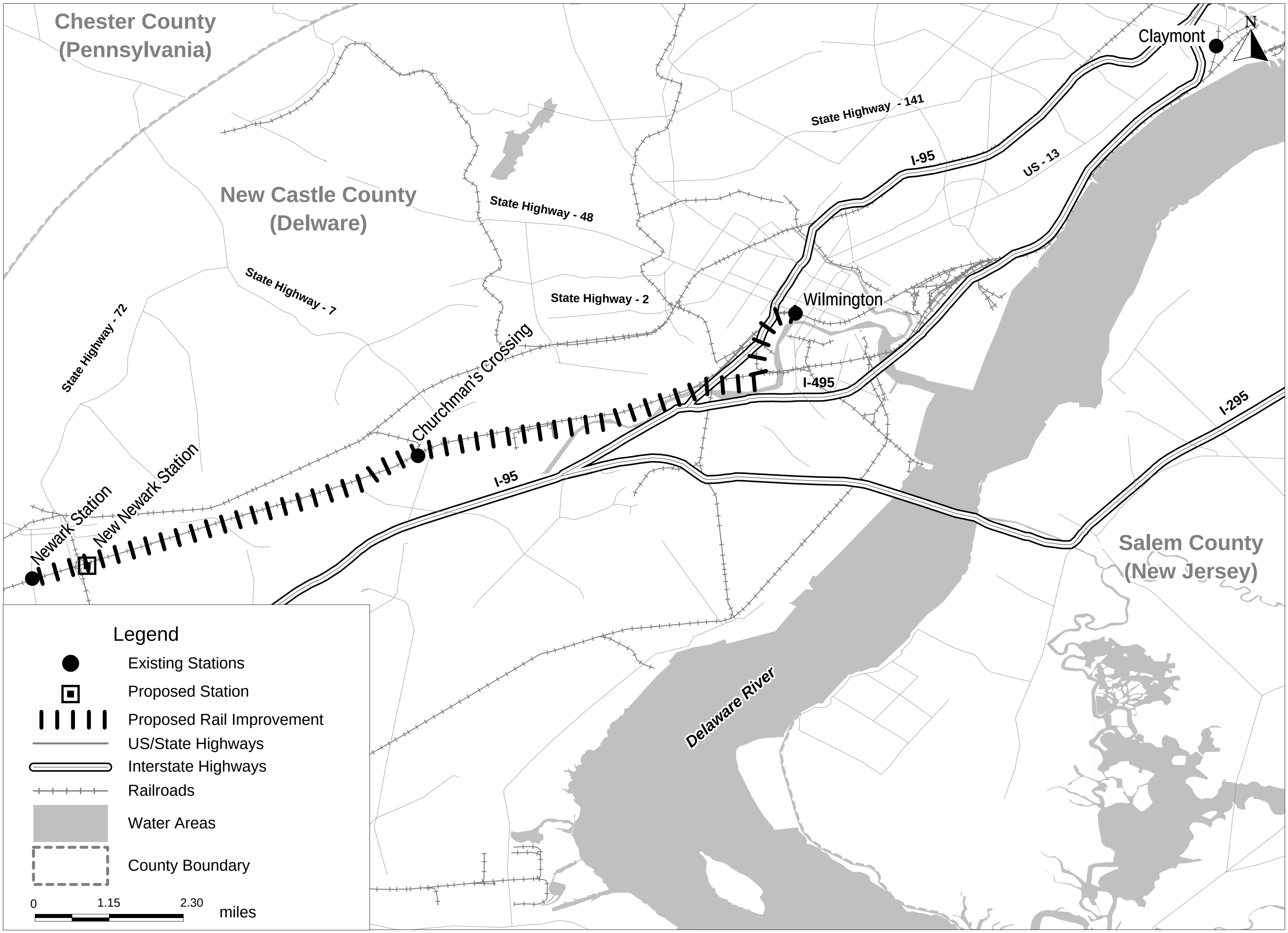
Urban Transitway Phase II

Stamford, Connecticut



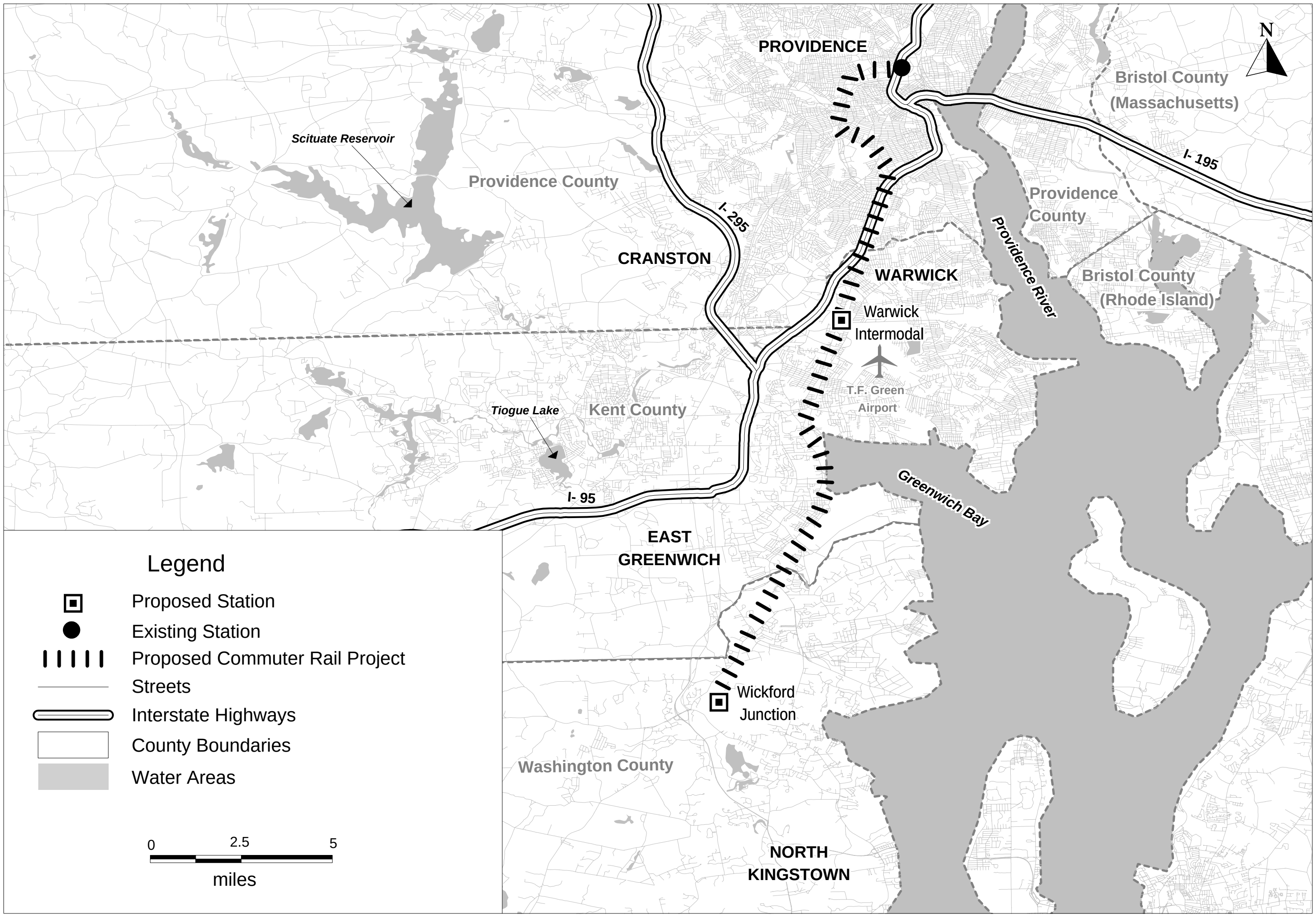
Wilmington to Newark Commuter Rail Improvements

Wilmington, Delaware



South County Commuter Rail

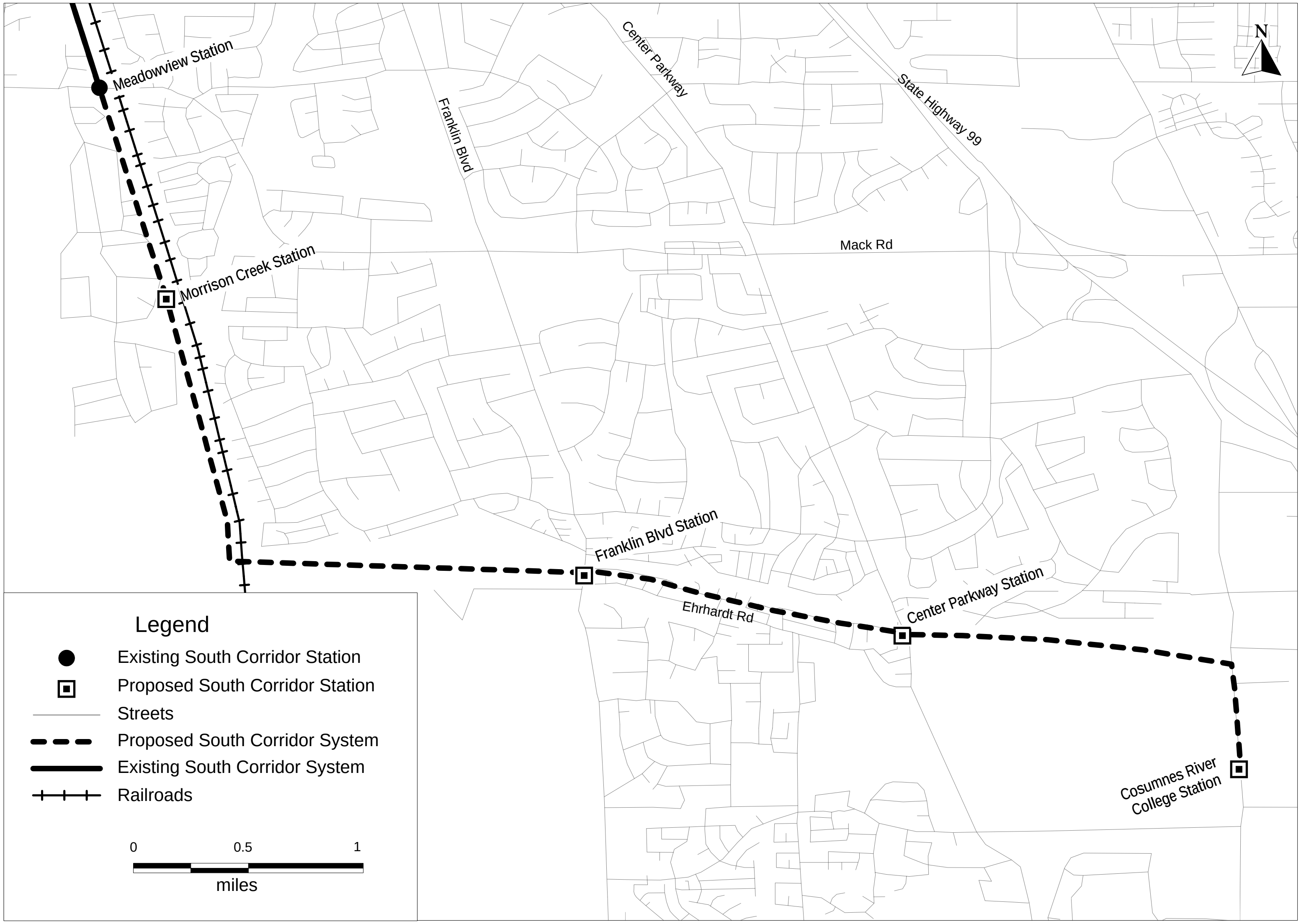
Providence, Rhode Island



Preliminary Engineering FY 2009

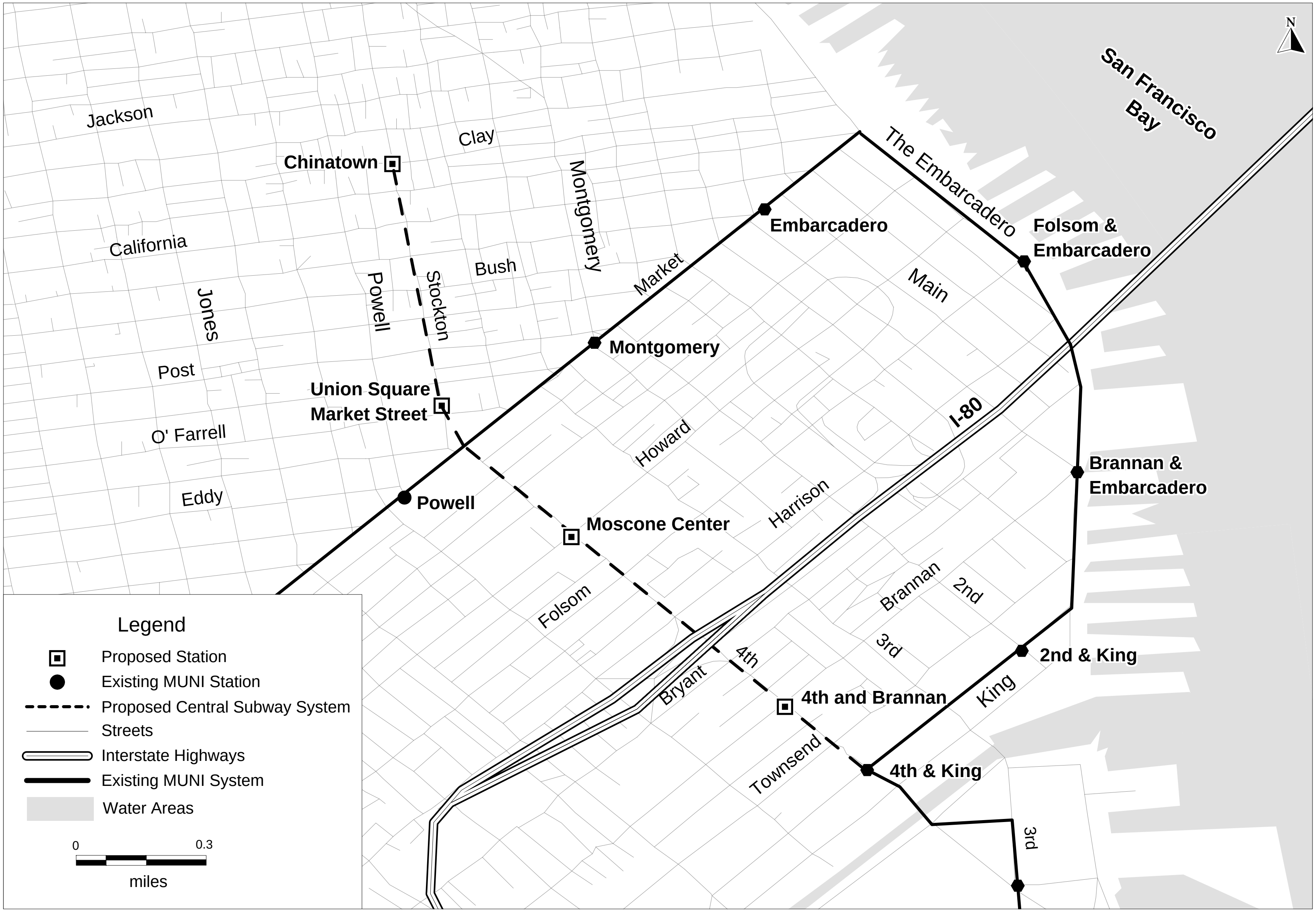
South Corridor Phase 2

Sacramento, California



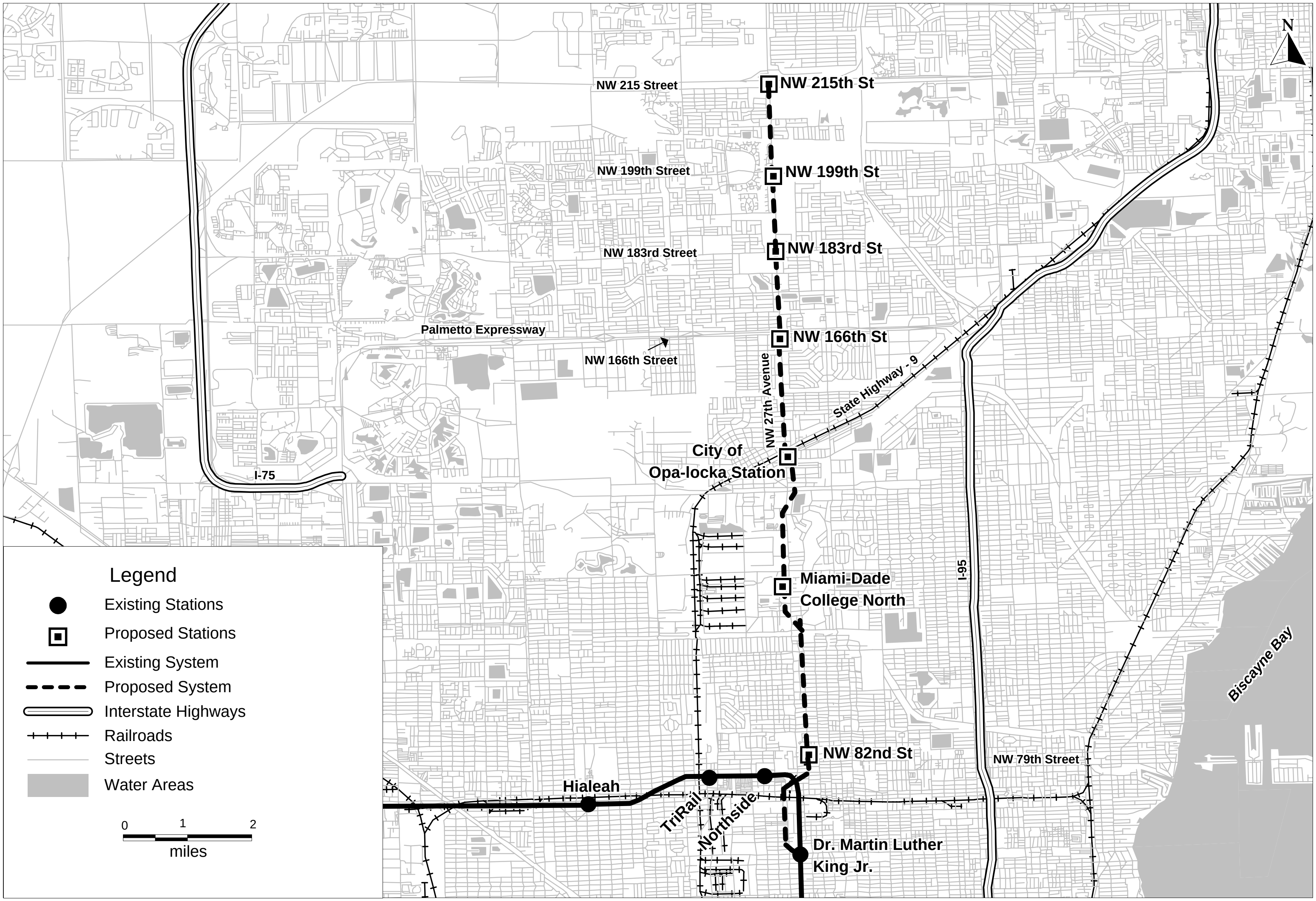
Central Subway LRT

San Francisco, California



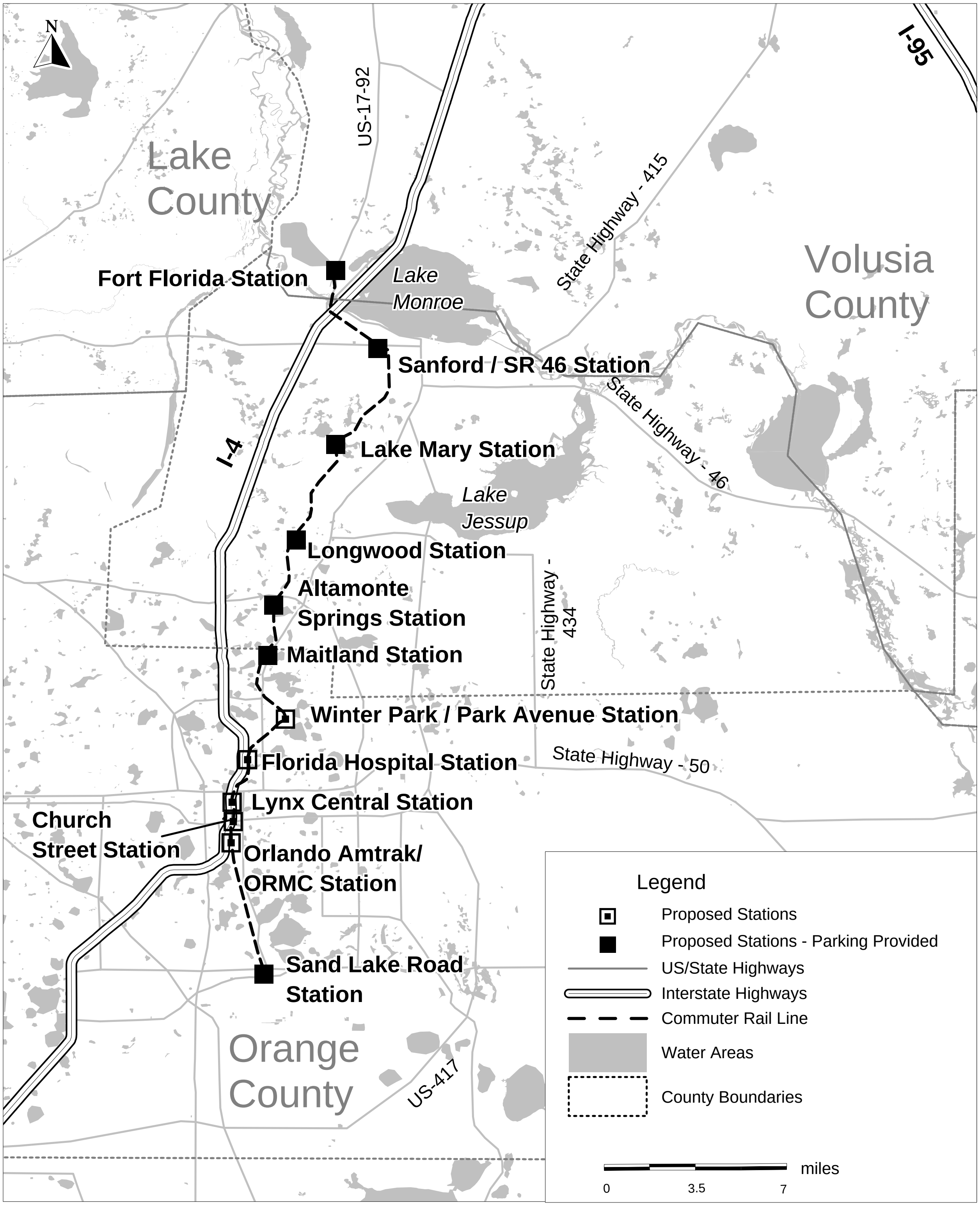
Orange Line Phase 2 : North Corridor Metrorail Extension

Miami, Florida



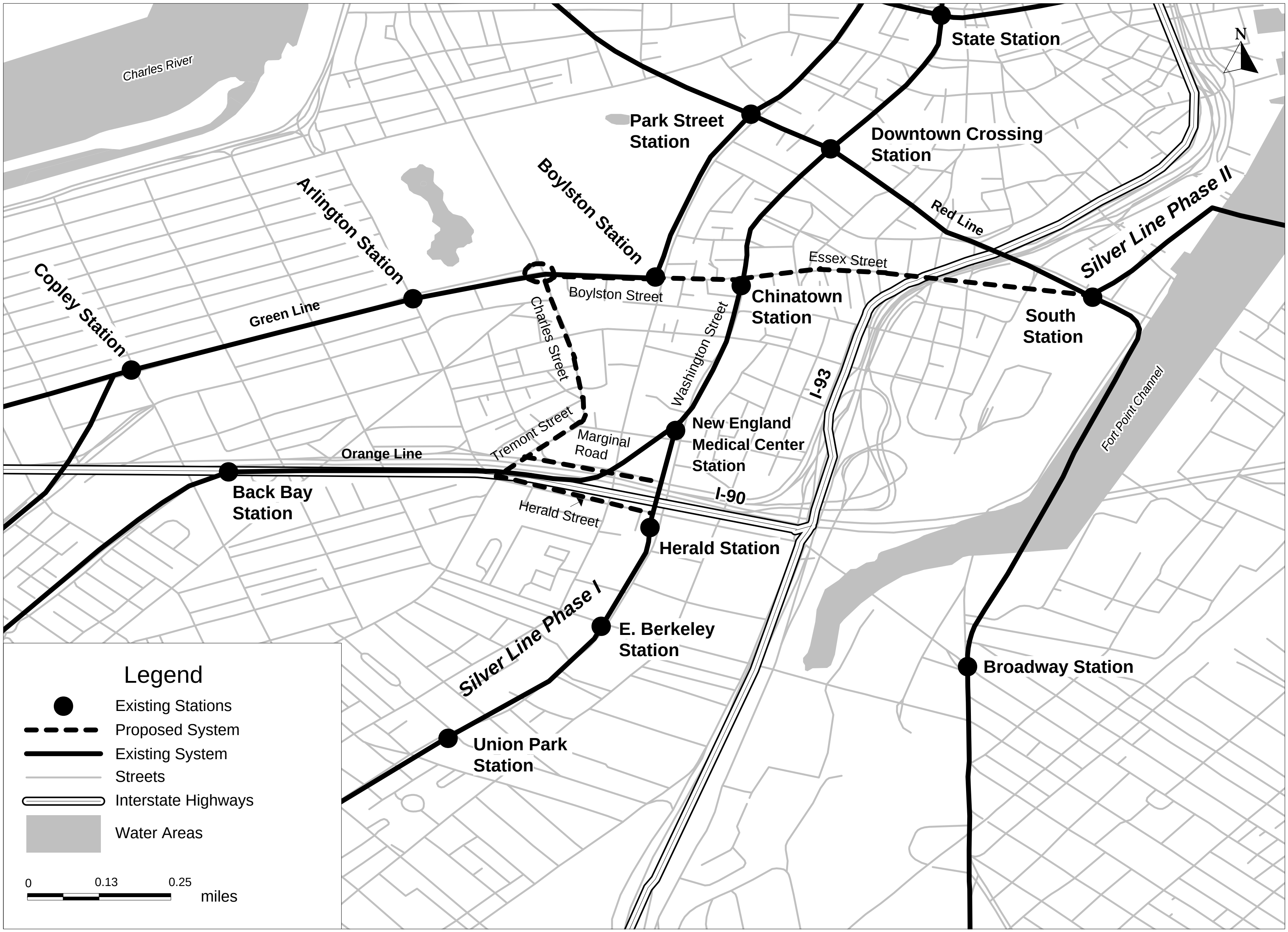
Central Florida Commuter Rail Transit - Initial Operating Segment

Orlando, Florida



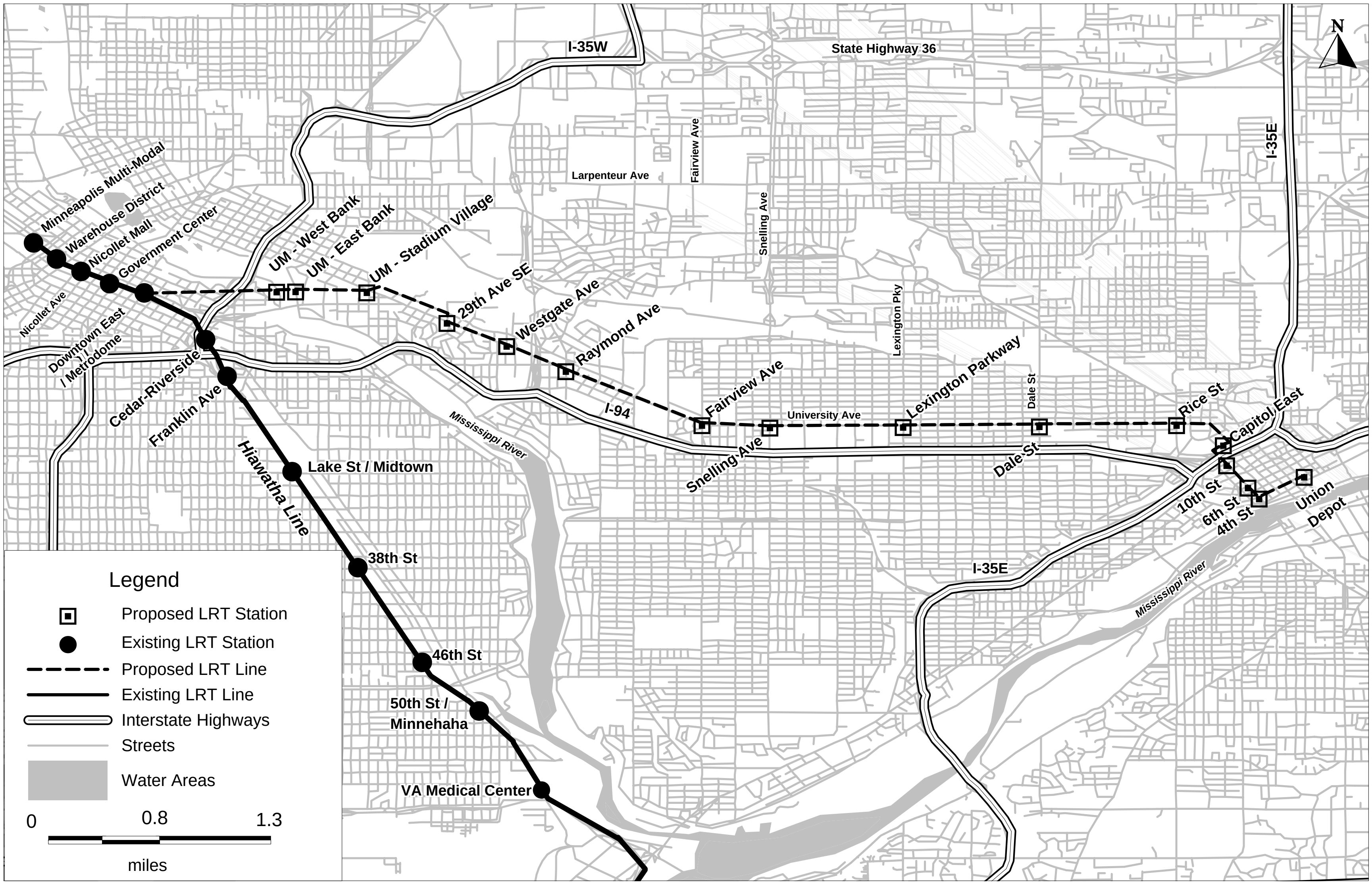
Silver Line Phase III

Boston, Massachusetts



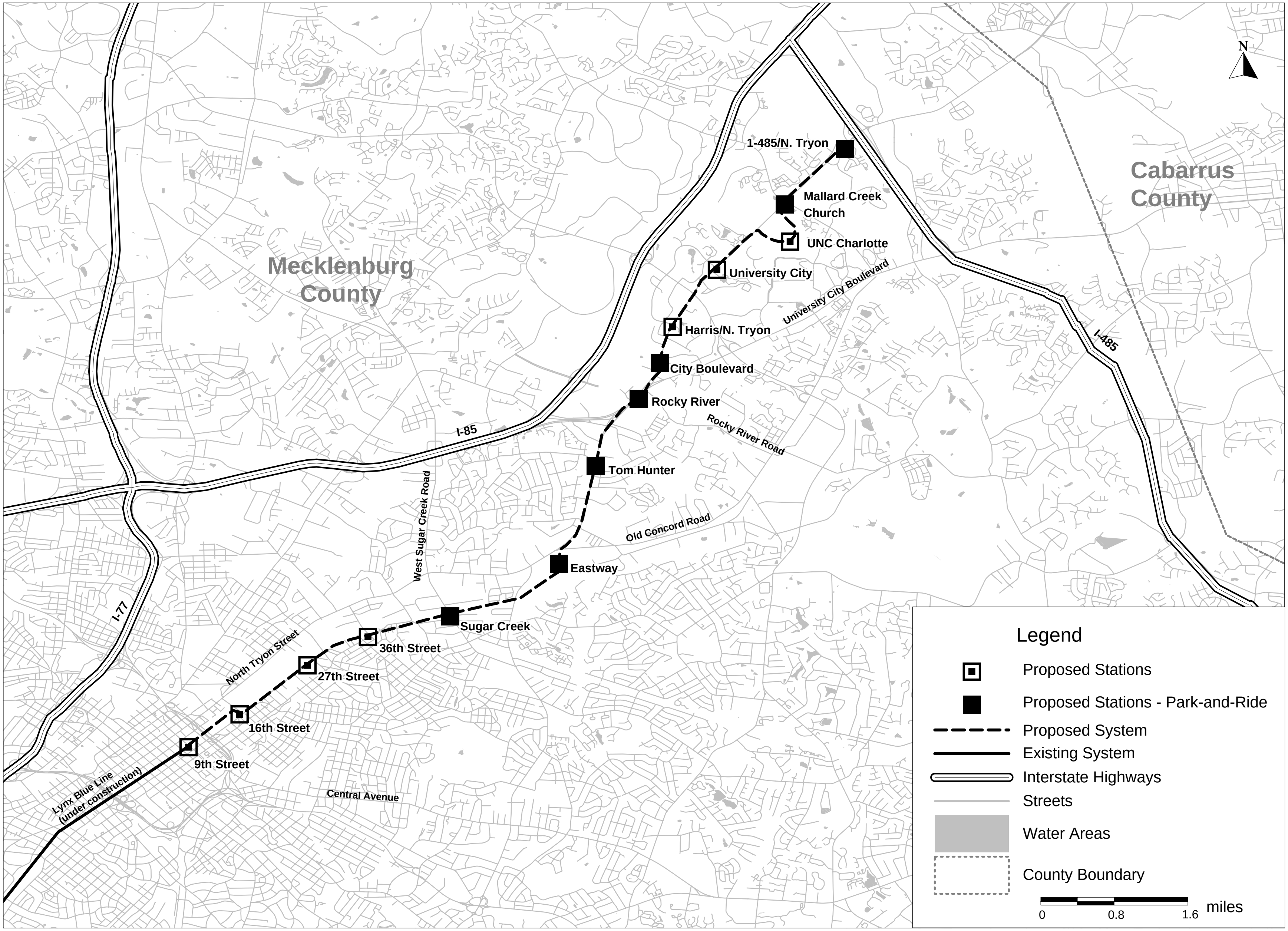
Central Corridor LRT

St. Paul-Minneapolis, Minnesota



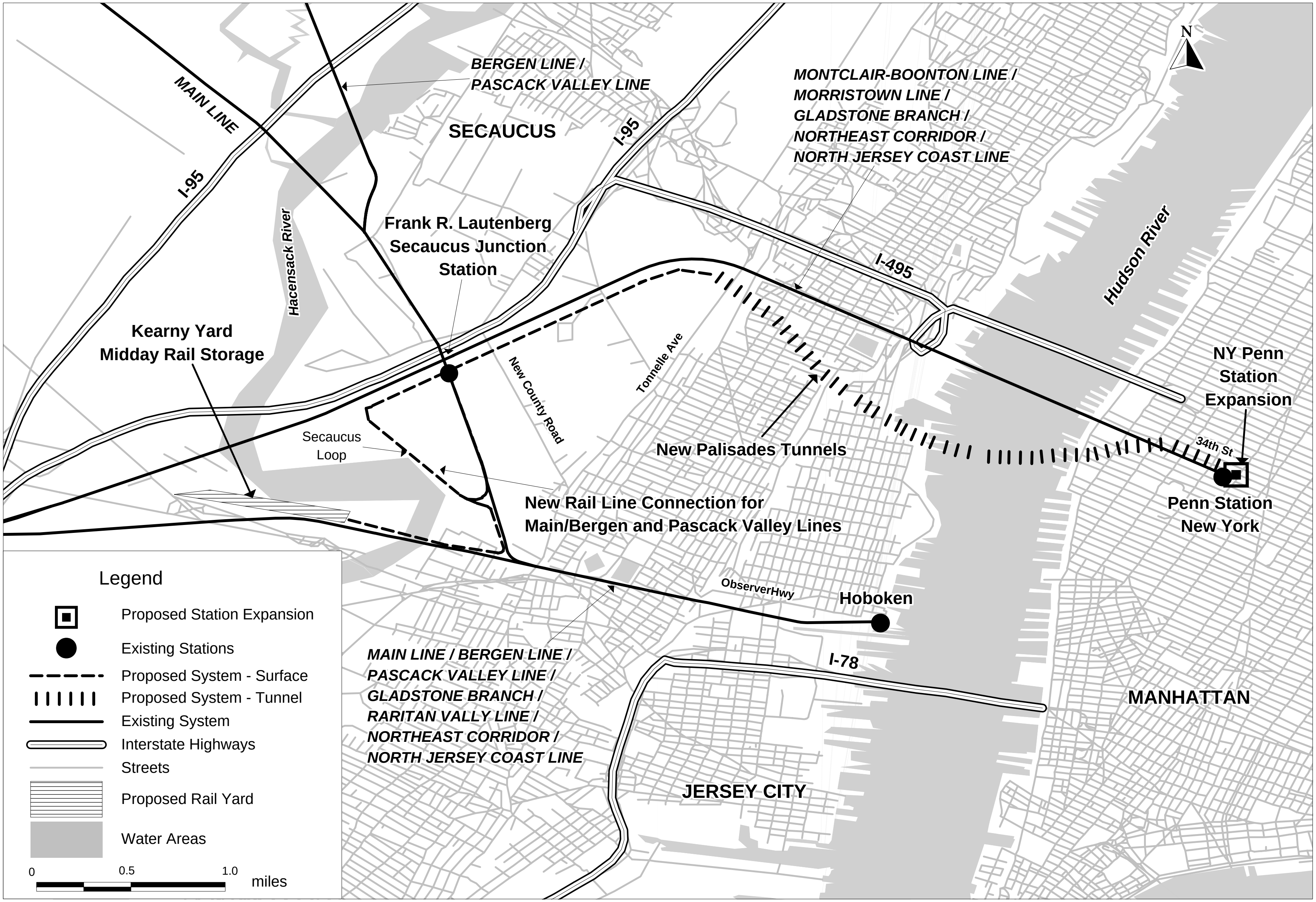
Northeast Corridor Light Rail Project

Charlotte, North Carolina



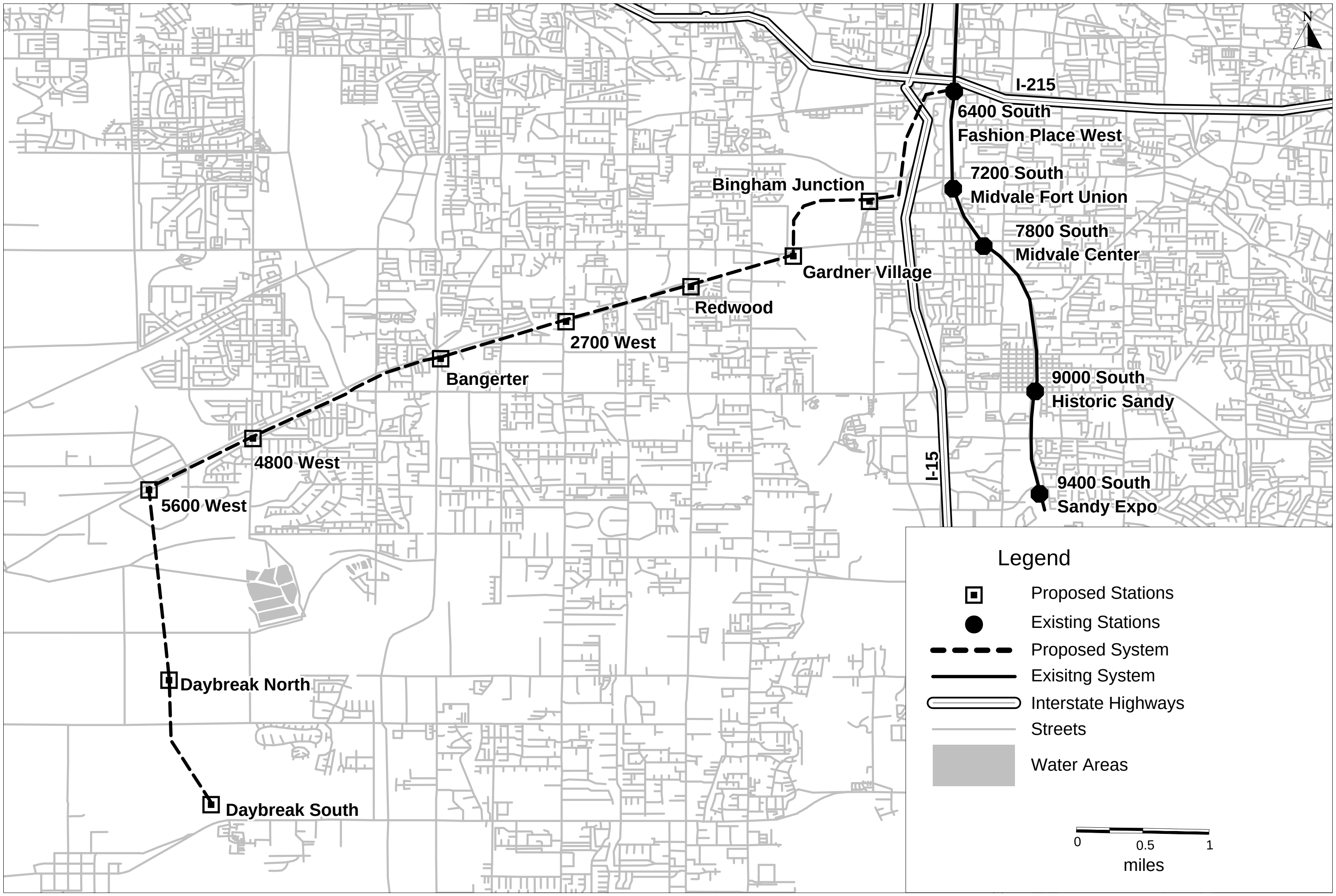
Access to the Region's Core

Northern New Jersey



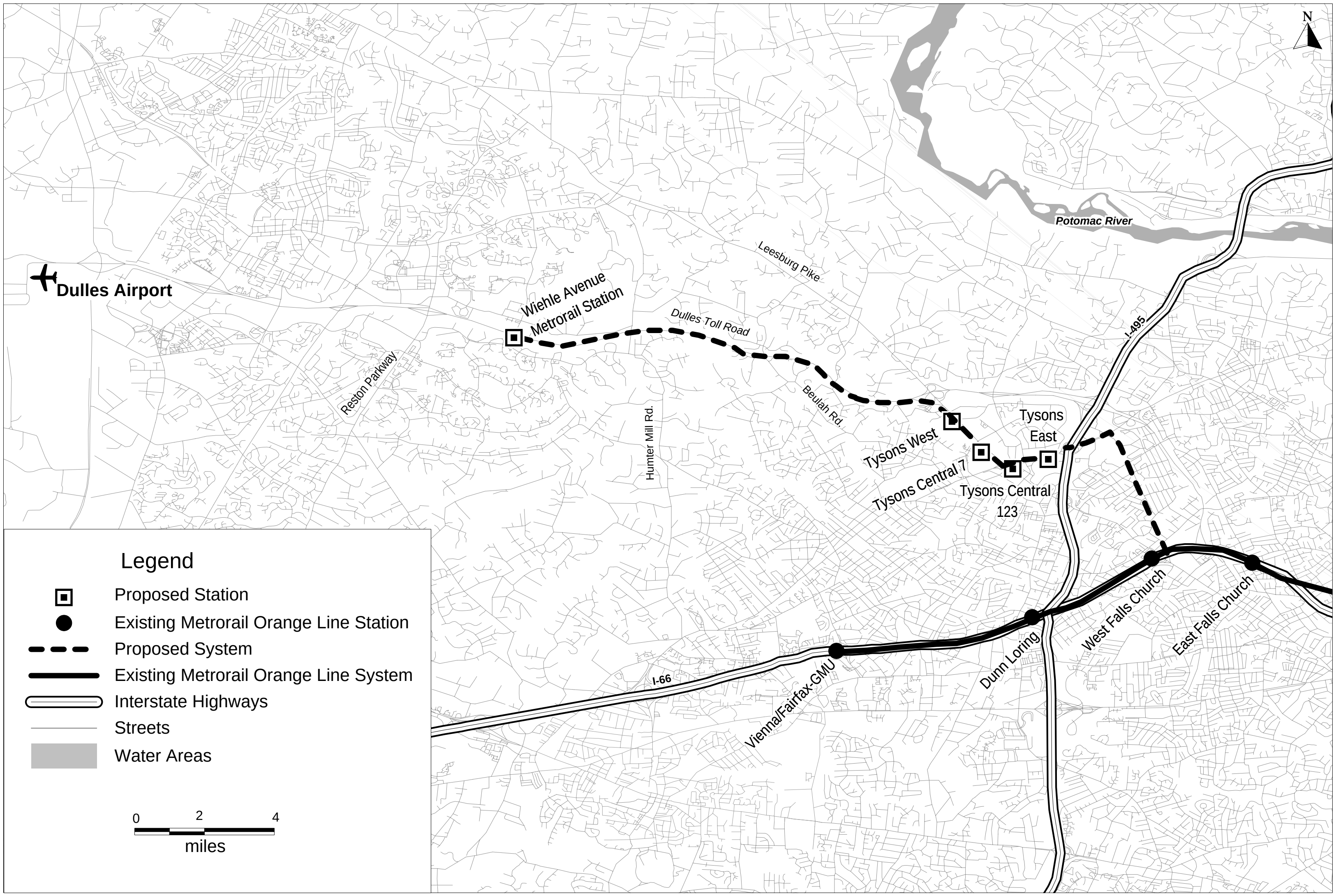
Mid - Jordan LRT

Salt Lake City, Utah

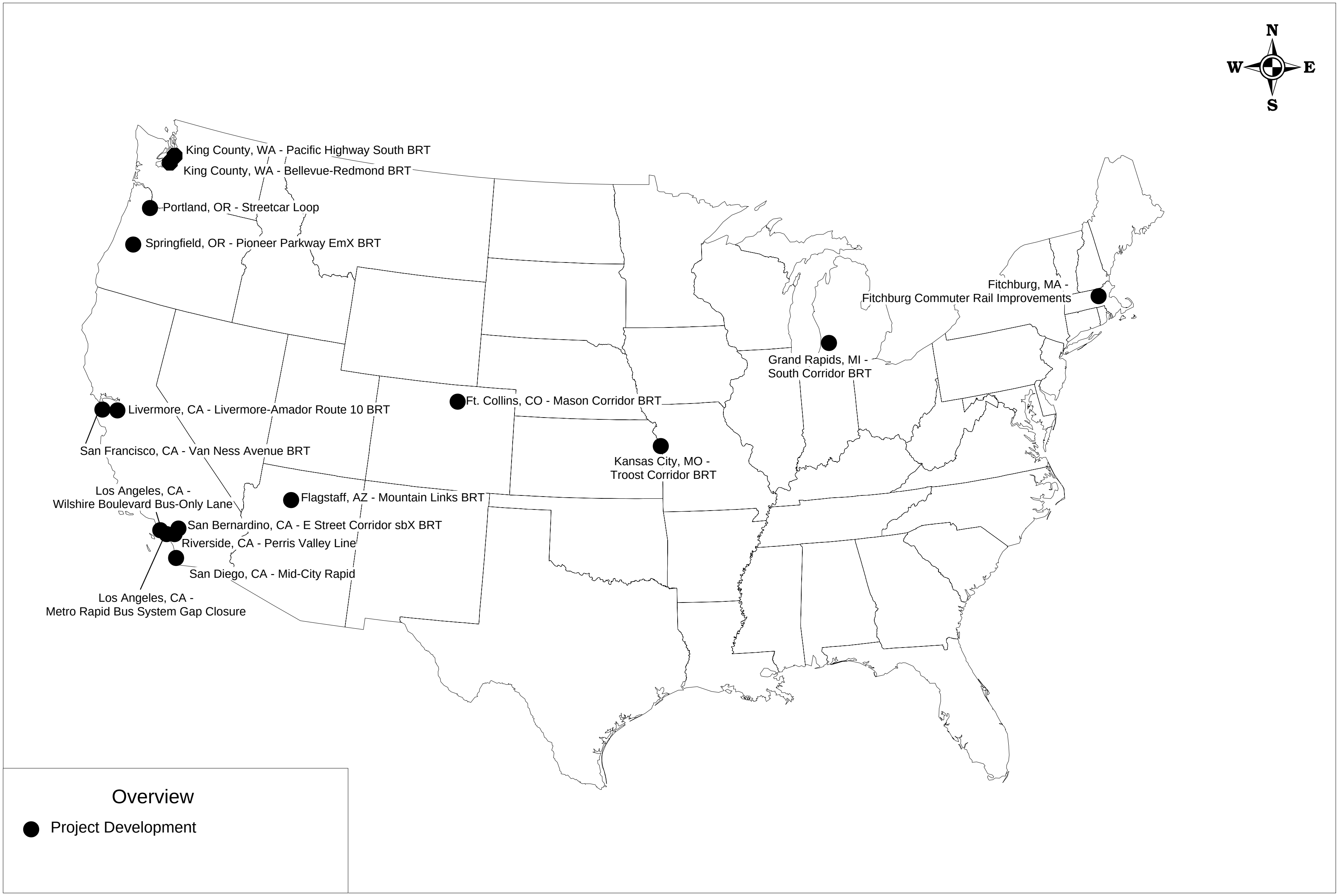


Dulles Corridor Metrorail Project - Extension to Wiehle Avenue

Northern Virginia

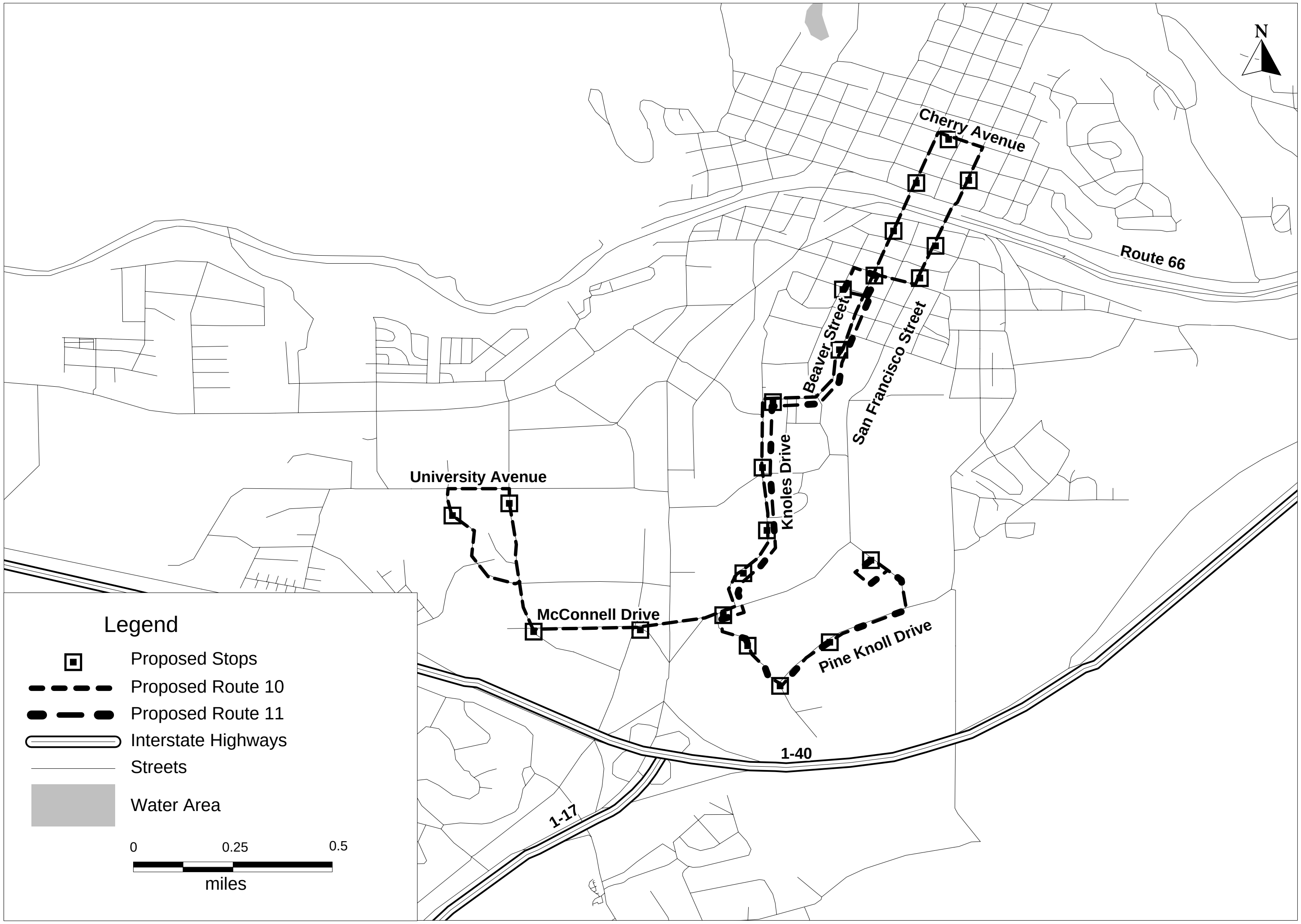


Project Development FY 2009



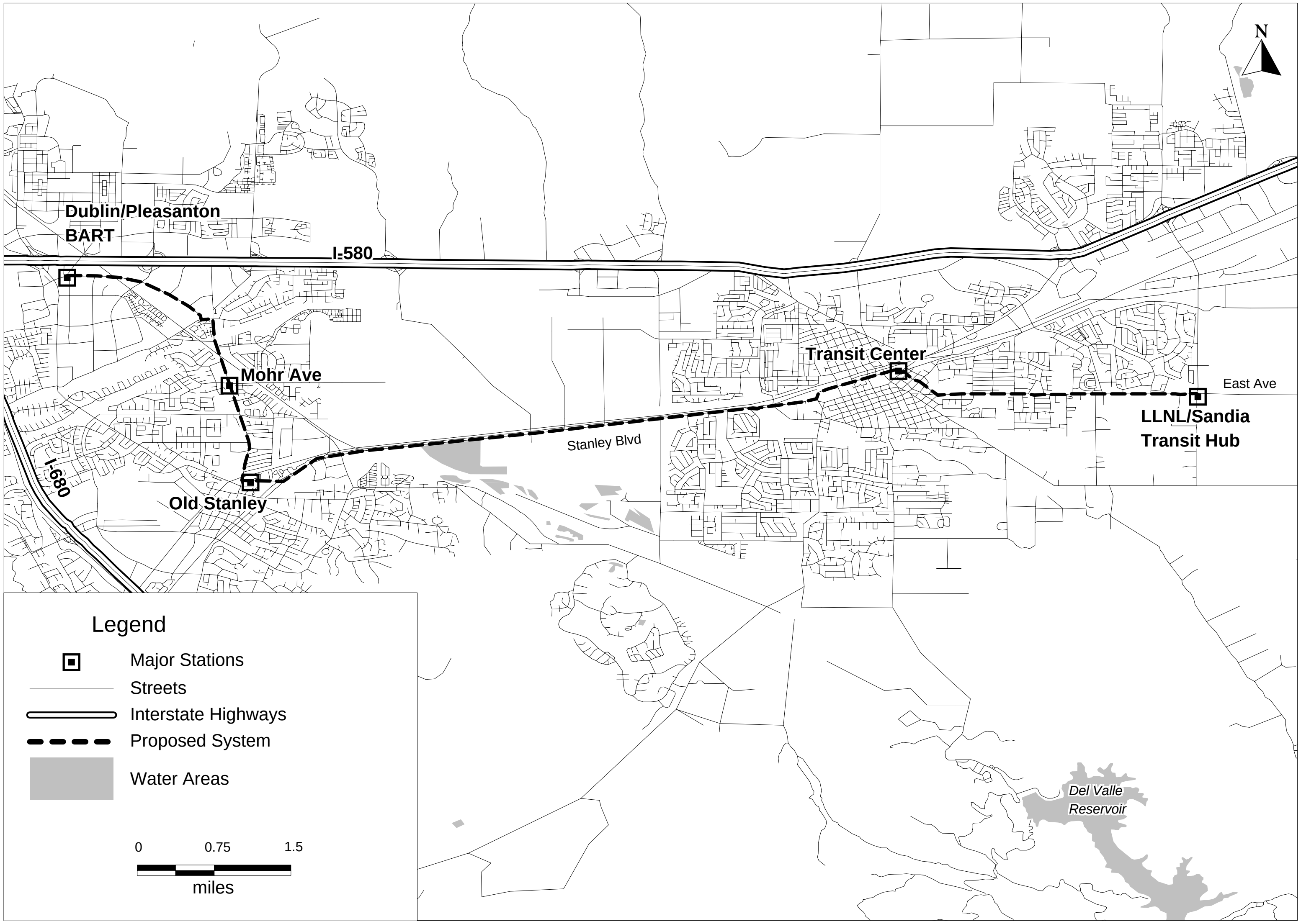
Mountain Links BRT

Flagstaff, Arizona



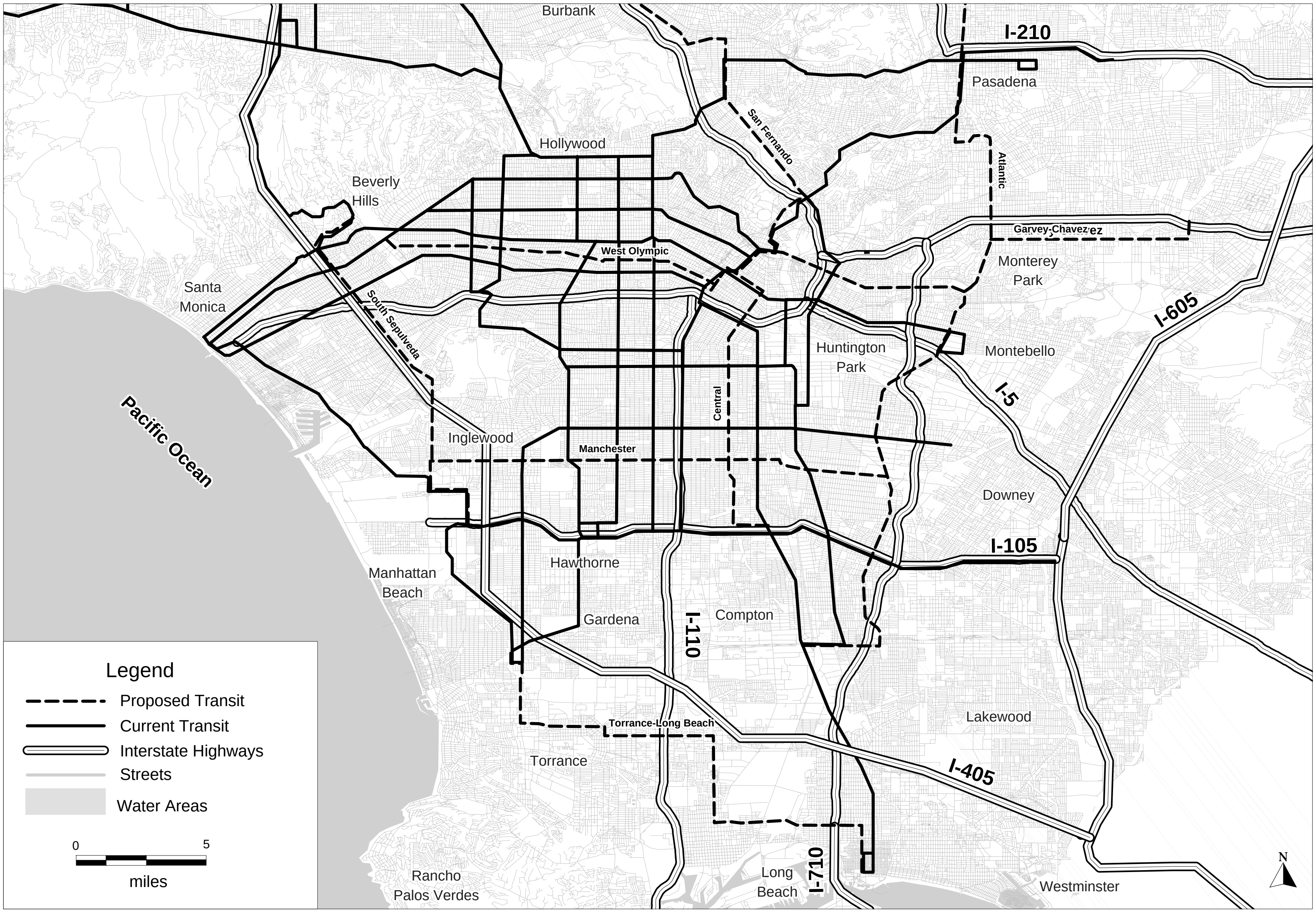
Livermore - Amador Route 10 BRT

Livermore, California



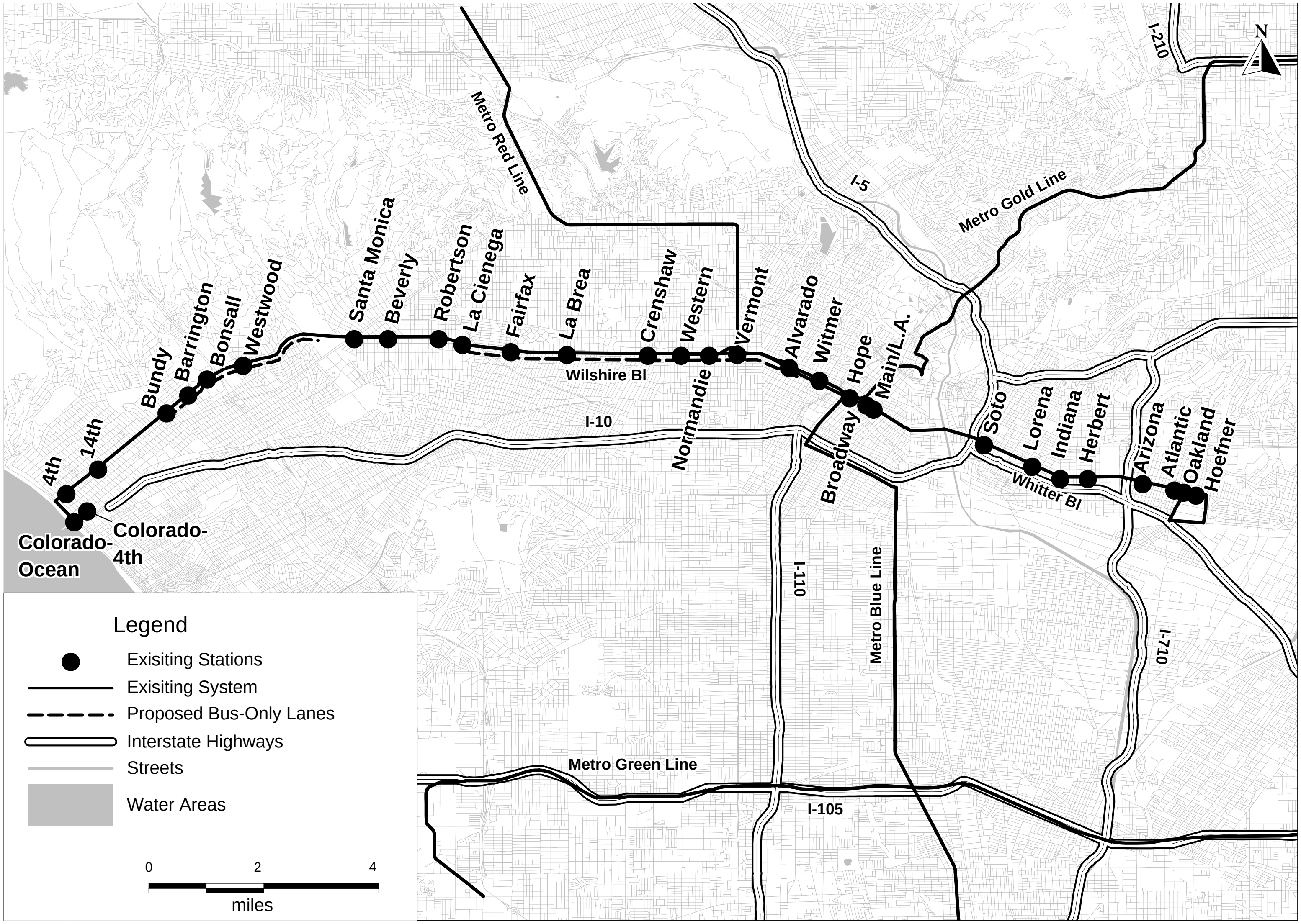
Metro Rapid Bus System Gap Closure

Los Angeles, California



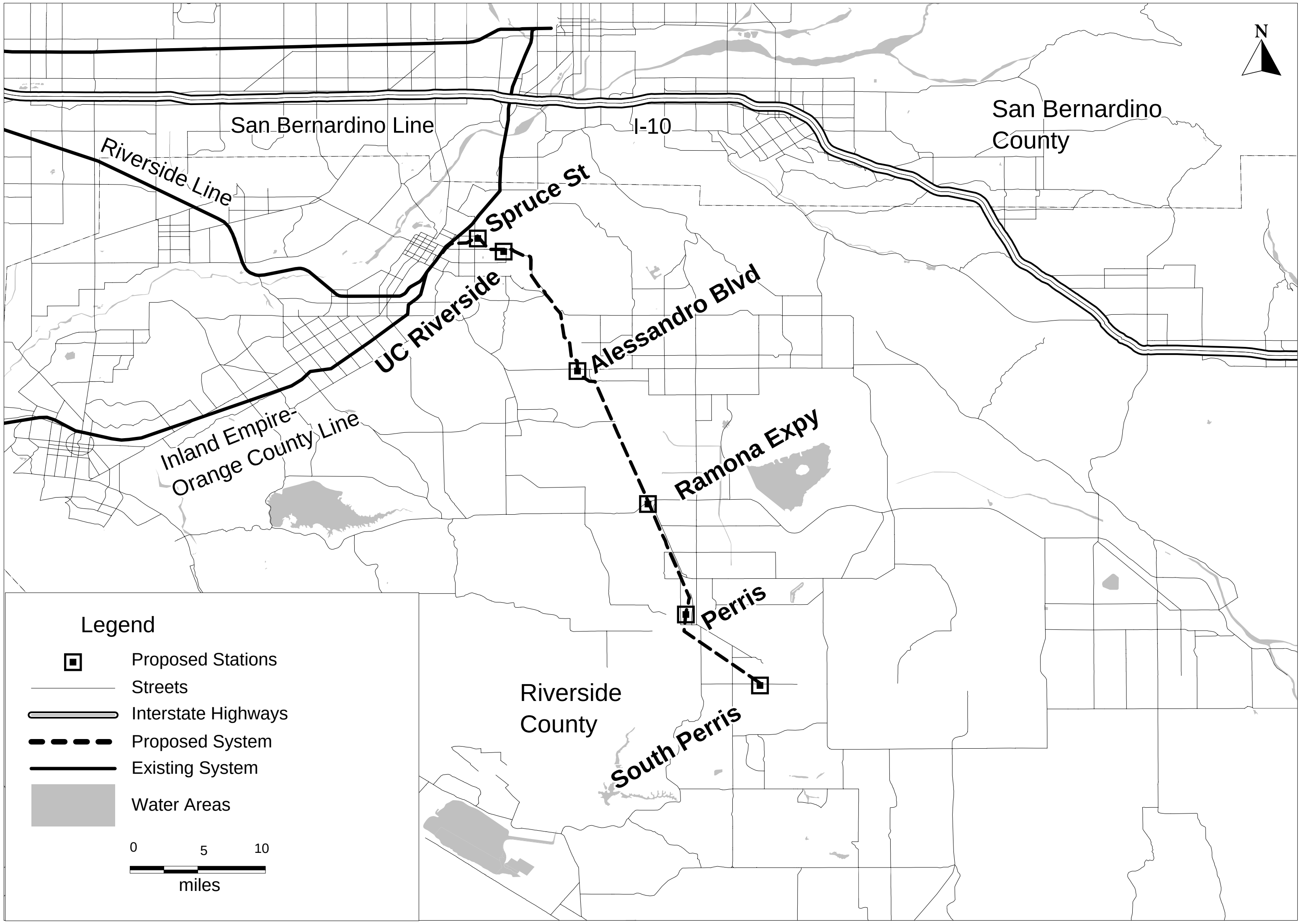
Wilshire Boulevard Bus-Only Lane

Los Angeles, California



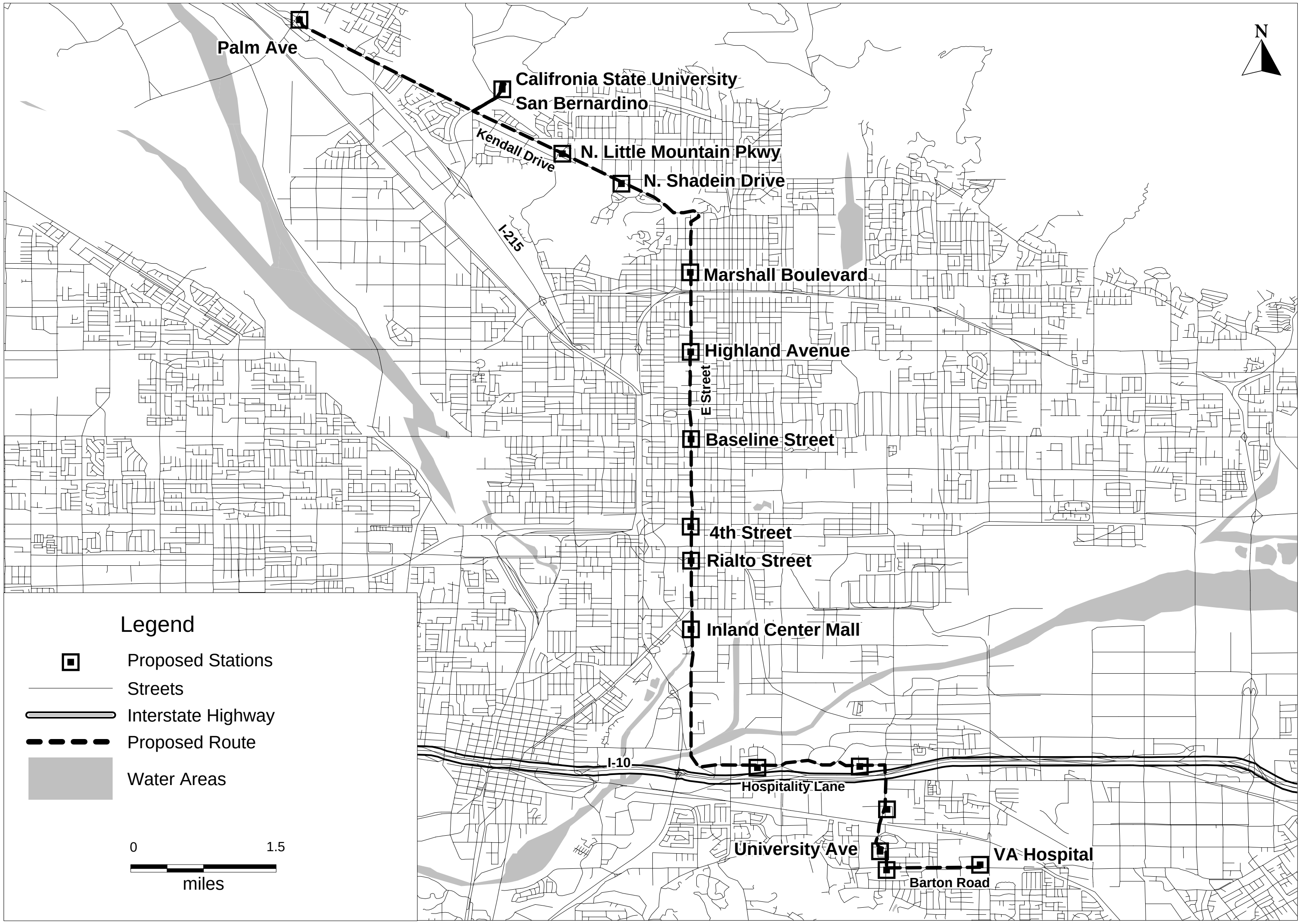
Perris Valley Line

Riverside, California



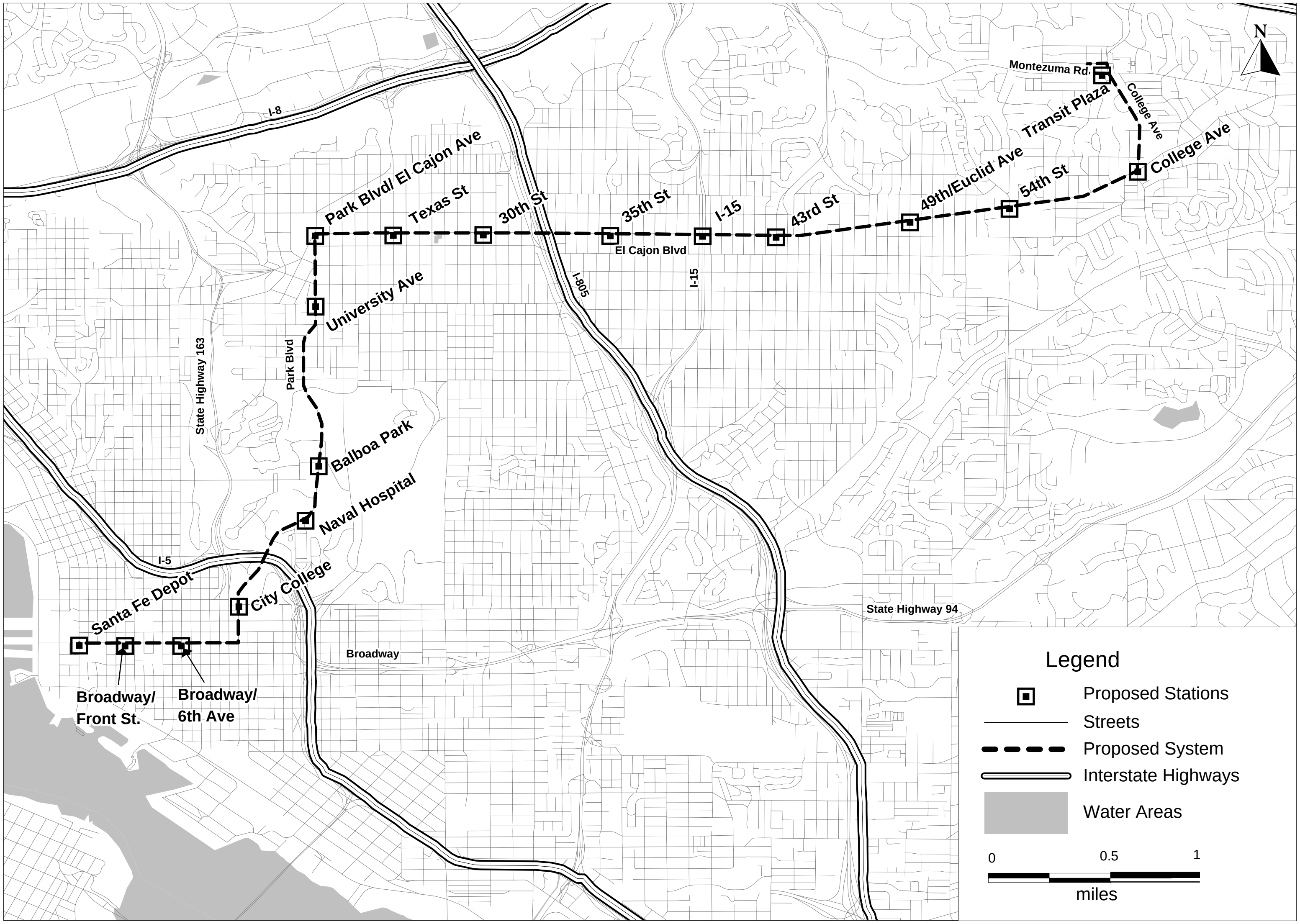
E Street Corridor sbX BRT

San Bernardino, California



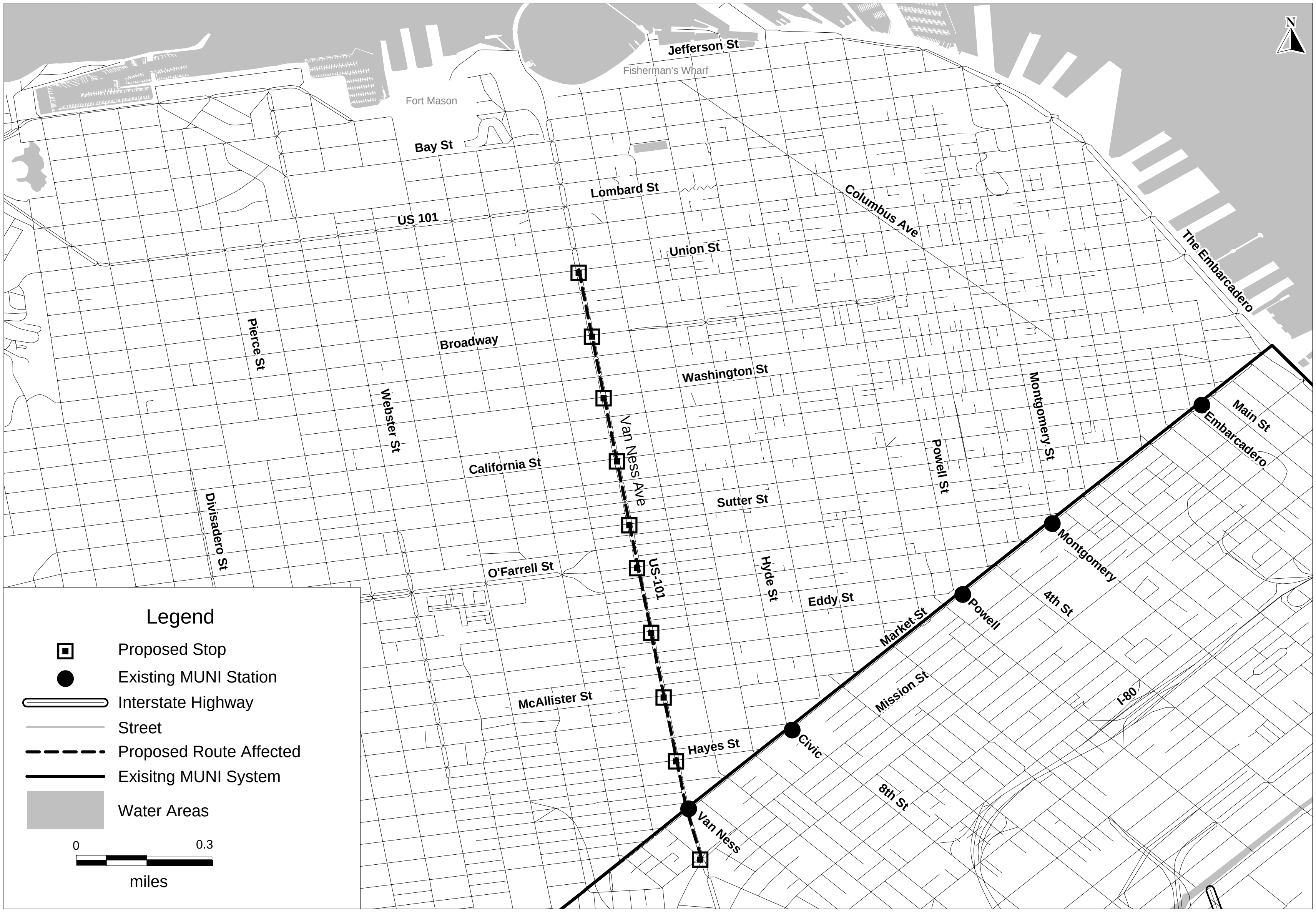
Mid-City Rapid

San Diego, California



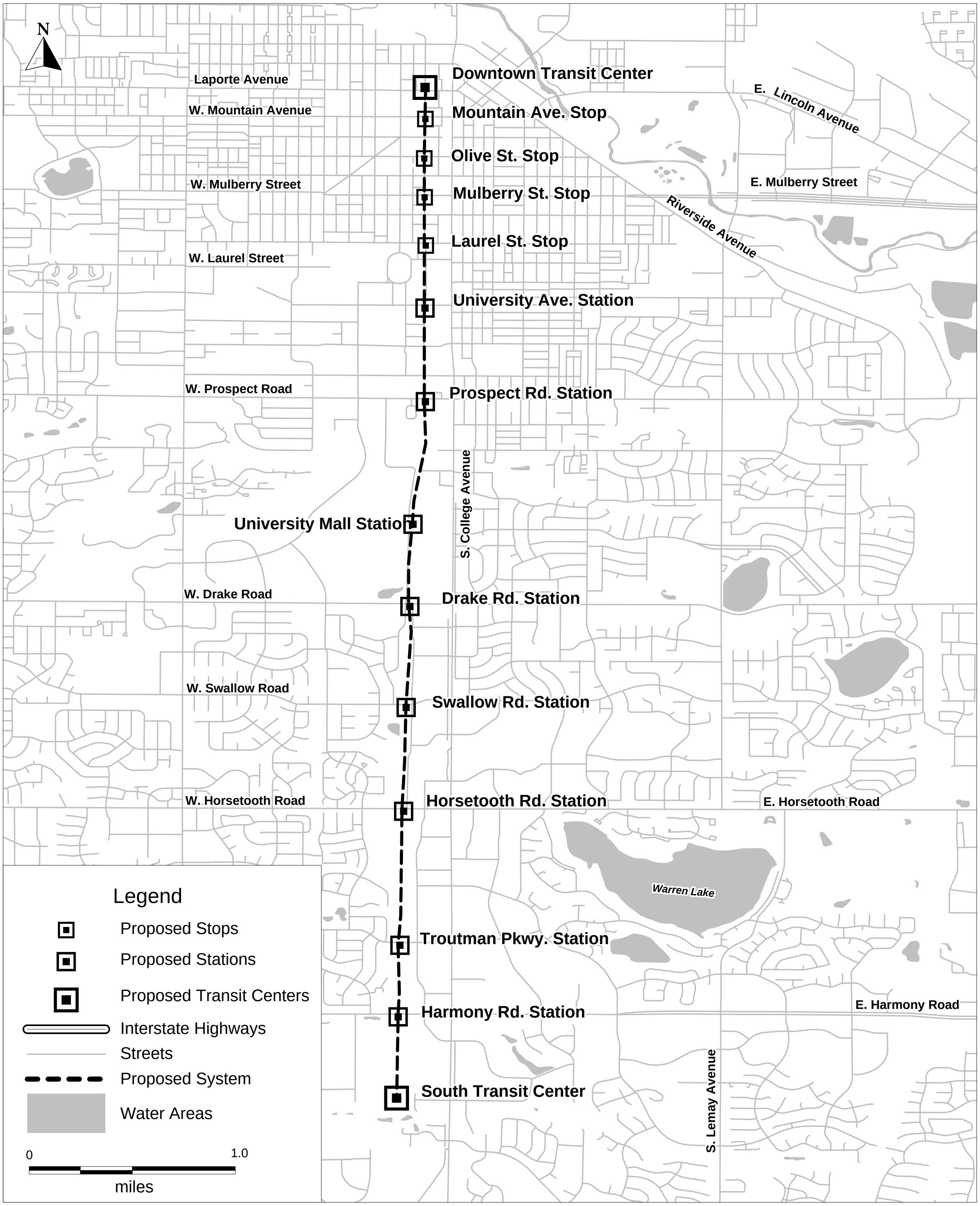
Van Ness Avenue BRT

San Francisco, California



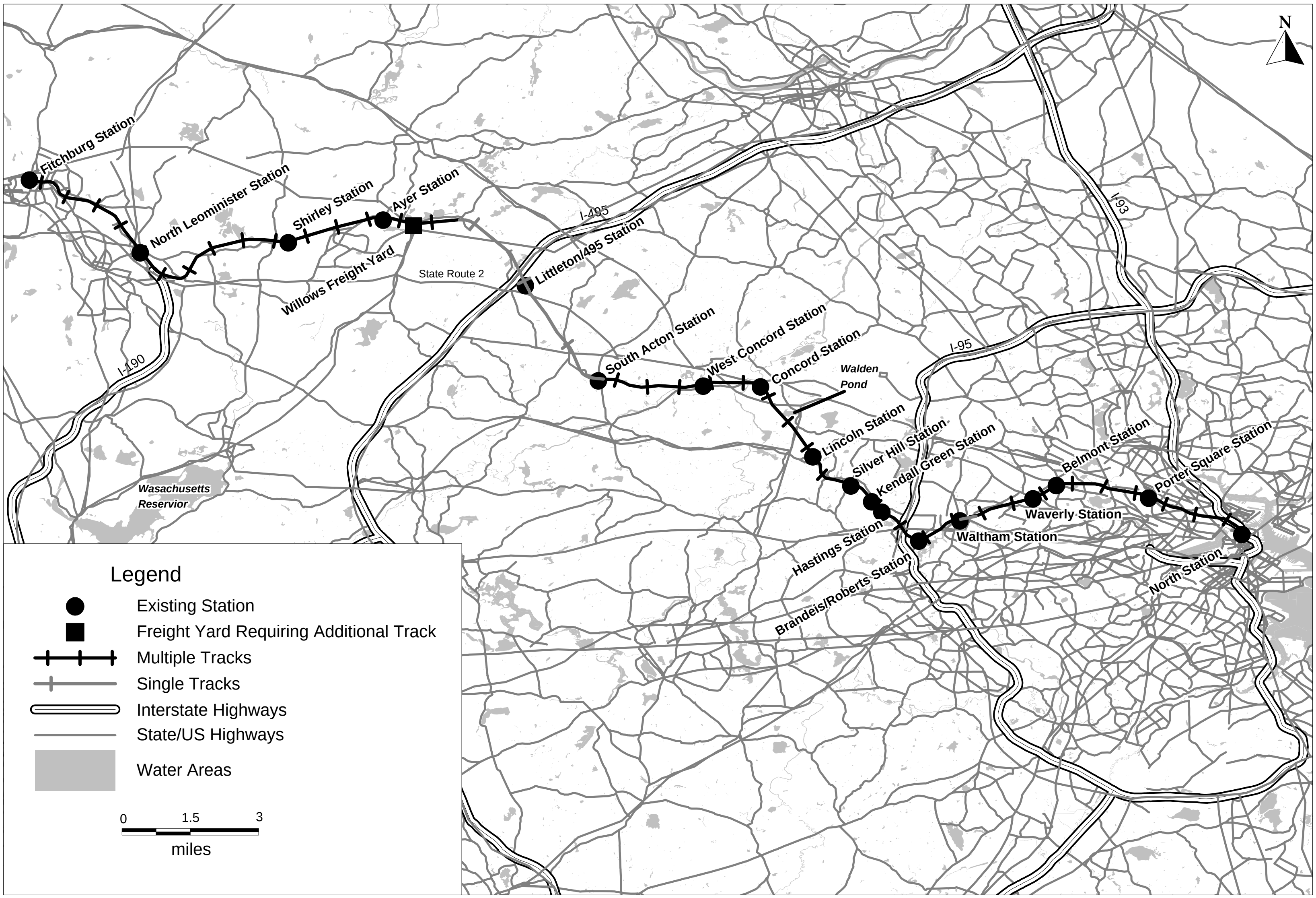
Mason Corridor BRT

Fort Collins, Colorado



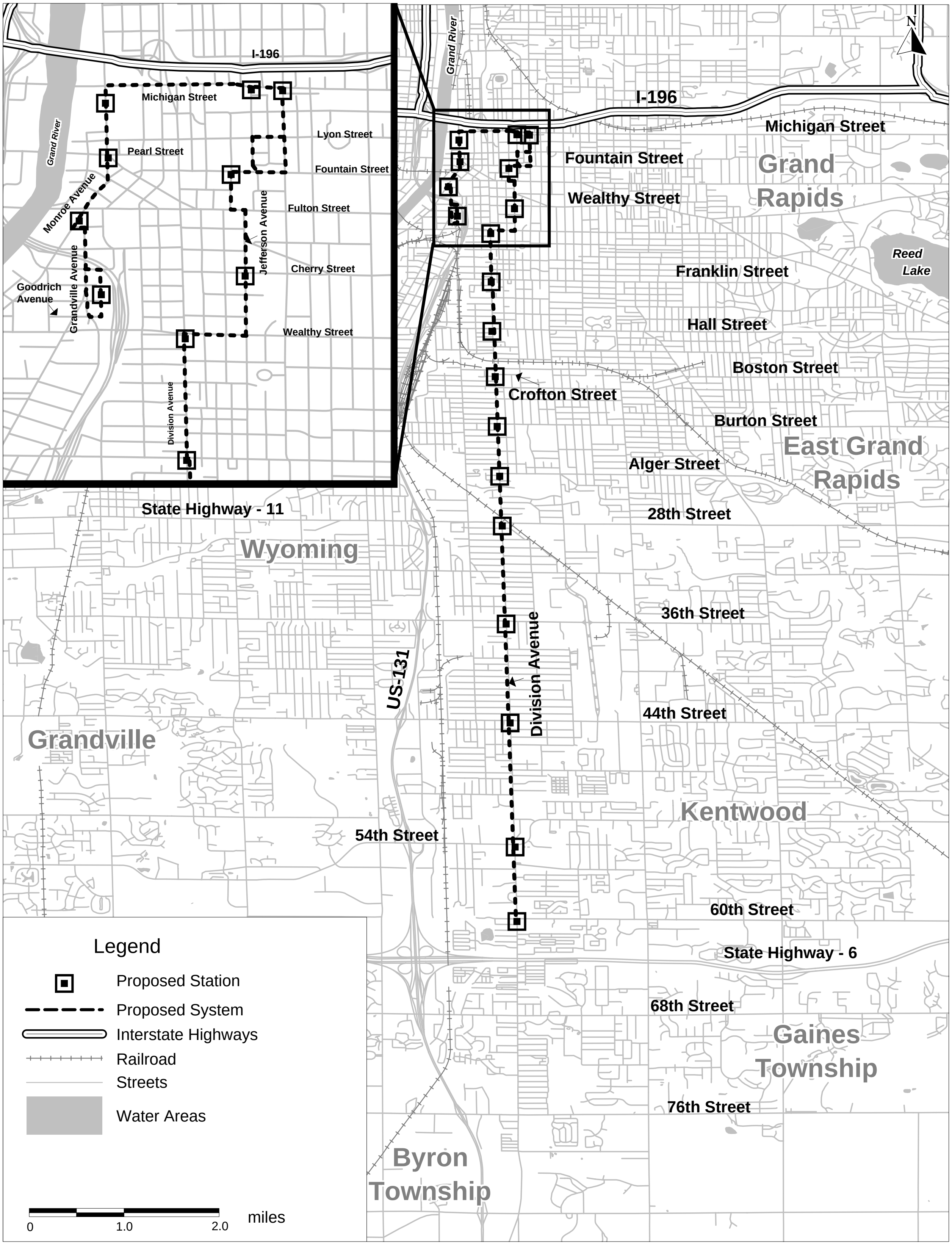
Fitchburg Commuter Rail Improvements

Fitchburg, Massachusetts



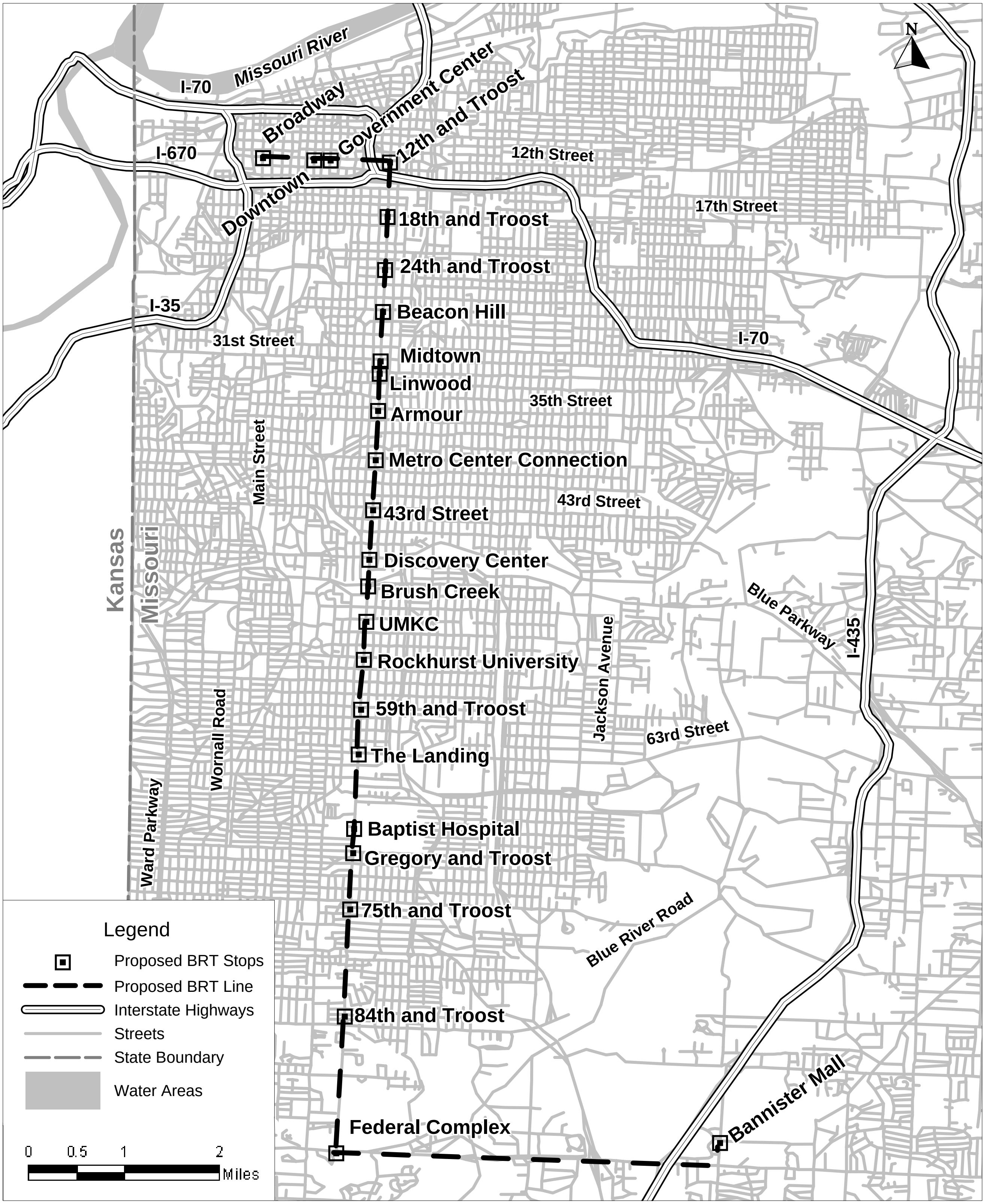
South Corridor BRT

Grand Rapids, Michigan

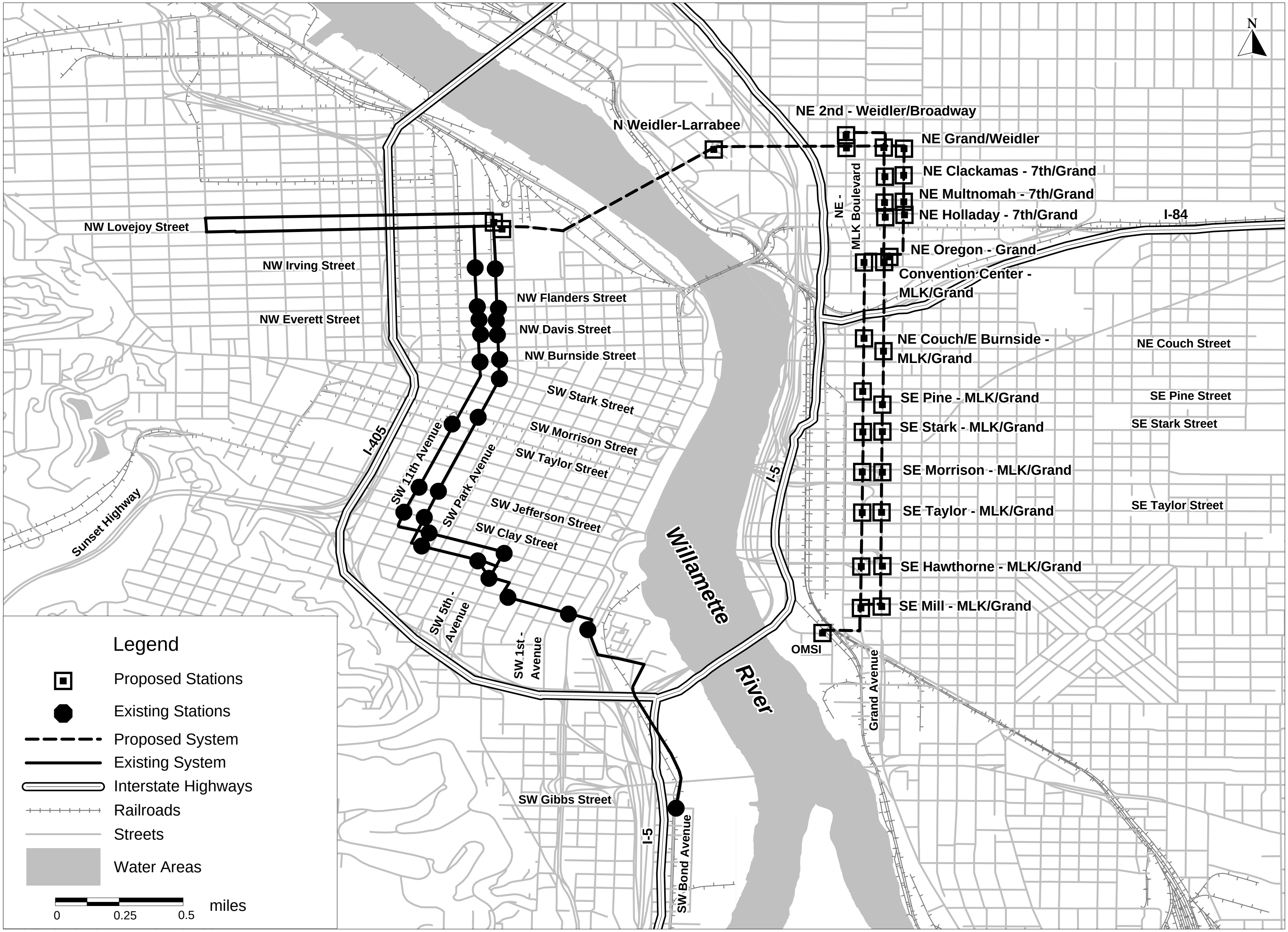


Troost Corridor BRT

Kansas City, MO

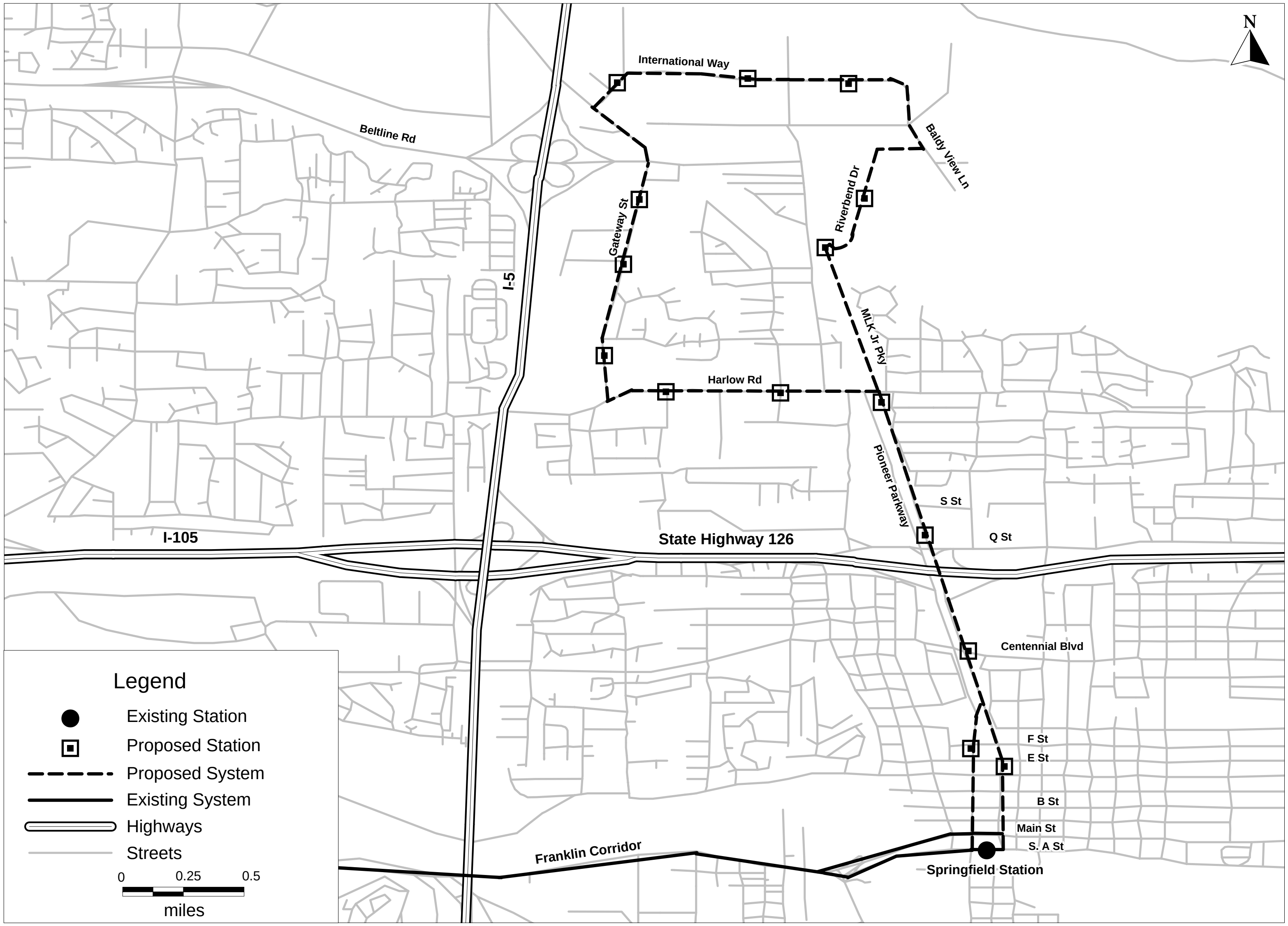


Streetcar Loop
Portland, Oregon



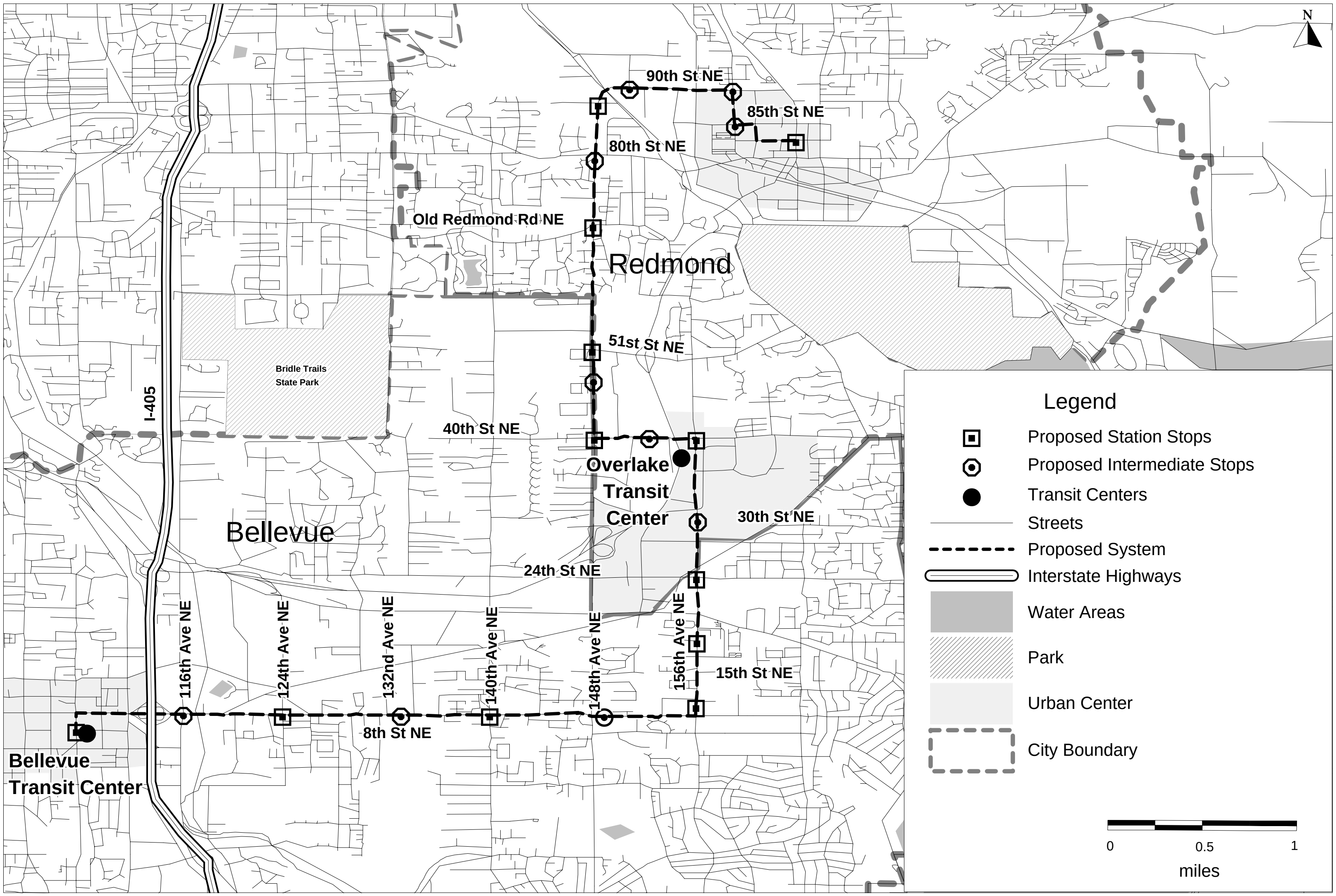
Pioneer Parkway EmX BRT

Springfield, Oregon



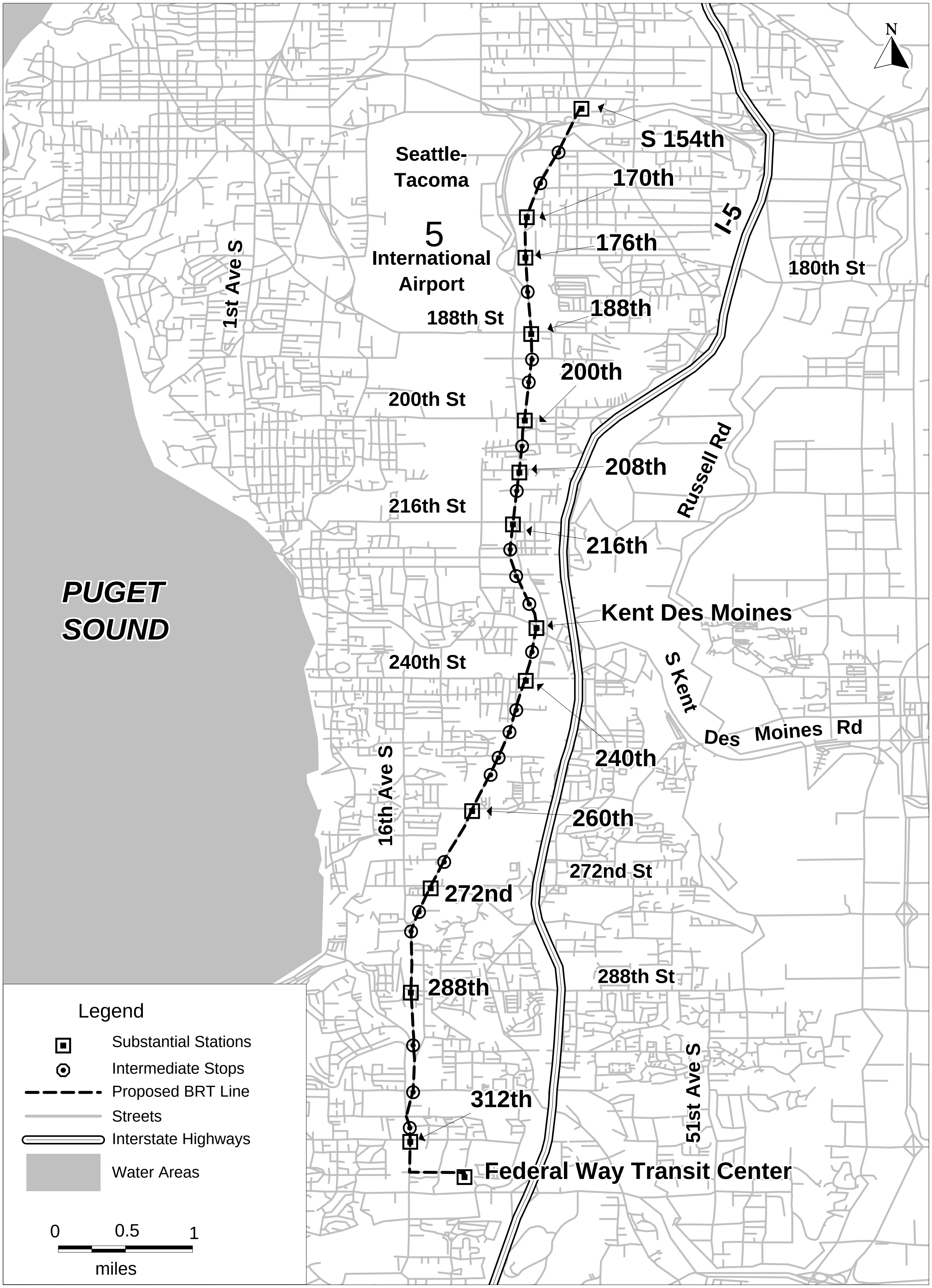
Bellevue - Redmond BRT

King County, Washington



Pacific Highway South BRT

King County, Washington



FY 2009 New Starts and Small Starts Evaluation and Rating Process

Appendix B of the FY 2009 *Annual Report on Funding Recommendations* describes the methodology that the Federal Transit Administration (FTA) will use to evaluate, rate, and recommend funding for candidate New Starts and Small Starts projects beginning May 2007, including FTA's evaluations for the *FY 2009 Annual Report on Funding Recommendations*. This methodology is a modest departure from the process used in the evaluation of projects included in the *Annual Reports on New Starts* for fiscal years 2004-2008 and remains generally consistent with FTA's *Final Rule on Major Capital Investment Projects* issued on December 7, 2000. It reflects several provisions found in the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) and also incorporates: a) changes adopted in the June 2007 *Guidance on New Starts and Small Starts Policies and Procedures*; and b) the *Interim Guidance and Instructions for Small Starts* issued in July 2007. Collectively, these changes are intended to reflect as much of the spirit of SAFETEA-LU as can be implemented prior to completion of the statutorily-required rulemaking process as well as FTA-initiated (and industry-requested) efforts to streamline the New Starts reporting and evaluation processes. As outlined in the guidance documents discussed above, changes made for the FY 2009 New Starts and Small Starts evaluation process include:

- **Adjusted Cost Effectiveness Breakpoints**: As announced in the April 29, 2005, Dear Colleague letter, FTA has adjusted the breakpoints for rating the cost effectiveness of proposed New Starts projects based on the Gross Domestic Product Index (also known as the GDP deflator), which is an alternative to the consumer price index . *Applies to New Starts and Small Starts.*
- **New Measures for the Mobility Improvements Criteria.** As adopted in the June 2007 *Guidance on New Starts and Small Starts Policies and Procedures*, FTA adds three new measures and eliminates two previous measures in its evaluation of the anticipated mobility improvements of proposed New Starts projects. *Applies to New Starts.*
- **Elimination of the evaluation of Operating Efficiencies as a Stand-Alone Criterion.** As adopted in the June 2007 *Guidance on New Starts and Small Starts Policies and Procedures*, FTA will no longer evaluate operating efficiencies as stand-alone criteria. Instead, this document clarifies that the operating efficiencies of proposed New Starts projects are adequately captured under FTA's measure for cost effectiveness. *Applies to New Starts*.
- **Consolidated Measures for Local Financial Commitment.** As adopted in the June 2007 *Guidance on New Starts and Small Starts Policies and Procedures*, FTA has reduced the sub-factors used to develop the ratings for the stability and reliability of the capital and operating finance plans from five to three by eliminating the completeness of the capital and operating plan sub-factors and merging the existing capacity and cost estimates and planning assumptions sub-factors together. The three remaining subfactors will be weighted as follows to arrive at a summary capital/operating rating: (1) current capital/operating condition 25%; (2) commitment of capital/operating funds 25%; and (3) cost estimates/planning assumptions/capacity 50%. *Applies to New Starts; only applies to Small Starts which do not meet the streamlined evaluation process described in Section 1.B of this document.*

- **Assigning of High ratings to the Local Financial Commitment of Small Starts which Qualify for the Streamlined Financial Evaluation Process.** As adopted in the June 2007 *Guidance on New Starts and Small Starts Policies and Procedures*, FTA will assign a rating of *High* for Local Financial Commitment for any Small Starts project which a) qualifies for the streamlined financial evaluation process described in *Section 1.B*; and b) proposes a no greater-than 50 percent share of New Starts project costs. *Applies to Small Starts.*
- **Expanded Measures for the "Other Factors" Criteria.** As adopted in the June 2007 *Guidance on New Starts and Small Starts Policies and Procedures*, FTA will now formally rate the "Making the Case" document which supports each proposed New Starts and Small Starts' justification as part of the "other factors" criteria. FTA will also assign a rating under other factors if the project is part of a local congestion pricing strategy. *Applies to New Starts and Small Starts.*
- **Implement a Five-Tiered Scale for Assigning Overall Project Ratings**. As adopted in the June 2007 *Guidance on New Starts and Small Starts Policies and Procedures*, FTA will replace the current three-tiered overall project rating scale of *High*, *Medium*, and *Low* with a five-tiered rating scale of *High*, *Medium-High*, *Medium*, *Medium-Low* or *Low* as directed in SAFETEA-LU. *Applies to New Starts and Small Starts.*

Appendix B is identical to the FTA document FY 2009 *New Starts and Small Starts Evaluating and Rating Process*, issued on July 20, 2007, with one exception. Specifically, while FTA will rate the project sponsor's "Making the Case" document as part of the "other factors" criteria for its proposed New or Small Start, FTA will not incorporate this rating into the overall project justification rating. It is hoped that FTA ratings and commentary on the "case" for each proposed project will assist in future improvements to the reporting of this requirement, which will be incorporated into the evaluation of future preliminary engineering, final design, and Small Starts project development requests, as well as the FY 2010 *Annual Report on Funding Recommendations*.

Section I of this document introduces the legislative background of FTA's project evaluation and rating responsibilities; identifies each of the statutory criteria used by FTA in its evaluation process; and summarizes the overall project evaluation and rating process. *Sections II* and *III* describe the specific project justification and local financial commitment measures and ratings, respectively, including an explanation of the rating ranges and thresholds for each individual measure, and how they are rolled up into aggregate criteria ratings. *Section IV* concludes with a summary of what the overall project rating will mean for funding recommendations in the President's Budget for FY 2009. All funding recommendations in the President's Budget are subject to the availability of appropriations.

This document is supplemented by two additional documents. *Guidelines and Standards for Assessing Transit-Supportive Land Use* and *Guidelines and Standards for Assessing Local Financial Commitment* provide additional detail on the process FTA uses to evaluate these two criteria. These materials are posted on FTA's website under *New Starts Project Planning and Development*: http://www.fta.dot.gov/planning/newstarts/planning_environment_2620.html.

FTA reminds the audience of this document that project evaluation is an on-going process. It is based on an analysis of the documentation submitted to FTA by local agencies to support their proposed project. As New Starts and Small Starts projects proceed through project development, the estimates of costs, benefits, and impacts are refined. The FTA ratings and recommendations are updated at least annually to reflect new information, changing conditions, and refined financing plans.

I. LEGISLATIVE BACKGROUND

SAFETEA-LU continues the evaluation process provisions first established by the Transportation Equity Act for the 21st Century (TEA-21) in 1998. SAFETEA-LU requires the U.S. Department of Transportation to submit an annual report to Congress (*Annual Report on Funding Recommendations*) that includes the Secretary's evaluation, ratings, and a proposal on the allocation of funds among applicants for amounts to be made available to finance grants and loans for capital projects for new fixed guideway systems and extensions to existing fixed guideway systems and the new Small Starts projects.

Like TEA-21, SAFETEA-LU mandates that proposed New Starts projects must receive FTA approval to advance from "alternatives analysis" to "preliminary engineering," and from "preliminary engineering" to "final design." This approval is based, in large part, on an evaluation of the proposed project's New Starts criteria. Specifically, a project must achieve an overall rating of at least *Medium* in order to advance into each stage of development. Likewise, Small Starts projects must receive FTA approval to advance from "alternatives analysis" to "project development," a single development phase that incorporates the features of both preliminary engineering and final design. Small Starts projects must also receive at least a *Medium* rating to advance. FTA also evaluates and rates projects for the purposes of developing its annual funding recommendations.

FTA's evaluation includes a review of the information submitted to support each proposed project and the assignment of a rating to each evaluation criterion. Based on these criteria-specific ratings, FTA assigns candidate New Starts projects summary ratings for project justification and local financial commitment, and develops the overall project rating. FTA also assigns ratings to Small Starts projects on a subset of the New Starts evaluation criteria. *Sections 1.A* and *1.B* below present the criteria used by FTA in its New Starts and Small Starts evaluation process; *Section 1.C* provides an overview of how these criteria fit into the overall evaluation process; and *Section 1.D* summarizes how overall project ratings are derived.

I.A Project Justification Criteria

Similar to TEA-21, SAFETEA-LU Section 3011(a) (49 USC 5309(d)) requires that projects proposed for New Starts funding be justified based on a comprehensive review of the following criteria:

- Mobility Improvements;
- Environmental Benefits;
- Operating Efficiencies[1];
- Cost Effectiveness; and
- Transit Supportive Land Use Policies and Future Patterns

[1] FTA considers operating efficiencies to be evaluated as part of the cost effectiveness measure and so it does not receive a separate rating.

SAFETEA-LU also continues the TEA-21 requirement of considering "other factors."

SAFETEA-LU further requires that FTA consider in its review the economic development effects of New Starts projects. FTA desires through the rulemaking process to work with the industry on the development of appropriate factors for measuring the economic development effects of candidate projects, and therefore will not consider economic development explicitly in the FY 2009 evaluation cycle as a specific criteria for evaluation However, FTA does encourage candidate New Starts project sponsors to submit information which they believe demonstrates the economic development impacts of their proposed transit investments as an "other factor." FTA will consider this information per the process used for rating other factors as described in *Section II.F* of this document. FTA will also consider under "other factors" the substantive arguments made for the worthiness of the project reflected in the "Making the Case" document, and if the project is a principle element of a congestion management strategy, in general, and an auto pricing strategy, in particular, as well as other locally-reported factors.

In the interim period before issuance of a final rule governing Small Starts, Small Starts will be evaluated on the basis of the following project justification criteria:

- Cost Effectiveness;
- Transit Supportive Land Use Policies and Future Patterns; and
- Other Factors, including economic development, as well as if the project is a principle element of a congestion management strategy, the "Making the Case" document, and any other locally-reported factors

The development of this information is intended to be less complex than required for New Starts. A subset of very simple and low cost transit projects, termed "Very Small Starts" projects, will be evaluated and rated using an even more simplified process. These Very Small Starts have the following features:

- Substantial transit stations,
- Traffic signal priority/pre-emption, to the extent, if any , that there are traffic signals on the corridor,
- Low-floor vehicles or level boarding,
- "Branding" (distinguishing through marketing and physical characteristics) of the proposed service,
- 10 minute peak/15 minute off peak frequencies or better while operating at least 14 hours per weekday (not required for commuter rail or ferries),
- Are in corridors with existing riders who will benefit from the proposed project that exceed 3,000 per average weekday and
- Have a total capital cost less than $50 million (including all project elements) and less than $3 million per mile, exclusive of rolling stock.

Very Small Starts projects that meet these criteria, adequately documented in the Small Starts project submission to FTA, will receive a rating of *Medium* for project justification. FTA finds that projects which meet these characteristics are by their nature cost effective and have transit supportive land-use appropriate to the proposed level of investment.

Section III of this appendix presents the specific measures FTA will use in the FY 2009 evaluation cycle to represent each of the project justification criteria, and how FTA will evaluate them.

I.B Local Financial Commitment

Similar to TEA-21, SAFETEA-LU Section 3011(a) (49 USC 5309(d)) requires that proposed projects also be supported by an acceptable degree of local financial commitment, including evidence of stable and dependable financing sources to construct, maintain and operate the transit system. Section 5309(d) further allows for an evaluation of the extent to which the project proposes a local financial commitment that exceeds the required non-Federal share of the cost of the project.

The measures to be used for the evaluation of the local financial commitment to a proposed project in the FY 2009 evaluation cycle are:

- The proposed share of total project costs from sources other than the Section 5309 New Starts or Small Starts program, including Federal formula and flexible funds, the local match required by Federal law, and any additional capital funding;
- The strength of the proposed capital financial plan; and
- The ability of the sponsoring agency to fund operation and maintenance of the entire system as planned once the project is built.

Section IV describes how FTA will use these measures in its evaluation of candidate New Starts projects.

Small Starts projects may qualify for a highly simplified financial evaluation if the project sponsor can demonstrate the following:

- A reasonable plan to secure funding for the local share of capital costs or sufficient available funds for the local share (all non-New Starts funding must be committed before receiving a Project Construction Grant Agreement);
- The additional operating and maintenance cost to the agency of the proposed Small Starts project is less than 5 percent of the agency's operating budget; and
- The agency is in reasonably good financial condition.

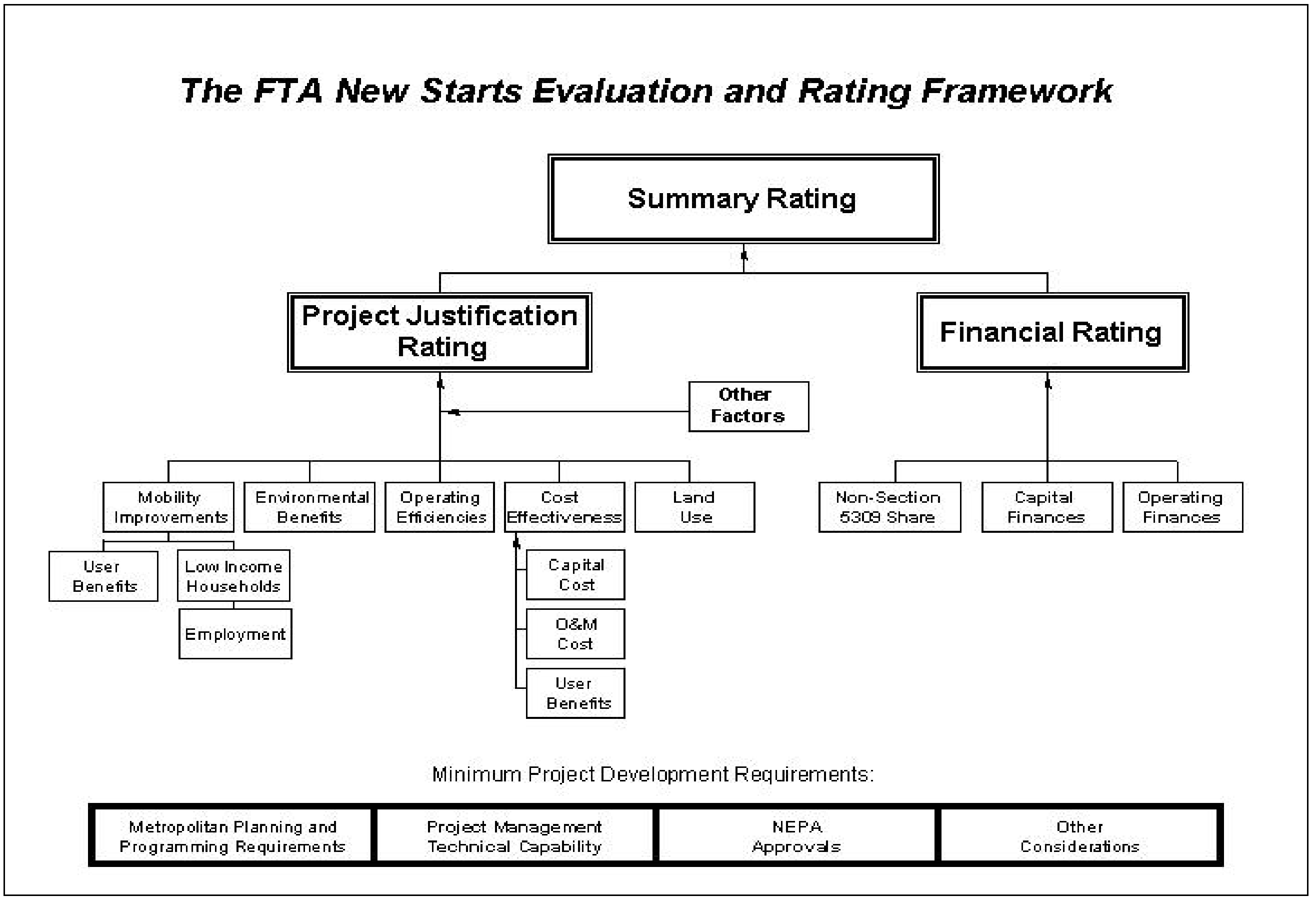
Small Starts projects that meet these criteria and request greater than 50 percent Small Starts funding to cover project construction costs will receive a local financial commitment rating of *Medium*. Small Starts projects that request 50 percent or less in Small Starts funding will receive a *High* rating for local financial commitment. Small Starts projects which cannot qualify for this highly simplified financial evaluation will be evaluated and rated in the same manner as other New Starts projects.

I.C The Evaluation Process

FTA evaluates proposed New Starts projects against the full range of criteria for both project justification and local financial commitment, as described in Figure I-1 on the following page. Small Starts are evaluated against a subset of these measures including cost effectiveness, land use, other factors (including economic development impacts), and local financial commitment.

The specific project justification and local financial commitment measures included in Figure I-1 are described in detail in *Sections II* and *III* of this document, respectively.

Figure I-1 New Starts Evaluation Process



I.D Overall Project Ratings

SAFETEA-LU Sections 5309(d) and (e) require that FTA assign overall ratings on a 5-tier scale of *High, Medium-High, Medium, Medium-Low,* or *Low* to each New Starts or Small Starts project subject to evaluation.

The overall project rating is determined by averaging the rating for project justification and local financial commitment. When the average of these ratings is unclear (e.g. project justification rating of *Medium-High* and local financial commitment rating of *Medium*), FTA will round up the overall rating to the higher rating (e.g. project justification rating of *Medium-High* and local financial commitment rating of *Medium* yields an overall rating of *Medium-High*) except in the following circumstances:

- A *Medium* overall rating requires a rating of at least *Medium* for both project justification and local financial commitment.
- A *Medium-Low* overall rating requires a rating of at least *Medium-Low* for both project justification and local financial commitment.

FTA reminds project sponsors that candidate projects cannot receive a designation of **Not Rated** if they receive a *Medium* or higher rating for local financial commitment but are unable to produce acceptable information in support of their project justification criteria. In cases where such information is either not submitted or submitted but deemed to be unreliable, FTA will assign a rating of *Low* to the affected project justification criteria.

I.E Ratings: An On-going Process

Again, it is important to emphasize that project evaluation is an on-going process. FTA evaluation and rating occurs annually in support of budget recommendations presented in the *Annual Report on Funding Recommendations* and when a project sponsor requests FTA approval to advance their proposed New Starts project into preliminary engineering and final design or Small Starts projects into project development. Consequently, as proposed New Starts and Small Starts projects proceed through the project development process, information concerning costs, benefits, and impacts is refined and the ratings are updated to reflect new information.

II. SUMMARY PROJECT JUSTIFICATION RATING

The following summarizes FTA's process for evaluating the project justification criteria of proposed New Starts projects.

II.A Project Justification Rating

FTA assigns a summary project justification rating of *High*, *Medium-High*, *Medium*, *Medium-Low* or *Low* to each project based on consideration of the ratings applied to the project justification criteria presented in *Section I.A* and each of the specific measures identified in Table II-1 on the following page:

Table II-1 New Starts and Small Starts Project Justification Criteria and Supporting Measures and Categories

Criterion	Measures/Categories
Cost Effectiveness (New Starts and Small Starts)	• Incremental Cost per Hour of Transportation System User Benefit
Transit Supportive Land Use and Future Patterns (New Starts and Small Starts)	• Existing Land Use • Transit Supportive Plans and Policies • Performance and Impacts of Policies
Mobility Improvements (New Starts only)	• User Benefits per Passenger Mile • Number of Transit Dependents Using the Project • Transit Dependent User Benefits per Passenger Mile • Share of User Benefits Received by Transit Dependents Compared to Share of Transit Dependents in the Region
Environmental Benefits (New Starts only)	• EPA Air Quality Designation

For mobility improvements and transit supportive land use, projects are aligned for each measure and category in a continuum of values from *Low* to *High* and broken into five groups, with each group assigned a numerative rating of 1 (*Low*) to 5 (*High*). The thresholds that distinguish the five groups are not pure quintiles (that is, 20 percent each of the total number of projects being evaluated for the measure) but rather logical break points in the aligned data that separate one group from another. Where criteria are represented by more than one measure, ratings for each measure are rolled up and averaged into criterion-specific ratings, where the numerative rating is converted into a corresponding *High, Medium-High, Medium, Medium-Low* or *Low* rating. The mobility improvements and land use rating process are described in greater detail in *Sections II.C* and *II.D* below.

For the cost effectiveness criterion, specific dollar breakpoints are defined for *High, Medium-High, Medium*, *Medium-Low* and *Low* ratings (these breakpoints are presented in *Section II.B* below). Decision rules for the environmental benefits criterion are described in *Sections II.E* and *II.F* below.

Criterion-specific ratings are subsequently combined to form the summary *High, Medium-High, Medium, Medium-Low* or *Low* justification ratings for each project presented in *Section I.E*.

FTA assigns a weight of 50 percent each to the cost effectiveness and land use criteria in order to establish a summary project justification rating. For New Starts, when the average of the cost effectiveness and land use rating falls equally between two ratings (say, between a *Medium* and a *Medium-High* rating), the mobility improvements rating is introduced as a “tiebreaker.” Specifically, when mobility improvements are rated *Low*, the summary rating will "round down" to the lower of the two ratings; for all other mobility improvement ratings (and for all Small Starts projects, which are not rated for mobility improvements), the rating is "rounded-up" to establish the summary project justification rating. For example, a New Starts project with a cost effectiveness rating of *Medium-High* and a land use rating of *Low* - along with a mobility improvements rating of *Medium* - would receive a summary project justification rating of *Medium*.

Based upon its prior experience in evaluating New Starts projects, FTA has previously determined that locally-generated and reported information in support of the operating efficiencies and environmental benefits criteria does not distinguish in any meaningful way differences between competing major transit capital investments. Based upon this experience, FTA further believes that the anticipated operating efficiencies of proposed New Starts projects are adequately captured under its measure for evaluating project cost effectiveness. Consequently, beginning in June 2007, FTA will no longer explicitly evaluate the operating efficiencies of proposed New Starts projects. FTA will continue to rate the environmental benefits of proposed New Starts projects, as described in Section II.E of this document, but will not consider this rating in the determination of an overall project justification rating.

If well documented, and considered by FTA to be a significant benefit to a proposed project that is not otherwise captured in the other evaluation criteria, “other factors” may increase or decrease a summary project justification rating by no more than one step (for example, from *Medium-Low* to *Medium* or from *Medium-High* to *High*) Consistent with SAFETEA-LU, FTA will give particular attention to well-documented and justified economic development impacts in its evaluation of “other factors” for candidate New Starts and Small Starts projects. FTA will also consider under “other factors” the substantive arguments made for the worthiness of the project reflected in the “Making the Case” document, and if the project is a principle element of a congestion management strategy, in general, and an auto pricing strategy, in particular, as well as other locally-reported factors. The evaluation and rating of individual project justification criteria is discussed below.

Failure to submit acceptable information (for example, reliable travel forecasts to support the cost effectiveness, and mobility improvements criteria) will result in a *Low* rating for the affected project justification criteria.

II.B Cost Effectiveness

In its evaluation of the cost effectiveness of a proposed project, FTA considers the incremental cost per hour of transportation system user benefits in the forecast year. Transportation system user benefits reflect the improvements in regional mobility - as measured by the weighted in- and out-of-vehicle changes in travel-time to users of the regional transit system – caused by the implementation of the proposed New Starts project. The cost effectiveness measure is calculated by (a) estimating the incremental “base-year” annualized capital and operating costs of the project (over a lower cost “baseline” of transit service), and then (b) dividing these costs by the projected user benefits. The result of this calculation is a measure of project cost per hour of projected user (i.e. travel-time) benefits expected to be achieved if the project is added to the regional transit system. Proposed projects with a lower cost per hour of projected travel-time benefits are evaluated as more cost effective than those with a higher cost per hour of projected travel-time benefits.

FTA believes that the cost per hour of transportation system user benefits is a sound measure for cost effectiveness - and preferable to the prior measure of incremental cost per new rider - because it: (1) captures the benefits which accrue to *all* transit users (including existing transit riders which the previous measure did not capture), including both direct time savings and other attributes of premium transit services such as service reliability, safety and security, branding, span of service, etc.; (2) better reflects the *cause* of ridership increases – improvements in travel time and other attributes of major transit capital investments such as reliability, security, and permanence – rather than simply the patronage *outcome as did the previous measure*; (3) reflects the nature of the service being provided by the candidate project (for example, the previous measure could not distinguish between a project generating 1,000 new riders all making very short trips versus a project generating 1,000 new riders all making very long trips; and (4) does not penalize those agencies which are already providing a high level of transit service in a corridor for which a major capital investment is proposed.

Table II-2 below presents the thresholds FTA will use in FY 2009 for assigning a *High, Medium-High, Medium, Medium-Low* or *Low* cost effectiveness rating for each proposed project. FTA publishes updates to these breakpoints annually to reflect the impact of inflation.

Table II-2 Cost Effectiveness Breakpoints

High	$11.99 and under
Medium-High	$12.00 - $15.49
Medium	$15.50-$23.99
Medium-low	$24.00-$29.99
Low	$30.00 and over

The breakpoints that FTA uses to assign cost-effectiveness ratings are based, fundamentally, on the value of the project's benefits (cost per hour of transportation system user benefits with an adjustment to account for congestion benefits and all other unquantifiable benefits). The value of time savings is both well developed and widely used in the economic analysis of transportation projects. U.S. Department of Transportation (USDOT) guidance (*Departmental Guidance for the Valuation of Travel time in Economic Analysis, April 9, 1997*) describes, in detail, the derivation of the standard values of time to be used by all USDOT Administrations in the economic evaluation of proposed projects. Consistent with this departmental guidance, FTA values travel time-savings at 50 percent of Median Household Income published by the Census Bureau, divided by 2,000 hours.

When the cost-effectiveness breakpoints were initially established in Fall 2002 for the FY 2004 *Annual Report on Funding Recommendations*, the most recent data available from the U.S. Census was year 2000. At that time, the median household income reported by the U.S. Census was $42,148. Using 2000 hours per year as specified in USDOT guidance, the value of time in year 2000 was calculated at $10.54 per hour. However, FTA acknowledged that the time savings for transit users alone did not capture the full range of benefits of major transit projects. Pending improved reliability of the estimates of highway congestion relief, FTA assumed that congestion relief adds about 20 percent to the travel time savings generated by the project. Hence, each hour of transit time savings would represent a total direct benefit of about $12.65 per hour in year 2000 dollars to all users of the transportation system. Further, indirect benefits (economic development, safety improvements, pollutant reductions, energy savings, etc.) increased that value. Assuming that indirect benefits are approximately equal to the direct transportation benefits, FTA increased the value of each hour of transit travel time by a factor of two to about $25 in year 2000 dollars. FTA used this value to establish the breakpoint between a "Low" and "Medium-Low" rating for cost effectiveness. Since that time, the breakpoints have been inflated annually based on the Gross Domestic Product Index (also known as the GDP deflator), which is an alternative to the consumer price index.

Very Small Starts include low-cost elements such as service branding, low-floor buses operating at improved frequencies, transit stations with real-time passenger information, and traffic signal priority, all of which FTA has determined to be cost effective by their very nature. Therefore, Very Small Starts projects automatically receive a *Medium* rating for cost effectiveness.

II.C Transit-Supportive Existing Land Use and Future Patterns

In its evaluation of the land use for New Starts projects, FTA explicitly considers the following transit supportive land use categories and factors:

1. **Existing Land Use**
2. **Transit Supportive Plans and Policies**, including the following factors:
    - Growth management;
    - Transit supportive corridor policies;
    - Supportive zoning regulations near transit stations; and
    - Tools to implement land use policies.
3. **Performance and Impacts of Policies**, including the following factors:
    - Performance of land use policies; and
    - Potential impact of transit project on regional land use.

FTA also permits project sponsors to submit information in support of an optional “other land use considerations” category.

The evaluation of transit supportive existing land use and future patterns is similar for Small Starts projects, but eliminates the growth management and “other land use considerations” factors and simplifies the reporting of information supporting the remaining factors. More information on the land use evaluation process for Small Starts projects can be found in Appendix A of the *Interim Guidance and Instructions for Small Starts*.

FTA considers projects which meet the minimum existing ridership threshold of 3,000 daily boardings to be in corridors with transit-supportive land use appropriate to the proposed level of investment. Therefore, Very Small Starts projects automatically receive a *Medium* rating for transit supportive land use plans and policies.

Based on information submitted to FTA by local agencies, FTA gauges each category by the factors identified above. FTA assigns one of five numerical ratings (“1” to “5”) to each project for each of these factors. Each factor is weighted equally within its category, averaged, and combined into category-specific ratings. These category ratings are then combined equally (that is, each land use category rating contributes one-third of the value) and converted to a descriptive rating of *High, Medium-High, Medium, Medium-Low* or *Low* to determine the overall land use rating. In rare cases, when based on unusually compelling "other" land use considerations, FTA may increase the land use rating by one point.

Additional detail on FTA's land use rating process is contained in *Guidelines and Standards for Assessing Transit-Supportive Land Use*. Table II-3 on the following pages summarizes the ratings applied by FTA in the assessment of each land use category and supporting factor at each stage of project development.

Table II-3 Ratings Applied in Assessment of Land Use Criterion

I. EXISTING LAND USE		
Existing Land Use		
Phase of Project Development	Land Use Assessment Ratings	
Preliminary Engineering and Final Design	HIGH (5)	Current levels of population, employment, and other trip generators in station areas are sufficient to support a major transit investment. Most station areas are pedestrian-friendly and fully accessible.
	MEDIUM (3)	Current levels of population, employment, and other trip generators in station areas marginally support a major transit investment. Some station areas are pedestrian-friendly and accessible. Significant growth must be realized.
	LOW (1)	Current levels of population, employment, and other trip generators in station areas are inadequate to support a major transit investment. Station areas are not pedestrian-friendly.
Ratings based on assessment of the following: • Existing corridor and station area development; • Existing corridor and station area development character; • Existing station area pedestrian facilities, including access for persons with disabilities; and • Existing corridor and station area parking supply.		
II. TRANSIT-SUPPORTIVE PLANS AND POLICIES		
Growth Management **(DOES NOT APPLY TO SMALL STARTS)**		
Phase of Project Development	Land Use Assessment Ratings	
Preliminary Engineering and Final Design	HIGH (5)	Adopted and enforceable growth management and land conservation policies are in place throughout the region. Existing and planned densities, along with market trends in the region and corridor are strongly compatible with transit.
	MEDIUM (3)	Significant progress has been made toward implementing growth management and land conservation policies. Strong policies may be adopted in some jurisdictions but not others, or only moderately enforceable policies (e.g., incentive-based) may be adopted regionwide. Existing and/or planned densities and market trends are moderately compatible with transit.
	LOW (1)	Limited consideration has been given to implementing growth management and land conservation policies; adopted policies may be weak and apply to only a limited area. Existing and/or planned densities and market trends are minimally or not supportive of transit.
Ratings based on assessment of the following: • Concentration of development around established activity centers and regional transit; and • Land conservation and management.		

Table II-3 Ratings Applied in Assessment of Land Use Criterion (cont.)

II. TRANSIT-SUPPORTIVE PLANS AND POLICIES		
Transit-Supportive Corridor Policies		
Final Design	HIGH (5)	Conceptual plans for the corridor and station areas have been developed. Local jurisdictions have adopted or drafted revisions to comprehensive and/or small area plans in most or all station areas. Land use patterns proposed in conceptual plans and local and institutional plan revisions are strongly supportive of a major transit investment.
	MEDIUM (3)	Conceptual plans for the corridor and station areas have been developed. Local jurisdictions have initiated the process of revising comprehensive and/or small area plans. Land use patterns proposed in conceptual plans and local and institutional plan revisions are at least moderately supportive of a major transit investment.
	LOW (1)	Limited progress, to date, has been made toward developing station area conceptual plans or revising local comprehensive or small area plans. Existing station area land uses identified in local comprehensive plans are marginally or not transit-supportive.
Preliminary Engineering	HIGH (5)	Conceptual plans for the corridor and station areas have been developed. Discussions have been undertaken with local jurisdictions about revising comprehensive plans. Land use patterns proposed in conceptual plans for station areas (or in existing comprehensive plans and institutional master plans throughout the corridor) are strongly supportive of a major transit investment.
	MEDIUM (3)	Conceptual plans for the corridor and station areas are being developed. Discussions have been undertaken with local jurisdictions about revising comprehensive plans. Land use patterns proposed in conceptual plans for station areas (or existing in local comprehensive plans and institutional master plans) are at least moderately supportive of a major transit investment.
	LOW (1)	Limited progress, to date, has been made toward developing station area conceptual plans or working with local jurisdictions to revise comprehensive plans. Existing station area land uses identified in local comprehensive plans are marginally or not transit-supportive.
Ratings based on assessment of the following: • Plans and policies to increase corridor and station area development; • Plans and policies to enhance transit-friendly character of corridor and station area development; • Plans to improve pedestrian facilities, including facilities for persons with disabilities; and • Parking policies.		

Table II-3 Ratings Applied in Assessment of Land Use Criterion (cont.)

II. TRANSIT-SUPPORTIVE PLANS AND POLICIES		
Supportive Zoning Regulations Near Transit Stations		
Final Design	HIGH (5)	Local jurisdictions have adopted zoning changes that strongly support a major transit investment in most or all transit station areas.
	MEDIUM (3)	Local jurisdictions are in the process of adopting zoning changes that moderately or strongly support a major transit investment in most or all transit station areas. Alternatively: strongly transit-supportive zoning has been adopted in some station areas but not in others.
	LOW (1)	No more than initial efforts have begun to prepare station area plans and related zoning. Existing station area zoning is marginally or not transit-supportive.
Preliminary Engineering	HIGH (5)	A conceptual planning process is underway to recommend zoning changes for station areas. Conceptual plans and policies for station areas are recommending transit-supportive densities and design characteristics. Local jurisdictions have committed to examining and changing zoning regulations where necessary. Alternatively, a “high” rating can be assigned if existing zoning in most or all transit station areas is already strongly transit-supportive.
	MEDIUM (3)	A conceptual planning process is underway to recommend zoning changes for station areas. Local jurisdictions are in the process of committing to examining and changing zoning regulations where necessary. Alternatively, a “medium” rating can be assigned if existing zoning in most or all transit station areas is already moderately transit-supportive.
	LOW (1)	Limited consideration has been given to preparing station area plans and related zoning. Existing station area zoning is marginally or not transit-supportive.
Ratings based on assessment of the following: • Zoning ordinances that support increased development density in transit station areas; • Zoning ordinances that enhance transit-oriented character of station area development and pedestrian access; and • Zoning allowances for reduced parking and traffic mitigation.		

Table II-3 Ratings Applied in Assessment of Land Use Criterion (cont.)

II. TRANSIT-SUPPORTIVE PLANS AND POLICIES		
Tools to Implement Land Use Policies		
Final Design	HIGH (5)	Transit agencies and/or regional agencies are working proactively with local jurisdictions, developers, and the public to promote transit-supportive land use planning and station area development. The transit agency has established a joint development program and identified development opportunities. Agencies have adopted effective regulatory and financial incentives to promote transit-oriented development. Public and private capital improvements are being programmed in the corridor and station areas which implement the local land use policies and which leverage the Federal investment in the proposed corridor.
	MEDIUM (3)	Transit agencies and/or regional agencies have conducted some outreach to promote transit-supportive land use planning and station area development. Regulatory and financial incentives to promote transit-oriented development are being developed, or have been adopted but are only moderately effective. Capital improvements are being identified that support station area land use plans and leverage the Federal investment in the proposed major transit corridor.
	LOW (1)	Limited effort has been made to reach out to jurisdictions, developers, or the public to promote transit-supportive land use planning; to identify regulatory and financial incentives to promote development; or to identify capital improvements.
Preliminary Engineering	HIGH (5)	Transit agencies and/or regional agencies are working proactively with local jurisdictions, developers, and the public to promote transit-supportive land use planning and station area development. Local agencies are making recommendations for effective regulatory and financial incentives to promote transit-oriented development. Capital improvement programs are being developed that support station area land use plans and leverage the Federal investment in the proposed major transit corridor.
	MEDIUM (3)	Transit agencies and/or regional agencies have conducted some outreach to promote transit-supportive land use planning and station area development. Agencies are investigating regulatory and financial incentives to promote transit-oriented development. Capital improvements are being identified that support station area land use plans and leverage the Federal investment in the proposed major transit corridor.
	LOW (1)	Limited effort has been made to reach out to jurisdictions, developers, or the public to promote transit-supportive land use planning; to identify regulatory and financial incentives to promote development; or to identify capital improvements.

Table II-3 Ratings Applied in Assessment of Land Use Criterion (cont.)

II. TRANSIT-SUPPORTIVE PLANS AND POLICIES		
Tools to Implement Land Use Policies (Continued)		
Ratings based on assessment of the following: • Outreach to government agencies and the community in support of land use planning; • Regulatory and financial incentives to promote transit-supportive development; and • Efforts to engage the development community in station area planning and transit-supportive development.		
III. PERFORMANCE AND IMPACTS OF LAND USE POLICIES		
Performance of Land Use Policies		
Final Design	HIGH (5)	A significant number of development proposals are being received for transit-supportive housing and employment in station areas. Significant amounts of transit-supportive development have occurred in other, existing transit corridors and station areas in the region.
	MEDIUM (3)	Some development proposals are being received for transit-supportive housing and employment in station areas. Moderate amounts of transit-supportive development have occurred in other existing transit corridors and station areas in the region.
	LOW (1)	A limited number of proposals for transit-supportive housing and employment development in the corridor are being received. Other existing transit corridors and station areas in the region lack significant examples of transit-supportive housing and employment development.
Preliminary Engineering	HIGH (5)	Transit-supportive housing and employment development is occurring in the corridor. Significant amounts of transit-supportive development have occurred in other, existing transit corridors and station areas in the region.
	MEDIUM (3)	Station locations have not been established with finality, and therefore, development would not be expected. Moderate amounts of transit-supportive housing and employment development have occurred in other, existing transit corridors and station areas in the region.
	LOW (1)	Other existing transit corridors and station areas in the region lack significant examples of transit-supportive housing and employment development.
Ratings based on assessment of the following: • Demonstrated cases of development affected by transit-oriented policies; and • Station area development proposals and status.		

Table II-3 Ratings Applied in Assessment of Land Use Criterion (cont.)

III. PERFORMANCE AND IMPACTS OF LAND USE POLICIES		
Potential Impact of Transit Project on Regional Land Use		
Preliminary Engineering and Final Design	HIGH (5)	A significant amount of land in station areas is available for new development or redevelopment at transit-supportive densities. Local plans, policies, and development programs, as well as real estate market conditions, strongly support such development.
	MEDIUM (3)	A moderate amount of land in station areas is available for new development or redevelopment at transit-supportive densities. Local plans, policies, and development programs, as well as real estate market conditions, moderately support such development.
	LOW (1)	Only a modest amount of land in station areas is available for new development or redevelopment. Local plans, policies, and development programs, as well as real estate market conditions, provide marginal support for new development in station areas.
Ratings based on assessment of the following: • Adaptability of station area land for development; and • Corridor economic environment.		

As Table II-3 indicates, FTA takes into consideration the stage of development of a proposed project in its evaluation of land use information. For example, the planning and policy oriented factors (existing land use, containment of sprawl, and corridor policies) are relevant in evaluating projects in all stages of project development, but particularly useful for projects early in project development. On the other hand, the implementation-oriented factors (supportive zoning regulations, implementation tools, and performance of land use policies) are more applicable in evaluating projects more advanced in preliminary engineering or final design.

II.D Mobility Improvements

In its evaluation of the mobility improvements that would be realized by implementation of a proposed project, FTA evaluates four measures:

1. User Benefits per Passenger Mile on the Project
2. Number of Transit Dependents Using the Project
3. Transit Dependent User Benefits per Passenger Mile on the Project
4. Share of User Benefits Received by Transit Dependents Compared to Share of Transit Dependents in the Region

The mobility rating is the average of the rating for the first measure above (which applies to all riders of the New Starts project) and the combined ratings for the subsequent three (that apply only to transit dependents). The process FTA uses to establish measure-specific ratings and the overall mobility improvements rating is described below:

> **User Benefits per Passenger Mile on the Project** This measure reflects the travel time savings, as measured by minutes of transportation system user benefits in the forecast year anticipated from the proposed project compared to its baseline alternative. In order to rate projects in comparison to other proposed New Starts, this measure is normalized by the annual passenger miles traveled on the New Starts project in the forecast year. The result is a measure of the intensity of the user benefits.

As noted previously, projects are aligned in ascending order of user benefits per passenger mile and categorized into five groups, separated by the logical breakpoints indicated by the submitted data for the measure. Projects in the highest grouping (that is with the most user benefits per passenger mile) receive a “5,” while projects in the lowest grouping receive a “1.”

Number of Transit Dependent Individuals Using the Project and Transit Dependent User Benefits per Passenger Mile on the Project These two measures represent the number of transit dependents affected by the project and the intensity of the benefit per passenger. The first is self explanatory while the second is defined identically to the user benefits per passenger mile measure above but for transit dependent passengers. To obtain a rating for each measure, values for each of the measures are aligned in ascending order and categorized into 5 groups, separated by breakpoints that identify logical groupings of values. Projects in the highest grouping receive a “5,” while projects in the grouping with the lowest values receive a “1.” These ratings are then used to obtain a single rating for both measures. The single rating is not a result of averaging but the result of a lookup table that determines the single rating based on the ratings of the two measures.

Share of User Benefits Received by Transit Dependents Compared to Share of Transit Dependents in the Region This measure represents the extent to which the project benefits transit dependents compared to their regional representation. For example, if 10 percent of the user benefits for the project accrued to transit dependents, but they represented 20 percent of the region’s population, the measure would be 0.5, indicating that the project did not benefit transit dependents compared to their share of the region’s population. To obtain a rating, project values for the measure are aligned in ascending order and categorized into 5 groups, separated by breakpoints that identify logical groupings of values. Projects in the highest grouping receive a “5,” while projects in the grouping with the lowest values receive a “1.”

The final rating for mobility for transit dependents is determined by adjusting the rating for transit dependent persons using the project and their user benefits per passenger mile by the share rating. A share rating below “3” could result in lowering the transit dependents rating while a share rating that is higher than “3” could increase the rating. The effect of the share rating is determined by whether its significance (ratings of “1” or “5” are more significant) and whether the rating it affects is near a breakpoint.

II.E Environmental Benefits

In its evaluation of environmental benefits that would be realized through the implementation of a proposed project, FTA considers the current air quality designation by EPA. This measure is defined for each of the transportation-related pollutants (ozone, CO, and PM-10) as the current air quality designation by EPA for the metropolitan region in which the proposed project is located, indicating the severity of the metropolitan area’s noncompliance with the health-based EPA standard (NAAQS) for the pollutant, or its compliance with that standard. Specifically, FTA follows the following decision rule when assigning ratings for environmental benefits:

- Projects in non-attainment areas for any transportation-related pollutants receive a *High* rating.

- Projects that are in attainment areas receive a *Medium* rating.

As noted previously, FTA has found that information submitted in support of the environmental benefits criterion does not distinguish with any meaning the merits of competing New Starts projects. While FTA reports the information submitted by project sponsors on environmental benefits to Congress in the *Annual Report on Funding Recommendations*, it does not formally incorporate this measure in its evaluation of New Starts projects.

II.F Other Factors

Consistent with Section 5309(d) and (e), FTA also includes a variety of other factors when evaluating project justification, including:

- Effect of the project on economic development;
- The nature and extent of the transportation problem or opportunity in the project corridor as described in the "Making the Case" document;
- If the project is a principle element of a congestion management strategy, in general, and an auto pricing strategy, in particular; and
- Any other factor which the project sponsor believes articulates the benefits of the proposed major transit capital investment but which is not captured within the other project justification criteria.

Consistent with SAFETEA-LU, FTA intends that economic development should be an "other factor" of particular significance for the FY 2009 evaluation cycle. Through its ongoing rulemaking process, FTA hopes to define specific measures for evaluating the economic development impacts of candidate New Starts projects. Until such measures are defined and subject to industry comment, FTA encourages project sponsors to submit information which they feel best justifies the anticipated economic development impacts of their proposed New Starts or Small Starts investments. FTA is particularly interested in quantifiable economic development benefits which can be clearly distinguished from a) the transportation system user benefits which comprise one variable of FTA's measure for cost effectiveness, and b) land use impacts which are reported and evaluated in support of the transit supportive land use plans and policies criteria. Specifically, FTA desires to avoid both the double-counting of benefits *and* the crediting of benefits to projects which may be more appropriately attributable to other supporting local economic development initiatives, policies, and/or incentives by isolating the specific impacts resulting from the presence of fixed guideway transit in a given corridor. FTA's objectives for measuring economic development are outlined in Part II of its January 11, 2006 *New Starts Policy Guidance*, and will be further articulated in a formal notice of proposed rulemaking. The rating of economic development can only be positive, as absence of information for economic development has no effect on the project justification rating.

As described in FTA's June 2007 *Guidance on New Starts/Small Starts Policies and Procedures*, FTA will rate the substantive arguments made for the worthiness of the project reflected in the "Making the Case" document. The project rating will be based on the magnitude of substantiated project merits drawn from the analytical results of planning and project development studies. The intent is to rate more highly projects that are designed to meet demonstrated needs and that demonstrate significant benefits. For projects reported in the FY

2009 *Annual Report on Funding Recommendations*, FTA has rated the "Making the Case" document for each project under evaluation, but has not included this rating into the overall project justification rating. Subsequent to the this Annual Report, FTA intends that a high rating for the case of the project will result in an increase in the overall project justification rating, as described below. A low rating for the case of the project may reduce the overall project justification rating.

FTA will also assign a rating for projects that are a principle element of a congestion management strategy, in general, and an auto pricing strategy, in particular. The rating will be based on the effectiveness of the strategy. Ratings will only positively effect the project justification rating, as absence of a strategy has no effect on the project justification rating.

The final rating for other factors results from the ratings of each of the considerations discussed above plus consideration of any other factor the project sponsor believes important but which is not captured under any of the other project justification criteria. This rating is introduced *after* the assignment of an initial project justification rating. If the other factors rating is higher than the summary project justification rating, FTA may increase this initial justification rating by a maximum of one step (i.e. from *Medium* to *Medium-High*). If it is lower, FTA may decrease this initial justification rating. In less compelling cases, other factors may be reported alongside other project information in the *Annual Report on Funding Recommendations*, but not formally considered in the project's evaluation and rating. Where information in support of being considered as an "other factor" is not determined to be worthy of such recognition, it is neither considered in FTA's evaluation nor reported.

III. SUMMARY LOCAL FINANCIAL COMMITMENT RATING

The following provides a summary of FTA's process for evaluating the local financial commitment of proposed New Starts and Small Starts projects. Small Starts projects that meet the criteria described in *Section I.B* receive a summary local financial commitment rating of *Medium* or *High*, depending on their New Starts share. Those Small Starts projects that cannot meet those criteria must be evaluated and rated based on the criteria described in this section.

III.A Local Financial Commitment Rating

FTA assigns a summary local financial commitment rating of *High, Medium-High, Medium, Medium-Low* or *Low* to each project following consideration of individual ratings applied to the following measures for local financial commitment:

1. **Share of non-Section 5309 New Starts funding**;
2. Stability and reliability of the proposed project's **capital finance plan**, including the following factors:
    - Current capital condition;
    - Commitment of capital funds;
    - Reasonable capital planning assumptions and cost estimates and sufficient capital funding capacity.
3. Stability and reliability of the proposed project's **operating finance plan**, including the following factors:
    - Current operating financial condition;
    - Commitment of operations and maintenance (O&M) funds;

- Reasonable operations planning assumptions and cost estimates and sufficient O&M funding capacity.

These ratings are based on an analysis of the financial plans and documentation submitted to FTA by local agencies. FTA's evaluation takes into account the stage of project development, particularly when considering the stability and reliability of the capital and operating finance plans. Expectations for firm commitments of non-Federal funding sources become increasingly higher as projects progress further through development (preliminary engineering, followed by final design), and are rated accordingly.

The summary local financial commitment rating considers as one criterion the Section 5309 New Starts funding share of project capital costs. The following ratings are assigned to this criterion:

- >60 percent Section 5309 New Starts funding share = *Low* rating
- 50-60 percent Section 5309 New Starts funding share = *Medium* rating
- 35-49 percent Section 5309 New Starts funding share = *Medium-High* rating
- < 35 percent Section 5309 New Starts funding share = *High* rating

FTA rates the capital and operating finance plans according to the standards defined in Tables III-1 and III-2 on the following pages. Additional detail on FTA's process for rating local financial commitment is contained in its *Guidelines and Standards for Assessing Local Financial Commitment*.

Numerical ratings from 1 to 5 (*Low* to *High*) are assigned to each of the three subfactors under the capital and operating finance plan measures. These subfactors are weighted as follows to arrive at summary ratings for the capital and operating finance plan measures: (1) current capital/operating condition 25%; (2) commitment of capital/operating funds 25%; and (3) cost estimates/planning assumptions/capacity 50%. FTA weighs the proposed non-New Starts share as 20 percent of the summary local financial commitment rating; the strength and reliability of the capital plan counts as 50 percent of the rating; and the strength and reliability of the operating plan accounts for 30 percent of the rating. These ratings are combined and converted by FTA into a summary local financial commitment rating of *High, Medium-High, Medium, Medium-Low* or *Low*.

Small Starts projects which do not qualify for the streamlined financial evaluation process presented in *Section 1.B* of this appendix are subject to the full financial evaluation and must meet the "PE" standards described in Tables III-1 and III-2 before entering project development and the final design criteria before receiving a Project Construction Grant Agreement.

Failure to submit either a capital or operating financial plan for evaluation will result in a *Low* rating for local financial commitment.

Table III-1 Capital Plan Rating Standards

	High	Medium-High	Medium	Medium-Low	Low
Current capital condition	- Average bus fleet age under 6 years. - Bond ratings less than 2 years old (if any) of AAA (Fitch/S&P) or Aaa (Moody's) or better	- Average bus fleet age under 6 years. - Bond ratings less than 2 years old (if any) of A (Fitch/S&P) or A2 (Moody's) or better	- Average bus fleet age under 8 years. - Bond ratings less than 2 years old (if any) of A - (Fitch/S&P) or A3 (Moody's) or better	- Average bus fleet age under 12. - Bond ratings less than 2 years old (if any) of BBB+ (Fitch/S&P) or Baa (Moody's) or better	- Average bus fleet age 12 years or more. - Bond ratings less than 2 years old (if any) of BBB (Fitch/S&P) or Baa3 (Moody's) or below
Commitment of capital funds	For final design – 100% of Non-Section 5309 New Starts funds are committed or budgeted. For PE – Over 50% of Non-Section 5309 New Starts funds are committed or budgeted. The remaining funds are planned.	For final design - Over 75% of Non-Section 5309 New Starts funds are committed or budgeted. For PE – Over 25% of Non-Section 5309 New Starts funds are committed or budgeted. The remaining funds are planned.	For final design - Over 50% of Non-Section 5309 New Starts funds are committed or budgeted. For PE - No Non-Section 5309 New Starts funds are committed or budgeted, but the sponsor has a reasonable plan to secure all needed funding.	For final design – Between 25% and 50% of Non-Section 5309 New Starts funds are committed or budgeted. For PE - No Non-Section 5309 New Starts funds are committed. The sponsor has no reasonable plan to secure the necessary funding.	For final design - Under 25% of Non-Section 5309 New Starts funds are committed or budgeted. For PE - The sponsor has not identified any reasonable funding sources for the Non-Section 5309 New Starts funding share.
Capital cost estimates and planning assumptions/ Capital funding capacity	Financial plan contains very conservative capital planning assumptions and cost estimates when compared with recent historical experience. The applicant has access to funds via additional debt capacity, cash reserves, or other committed funds to cover cost increases or funding shortfalls equal to at least 50% of estimated project costs.	Financial plan contains conservative capital planning assumptions and cost estimates when compared with recent historical experience. The applicant has available cash reserves, debt capacity, or additional funding commitments to cover cost increases or funding shortfalls equal to at least 25% of estimated project costs.	Financial plan contains capital planning assumptions and cost estimates that are in line with historical experience. For final design - The applicant has available cash reserves, debt capacity, or additional committed funds to cover cost increases or funding shortfalls equal to at least 10% of estimated project costs. For PE - The applicant has a reasonable plan to cover cost increases or funding shortfalls equal to at least 25% of estimated project costs.	Financial plan contains optimistic capital planning assumptions and cost estimates. The applicant has a reasonable plan to cover only minor (under 10%) cost increases or funding shortfalls. For PE –The applicant has a reasonable plan to cover cost increases or funding shortfalls equal to at least 10% of estimated project costs.	Financial plan contains capital planning assumptions and cost estimates that are far more optimistic than recent history suggests.

Table III-2 Operating Plan Rating Standards

	High	Medium-High	Medium	Medium-Low	Low
Current Operating Financial Condition	- Historical and actual positive cash flow. No cash flow shortfalls. - Current operating ratio exceeding 2.0 - No service cutbacks in recent years.	- Historical and actual balanced budgets. Any annual cash flow shortfalls paid from cash reserves or other committed sources. - Current operating ratio is at least 1.5 - No service cutbacks in recent years.	- Historical and actual balanced budgets. Any annual cash flow shortfalls paid from cash reserves or annual appropriations. - Current operating ratio is at least 1.2 - No service cutbacks or only minor service cutbacks in recent years	- Historical and actual cash flow show several years of revenue shortfalls. Any annual cash flow shortfalls paid from short term borrowing. - Current operating ratio is at least 1.0 - Major Service cutbacks in recent years	- Historical and actual cash flow show several years of revenue shortfalls, or historical information not provided. - Current operating ratio is less than 1.0 - Major service cutbacks in recent years
Commitment of O&M Funds	For final design - 100% of the funds needed to operate and maintain the proposed transit system are committed or budgeted. For PE – Over 75% of the funds needed to operate and maintain the proposed transit system are committed or budgeted. The remaining funds are planned.	For final design - Over 75% of the funds needed to operate and maintain the proposed transit system are committed or budgeted. For PE - Over 50% of the funds needed to operate and maintain the proposed transit system are committed or budgeted. The remaining funds are planned.	For final design – Over 50% of the funds needed to operate and maintain the proposed transit system are committed or budgeted. For PE – While no additional O&M funding has been committed, a reasonable plan to secure funding commitments has been presented.	For final design - Sponsor has identified reasonable potential funding sources, but has received less than 50% commitments to fund transit operations and maintenance. For PE - Sponsor does not have a reasonable plan to secure O&M funding. No unspecified sources.	For final design - Sponsor has not yet received any funding commitments to fund transit operations and maintenance and has not identified any reasonable plan for securing funding commitments. For PE - Sponsor has not identified any reasonable funding sources for the operation and maintenance of the proposed transit system.
Operating Cost Estimates and Planning Assumptions/ O&M Funding Capacity	The assumptions supporting the operating and maintenance cost estimates and revenue forecasts are very conservative relative to historical experience. Projected cash balances, reserve accounts, or access to a line of credit exceeding 50 percent (6 months) of annual systemwide operating expenses.	The assumptions supporting the operating and maintenance cost estimates and revenue forecasts are conservative relative to historical experience. Projected cash balances, reserve accounts, or access to a line of credit exceeding 25 percent (3 months) of annual systemwide operating expenses.	The assumptions supporting the operating and maintenance cost estimates and revenue forecasts are consistent with historical experience. Projected cash balances, reserve accounts, or access to a line of credit exceeding 12 percent (1.5 months) of annual systemwide operating expenses.	The assumptions supporting the operating and maintenance cost estimates and revenue forecasts are optimistic relative to historical experience. Projected cash balances, reserve accounts, or access to a line of credit are less than 8 percent (1 month) of annual systemwide operating expenses.	The assumptions supporting the operating and maintenance cost estimates and revenue forecasts are far more optimistic than historical experience suggests is reasonable. Projected cash balances are insufficient to maintain balanced budgets.

III.B Local Financial Commitment Rating Decision Rules

In addition to the non-Section 5309 New Starts program share, capital and operating financial rating considerations and weights described above, FTA uses the following decision rules to calculate the overall local financial commitment rating.

- If the Section 5309 New Starts share, which accounts for 20 percent of the local financial commitment rating, brings the overall local financial commitment rating to less than *Medium*, it will be excluded from the calculation. In other words, a New Starts share of less than 80 percent can improve the project's rating but it cannot hurt it. This rule was applied for the first time in FY 2007 in order to respond to direction in SAFETEA-LU that FTA evaluate the percent of the Section 5309 New Starts program share, as required by Section 5309(d)(4)(B)(v), while ensuring that no project is required to provide more than the required 20 percent match as provided in Section 5309(h)(5). If and how this rule is applied in future years will be subject to rulemaking.
- If either of a proposed project's capital or operating finance plan receives a *Medium-Low* or *Low* rating, the summary local financial commitment rating for the project cannot be higher than a *Medium-Low*.
- To receive a summary local financial commitment rating of *Medium-High*, both the capital and operating finance plans must be rated at least *Medium-High*.

IV. RATINGS AND FUNDING RECOMMENDATIONS

Section 5309(d)(1)(B)(ii) directs FTA to consider proposed New Starts projects for Full Funding Grant Agreements (FFGA) and proposed Small Starts for Project Construction Grant Agreements (PCGA), only if they receive a *Medium, Medium-High*, or *High* overall project rating. (Note that for the FY 2007 funding recommendations FTA did not use the *Medium-High* overall rating; similarly, the FY 2008 evaluation cycle contemplates only using *High* and *Medium* as a basis for funding recommendations.) FTA notes, however, that project ratings are intended only to reflect the worthiness of each project, not the readiness of a project for an FFGA or PCGA. A rating of *High* or *Medium* does not translate directly into a funding recommendation in any given fiscal year. Proposed projects that are rated *High* or *Medium*, will be eligible for multi-year funding recommendations in the Administration's proposed budget <u>if</u> other requirements have been met (completion of the Federal environmental review process, demonstrated technical capability to construct and operate the project, development of a firm and final cost estimate and financial plan, etc.) and if funding is available. In addition, notwithstanding their overall project rating, as a general practice FTA will not generally recommend for funding any project which does not achieve a rating of at least *Medium* for cost effectiveness.

When determining annual funding allocations among proposed New Starts and Small Starts, the following general principles are applied:

- Any project recommended for new funding commitments should meet the project justification, local financial commitment, and process criteria established by Sections 5309(d) and 5309(e) and be consistent with Executive Order 12893, *Principles for Federal Infrastructure Investments*, issued January 26, 1994.

- Existing FFGA commitments should be honored before any additional funding recommendations are made, to the extent that funds can be obligated for these projects in the coming fiscal year.
- The FFGA and PCGA define the terms of the Federal commitment to a specific project, including funding. Upon completion of an FFGA or PCGA, the Federal funding commitment has been fulfilled. Additional project funding will not be recommended. Any additional costs beyond the scope of the Federal commitment are the responsibility of the grantee, although FTA works closely with grantees to identify and implement strategies for containing capital costs at the level included in the FFGA or PCGA at the time it was executed.
- Funding for initial planning efforts such as alternatives analysis is no longer eligible for Section 5309 funding under SAFETEA-LU, but may be provided through grants under the Section 5303 Metropolitan Planning or Section 5307 Urbanized Area Formula programs; from Title 23 "flexible funding" sources; or from the newly created Section 5339 Alternatives Analysis program.
- Firm funding commitments, embodied in FFGAs or PCGAs, will not be made until projects demonstrate that they are ready for such an agreement, i.e. the project's development and design has progressed to the point where its scope, costs, benefits, and impacts are considered firm and final.
- Funding should be provided to the most worthy investments to allow them to proceed through the process on a reasonable schedule, to the extent that funds can be obligated to such projects in the upcoming fiscal year. Funding decisions will be based on the results of the project evaluation process and resulting project justification, local financial commitment, and overall project ratings.

Again, FTA emphasizes that project evaluation and rating is an on-going process. As proposed New Starts and Small Starts projects proceed through the project development process, information concerning costs, benefits, and impacts is refined and the ratings may be updated to reflect new information.

Alternative Transportation in Parks and Public Lands

Background
Section 3021 of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) established the Alternative Transportation in Parks and Public Lands (ATPPL) program in August 2005. Codified in 49 USC 5320, the program is administered by the Federal Transit Administration (FTA) in partnership with the Department of the Interior (DOI) and the U.S. Department of Agriculture Forest Service. Congress appropriated $23,000,000 for the program's second year, Fiscal Year 2007.

The ATPPL program funds capital and planning expenses for alternative transportation systems such as shuttle buses in national parks and other federal lands. Federal land management agencies and State, local, and tribal governments are eligible recipients. The goals of the program are to conserve natural, historical, and cultural resources; reduce congestion and pollution; improve visitor mobility and accessibility; enhance visitor experience; and ensure access to all, including persons with disabilities.

Section 5320 stipulates that the Secretary of Transportation annually submit a report on the allocation of ATPPL program funds. The section further stipulates that this report be part of FTA's *Annual Report on Funding Recommendations*. As such, this section of the *Annual Report* describes the project selection process and details the 46 alternative transportation projects funded in the program's second year.

Project Evaluation and Funding
As demand far exceeded available funds, FTA's planning and policy staff worked closely with federal land management agency representatives to develop a process that would select the most meritorious projects – those that were both strong transportation projects and best met the unique needs of federal lands. A total of 81 proposals were received totaling $55 million, over twice the amount available, indicating high competition for funds. An interagency technical review committee carefully evaluated the project proposals based on the considerations defined in 49 USC 5320(g)(2). The main categories of evaluation criteria used were demonstration of need, visitor mobility and experience benefits, environmental benefits, and operational efficiency and financial sustainability. Then, as specified in Section 5320(g), the Secretary of the Interior's designee determined the final selection of projects after consultation with and in cooperation with the Secretary of Transportation's designee.[1]

FTA and the Department of the Interior then announced the second round of projects to receive funding through the program during this funding cycle. The awards are listed in Table 1. The 46 alternative transportation projects selected for funding represent a diverse set of capital and planning projects across the country.

Planning vs. Capital Projects
Twenty-five of the projects (totaling $16 million) are capital projects and 21 (totaling $3.9 million) are planning projects. As such, the bulk of the program dollars are used to fund capital

[1] The designees were the Department of the Interior's Deputy Assistant Secretary for Policy and the Department of Transportation's Federal Transit Administrator.

investments with a smaller amount devoted to planning for future projects, in order to ensure the wise use of federal dollars to fund additional capital projects in the future years of the 2006-2009 authorization period.

Distribution by Federal Land Management Agency
As predicted by the August 2001 Department of Transportation (DOT) – Department of Interior (DOI) study on alternative transportation needs in public lands, the National Park Service had the highest need for alternative transportation. The National Park Service has the most existing alternative transportation systems and has had an alternative transportation program in place since 1997. Seventy percent of project funds are allocated towards projects serving National Parks, 15 percent are for projects serving National Forests, 11 percent are for projects serving Fish and Wildlife Refuges, and four percent are for projects serving Bureau of Land Management areas.

Types of Projects
SAFETEA-LU allows a broad range of projects under this new program. The types of projects selected include purchase of buses for new transit service, replacement of old buses and trams, construction of a bicycle and pedestrian pathway, ferry dock replacement, intelligent transportation system components, and planning studies.

New vs. Existing Systems
The awards include funding for both existing alternative transportation systems – through projects such as purchasing replacement buses – and funding for brand new systems. This enables the program to support the continued quality of existing alternative transportation systems such as those in Acadia National Park and Zion National Park, which were earlier pilot projects for DOT and DOI collaboration on alternative transportation. It also enables the program to fund brand new systems – such as a new trolley bus system to serve Gettysburg National Park to a new bicycle and pedestrian pathway that will allow visitors to access sites in the National Elk Refuge by bicycle and foot rather than by car.

Project Balance
The projects are located in 22 different states. There are projects in all major geographic regions – northeast, south, midwest, and west. The list includes projects in both rural and urban areas. Projects also vary by size from $50,000 planning studies to million dollar fleet purchases.

Technical Assistance, Research, and Planning
49 USC 5320 allows DOT, in consultation with DOI, to use up to 10 percent of program funds for technical assistance, research, and planning activities to support the program as a whole. FTA has used a portion of the FY 2007 appropriation to fund on-site technical assistance in transportation planning to federal land management agencies. FTA is developing a program of comprehensive technical assistance for land management units and transit providers for future fiscal years, using the remaining program funds.

Table 1: Allocation of Fiscal Year 2007 ATPPL Funds

Capital and Planning Alternative Transportation Projects

State	Land Unit/Agency	Project Description	Project Type	Funding Recipient	Amount
AK	Glacier Bay NP and Preserve/National Park Service	Replace the existing Gustavus passenger and freight dock.	Boat / Ferry / Dock	Direct Grant to Alaska Department of Transportation (D2007-ATPL-001)	$3,000,000
AK	Tongass National Forest/United States Forest Service	Design, procure, and implement an Intelligent Transportation System (ITS).	ITS	Interagency Agreement with United States Forest Service	$500,000
AZ	Grand Canyon National Park/ National Park Service	Implement an ITS that promotes transit use and reduced congestion.	ITS	Interagency Agreement with National Park Service	$193,000
AZ	Coronado National Forest, Santa Catalina Ranger District, Sabino Canyon Recreation Area/ United States Forest Service	Fund a transportation analysis and feasibility study.	Planning	Interagency Agreement with United States Forest Service	$180,000
CA	Muir Woods National Monument of the Golden Gate National Recreation Area/ National Park Service	Lease ten clean fuel shuttle buses for Muir Woods shuttle service and improve the Muir Woods Centennial transit stop	Bus	Interagency Agreement with National Park Service	$492,500
CA	Sequoia and Kings Canyon National Parks/ National Park Service	Lease five 30' shuttle buses for the Giant Forest Shuttle System in Sequoia National Park.	Bus	Interagency Agreement with National Park Service	$225,000
CA	Inyo National Forest Devils Postpile National Monument/ United States Forest Service and National Park Service	Capital cost of leasing ten buses for the Reds Meadow-Devils Postpile transit system. Funds also to be used for visitor information on the transit system.	Bus	Interagency Agreement with United States Forest Service	$100,000
CA	Yosemite National Park/ National Park Service	Lease Yosemite Area Regional Transportation System (YARTS) vehicles.	Bus	Interagency Agreement with National Park Service	$264,600
CA	Yosemite National Park/ National Park Service	Complete park wide Integrated Transportation Capacity Assessment.	Planning	Interagency Agreement with National Park Service	$621,600

State	Land Unit/Agency	Project Description	Project Type	Funding Recipient	Amount
CA	Golden Gate National Recreation Area/ National Park Service	Prepare operational plan for the Fort Baker Shuttle.	Planning	Interagency Agreement with National Park Service	$70,000
CA	San Francisco Maritime National Historical Park, Golden Gate National Recreation Area/ National Park Service	Prepare Environmental Impact Statement for the extension of the San Francisco Municipal Railway Historic Streetcar Route/Line.	Planning	Interagency Agreement with National Park Service	$493,000
CO	The Maroon Bells - Snowmass Wilderness Area, White River National Forest/ United States Forest Service	Purchase 2 hybrid electric low-floor buses and advance ITS technology initiatives to make transit within Maroon Bells, Snowmass Wilderness Area, and White River National Forest more efficient and user-friendly.	Bus	Direct Grant to Roaring Fork Alternative Transportation Authority (D2007-ATPL-002)	$1,300,000
CO	Rocky Mountain Arsenal National Wildlife Refuge/ Fish and Wildlife Service	Bus acquisition to facilitate alternative transportation within Rocky Mountain Arsenal National Wildlife Refuge.	Bus	Interagency Agreement with Fish and Wildlife Service	$171,720
CO	Rocky Mountain National Park/ National Park Service	Model the effects of alternative transportation on resource protection and visitor experience in Rocky Mountain National Park.	Planning	Interagency Agreement with National Park Service	$298,817
FL	Gulf Islands National Seashore/ National Park Service	Fund the Fort Pickens/Gateway Community Alternative Transportation Plan.	Planning	Interagency Agreement with National Park Service	$250,000
MA	Cape Cod National Seashore/ National Park Service	Purchase five 30’ low-floor mini-buses.	Vehicle replacement	Interagency Agreement with the National Park Service	$1,850,000
MA	Cape Cod National Seashore/ National Park Service	Purchase a tram to facilitate alternative transportation.	Tram/Trolley	Interagency Agreement with National Park Service	$450,000
MA	Lowell National Historic Park/ National Park Service	Fund maintenance and safety improvements to the existing 1.5-mile trolley system.	Tram/Trolley	Interagency Agreement with National Park Service	$409,650

State	Land Unit/Agency	Project Description	Project Type	Funding Recipient	Amount
MA	Monomoy National Wildlife Refuge, Cape Cod National Seashore/National Park Service and Fish and Wildlife Service	Fund a planning study that focuses on the expansion of alternative transportation in Outer and Lower Cape Cod.	Planning	Interagency Agreement with Fish and Wildlife Service	$100,000
MA	Cape Cod National Seashore/ National Park Service	Fund a study that develops an integrated parking and transit plan.	Planning	Interagency Agreement with National Park Service	$250,000
MA	Boston Harbor Islands National Recreation Area / National Park Service	Rehabilitate the Ferry Hub Pier at Georges Island.	Planning	Interagency Agreement with National Park Service	$100,000
MD	Fort McHenry National Monument and Historic Site/ National Park Service	Reconfigure a transit vehicle node, which will provide a safe visitor access point to the park.	Transit Center	Interagency Agreement with National Park Service	$292,500
MD	Fort McHenry National Monument and Historic Site/ National Park Service	Conduct a feasibility study to evaluate a circular trolley/transit system connecting Baltimore's Inner Harbor with Fort McHenry National Park.	Planning	Interagency Agreement with National Park Service	$72,000
MD etc	Multiple Wildlife Refuges in Northeast (Region 5)/ Fish and Wildlife Service	Research and design of a low environmental impact tram.	Planning	Interagency Agreement with Fish and Wildlife Service	$248,000
MD/VA	Chincoteague National Wildlife Refuge, Assateague Island National Seashore/ Fish and Wildlife Service and National Park Service	Conduct a comprehensive transportation planning study.	Planning	Interagency Agreement with Fish and Wildlife Service	$270,000
ME	Acadia National Park/ National Park Service	Purchase six propane buses.	Vehicle replacement	Direct Grant to Maine Department of Transportation (D2007-ATPL-003)	$1,096,500
ME	Acadia National Park/ National Park Service	Fund a study that evaluates existing conditions at all bus stops within Acadia National Park, and identify alternative designs and strategies to improve bus stops that pose a risk to visitor safety.	Planning	Interagency Agreement with National Park Service	$80,000

State	Land Unit/Agency	Project Description	Project Type	Funding Recipient	Amount
MI	Hiawatha National Forest/ United States Forest Service	Replace a passenger ferry, purchase a tour bus, rehabilitate a ferry dock, and construct a terminal facility.	Bus	Interagency Agreement with United States Forest Service	575,000
MT	Glacier National Park and Blackfeet Indian Reservation/ National Park Service	Purchase transit vehicles for Glacier National Park Transit System.	Bus	Interagency Agreement with National Park Service	$1,200,000
NJ	Sandy Hook Unit of Gateway National Recreation Area/ National Park Service	Fund feasibility study on upgrading the Sandy Hook National Park's shuttle bus service.	Planning	Interagency Agreement with National Park Service	$50,000
NV	Humboldt-Toiyabe National Forest/Spring Mountain National Recreation Area/ United States Forest Service	Fund a pilot ski season shuttle project and provide operational data for bus service between Las Vegas and the Las Vegas Ski and Snowboard Resort.	Bus	Interagency Agreement with United States Forest Service	168,300
NY	Roosevelt-Vanderbilt National Historic Site/ National Park Service	Fund a multi-year, seasonal field test at Roosevelt-Vanderbilt National Historic Site.	Bus	Interagency Agreement with National Park Service	$226,800
NY	Fire Island National Seashore/ National Park Service	Redesign and construct a ferry terminal/visitor transportation center.	Boat / Ferry / Dock	Interagency Agreement with National Park Service	$200,000
OH	Cuyahoga Valley National Park/ National Park Service	Upgrade Rockside Railroad Boarding Station Area.	Planning	Interagency Agreement with National Park Service	$187,000
OR	Lewis and Clark National Historical Park/ National Park Service	Fund shuttle bus leasing from Sunset Empire Transit District.	Bus	Interagency Agreement with National Park Service	$43,000
PA	Gettysburg National Military Park; Eisenhower National Historic Site and the Soldiers National Cemetery/ National Park Service	Procure three trolleys and construct eight bus stops.	Bus	Direct Grant to Adams County Transit Authority (D2007-ATPL-004)	$787,353
PA	Valley Forge National Historical Park/ National Park Service	Fund a pilot shuttle bus program at Valley Forge National Historical Park.	Planning	Interagency Agreement with National Park Service	$168,000
TN	Kennesaw Mountain National Battlefield Park/ National Park Service	Conduct a technical review of Kennesaw Mountain National Battlefield Park shuttle bus service.	Planning	Interagency Agreement with National Park Service	$25,000

State	Land Unit/Agency	Project Description	Project Type	Funding Recipient	Amount
TX	Lower Rio Grande Valley National Wildlife Refuge	Purchase 10 transit vehicles to facilitate ecotourism at Texas parks, wildlife refuges, and the World Birding Center.	Tram/Trolley	Interagency Agreement with Fish and Wildlife Service	$400,000
UT	Bureau of Land Management Moab Field Office, Arches National Park/Bureau of Land Management and National Park Service	Construct transit hub to be located on the north end of Moab near the banks of the Colorado River.	Transit Center	Direct Grant to Grand County, Utah (D2007-ATPL-005)	$774,000
UT	Zion National Park/ National Park Service	Expansion of the Zion shuttle system's Visitor Center shuttle bus stop.	Bus Stop	Interagency Agreement with National Park Service	$151,500
UT	Wasatch-Cache National Forest, Salt Lake Ranger District/ United States Forest Service	Fund a transportation feasibility study for the Salt Lake City Tri-Canyons, Albion Basin area.	Planning	Interagency Agreement with United States Forest Service	$204,000
UT	Zion National Park/ National Park Service	Fund Zion National Park Shuttle Service Planning Study.	Planning	Interagency Agreement with National Park Service	$150,000
VA	Colonial National Park/ National Park Service	Conduct visitor survey and enhance operations for current transit system.	Planning	Interagency Agreement with National Park Service	$95,000
WA	Wenatachee National Forest/ United States Forest Service and National Park Service	Redesign the Lake Chelan Dock infrastructure.	Planning	Interagency Agreement with United States Forest Service and National Park Service	$5,000
WY	National Elk Refuge and Grand Teton National Park/ Fish and Wildlife Service and National Park Service	Construct a 4.2 mile trail system from National Elk Refuge Visitor Center to the end of the National Elk Refuge.	Trail	Direct Grant to Teton County (D2007-ATPL-006)	$1,000,000
	Designated for capital and planning projects to be selected in FY 2008				$796,160

Oversight

Activity	FY 2007 Funding
FTA oversight of funded projects, reserved per 49 U.S.C. 5327 c (1)(F)[2]	$115,000

Technical Assistance, Research, and Planning

Activity	FY 2007 Funding
Contract with Volpe National Transportation Systems Center to provide on-site technical assistance in transportation planning to federal land management agencies	$150,000
Designated for other technical assistance, research, and planning activities	$2,150,000

Total **$23,000,000**

[2] 49 USC 5327 c (1)(F) makes available 0.5% of ATPPL program funds for FTA oversight of the projects funded through the program.