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Subject: Changes to the Major Capital Investment Program

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The Federal Transit Administration (FTA) has unveiled a streamlined approach for administering its primary capital public transportation program for expanding transit systems. The New Starts/Small Starts program, one of the largest competitive grant programs in the U.S. government, funds roughly half the cost of new and extended light rail, commuter rail, bus rapid transit and ferry systems built in the United States.

“Now more than ever, Americans need quality transportation choices that improve mobility, enhance access to jobs and encourage sustainable communities,” said Transportation Secretary Ray LaHood. “These changes, years in the making, reflect the Obama Administration’s commitment to strengthening public transportation across the United States as efficiently, effectively and fairly as possible.”

The new approach was published in the Federal Register, dated January 9, 2013, <http://www.gpo.gov/fdsys/pkg/FR-2013-01-09/pdf/2012-31540.pdf>, along with a Notice of Availability of Proposed New Starts and Small Starts Policy Guidance with information on how to submit comments, <http://www.gpo.gov/fdsys/pkg/FR-2013-01-09/pdf/2012-31539.pdf>. FTA’s related Proposed New Starts and Small Starts Policy Guidance is available separately at <http://www.gpo.gov/fdsys/pkg/FR-2013-01-09/pdf/2012-31539.pdf>.

This work is the product of more than two years of public outreach to identify ways to cut red tape, reduce regulations for communities seeking federal funds, and help get critical transit projects under construction more quickly without compromising a stringent project review process. The changes are estimated to save taxpayers almost \$500,000 annually by requiring less time-consuming paperwork and allowing communities to pre-qualify for certain projects. Additional savings may result from accelerating project delivery.

“The changes we’re making to the New Starts capital investment program are a huge win for communities that want to see more of their local transportation priorities become reality,” said FTA Administrator Peter Rogoff. “We’ll be in a position to save federal and local taxpayers’ money and put more Americans to work by allowing good projects to begin construction more quickly.”

Four key changes are being made to the New Starts/Small Starts program:

1. **FTA is adopting a simpler, more straightforward approach for measuring a proposed project’s cost-effectiveness.** FTA will no longer require communities to compare a proposed project’s travel time savings against a hypothetical alternative project. Instead, FTA will look at the estimated cost to construct the project communities intend to build compared against a rigorously analyzed estimate for the number of passengers the project will serve.
2. **FTA is expanding the range of environmental benefits used to evaluate proposed projects.** In addition to taking into account the Environmental Protection Agency’s regional air quality designations, FTA will also look at the dollar value of the anticipated benefits to human health, energy use, air quality (such as changes in total greenhouse gas emissions and other pollutants) and safety (such as reductions in accidents and fatalities).
3. **FTA is adding new economic development factors to its ratings process.** FTA currently looks at local plans and policies already in place to encourage economic development and how well they’re working in a given area. Going forward, a broader set of economic impacts will be included, such as whether local plans and policies maintain or increase affordable housing.
4. **FTA is streamlining the project evaluation process by reducing regulations and red tape.** FTA will allow project sponsors to forgo a detailed analysis of benefits that are unnecessary to justify a project. For example, projects that receive a sufficient rating on benefits calculations will not be required to do an analysis to forecast benefits out to some future year. Similarly, FTA is developing methods that can be used to estimate benefits using simple approaches.

FTA received approximately 1,000 comments on the proposed changes from a wide range of stakeholders and individuals. The agency also conducted extensive outreach, holding a webinar and public meetings in Atlanta, Dallas, and San Diego. Additional interim guidance on New Starts/Small Starts will be forthcoming to address provisions affected by the enactment of the legislation on Moving Ahead for Progress in the 21st Century (MAP-21).

The changes announced today are consistent with Executive Order 13563 issued by President Obama in January 2011, calling on Federal agencies to “modify, streamline, expand, or repeal” rules that may be “outmoded, ineffective, insufficient, or excessively burdensome.”

In FY2012, FTA's New Starts/Small Starts program provided more than \$2 billion for capital projects to help build light rail, commuter rail, and bus rapid transit projects. In FY2011 and FY2012 alone, FTA signed more capital construction agreements for transit projects than in any two-year period in the agency's history.

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Sincerely,



R.F. Krochalis
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