

University Corridor LRT
Houston, Texas
New Starts Engineering
(Rating Assigned November 2010)

Summary Description	
Proposed Project:	Light Rail Transit 11.3 Miles, 19 Stations
Total Capital Cost (\$YOE):	\$1,563.07 Million (including \$101.46 million in finance charges)
Section 5309 New Starts Share (\$YOE):	\$781.53 Million (50.0%)
Annual Forecast Year Operating Cost:	\$15.84 Million
Ridership Forecast (2030):	49,000 Average Weekday Trips 11,100 Daily New Trips
Opening Year Ridership Forecast (2020):	32,100 Average Weekday Trips
Overall Project Rating:	Medium
Project Justification Rating:	Medium
Local Financial Commitment Rating:	Medium

Project Description: The Metropolitan Transit Authority of Harris County, Texas (METRO) is planning the University Corridor Light Rail Transit (LRT) project to provide a rapid transit option to link residents on the east end of the corridor with major employment centers on the corridor's west end as well as major activity centers mid-way through the corridor. The proposed LRT line would provide transfer connections to METRO's existing Red LRT line and the Southeast Corridor LRT line, currently under construction, and includes 10.6 miles of semi-exclusive at-grade right-of-way, 0.33 miles below grade in retained fill, and 0.36 miles of aerial guideway over a Union Pacific Railroad right-of-way and US Highway 59. Thirty-two light rail vehicles would be purchased. Service would be provided every six minutes during peak and off-peak periods.

Project Purpose: The University Corridor has extensive transit service, including 15 local bus routes (57,000 current daily boardings) and seven express park-and-ride routes (15,000 current daily boardings). The current bus network provides combined bus headways that range from three minutes to five minutes during peak periods and 10 to 15 minutes during off-peak periods. However, due to high traffic volumes, narrow lanes, increasing delays at traffic signals and inadequate roadway capacity, current bus speeds range from 7.5 to 11.5 miles per hour. Current travel time by bus from the Hillcroft Transit Center to the University of Houston-Central Campus can take approximately 60 to 65 minutes and requires a transfer. The University LRT line would provide a direct connection to the corridor's east and west ends, improving mobility for transit riders to the Greenway Plaza and Uptown/Galleria areas – two of the region's largest activity centers. The LRT line would also offer transfer links, via the existing Red Line, to Downtown Houston, the Texas Medical Center and the Reliant Stadium complex, among other major activity centers.

Project Development History, Status and Next Steps: METRO completed a Draft Environmental Impact Statement (DEIS) in August 2007. LRT was the selected locally preferred alternative. Under SAFETEA-LU, FTA approved the project into preliminary engineering in December 2009. A Final EIS was completed in May 2010. FTA issued a Record of Decision in July 2010. The project is considered grandfathered into the MAP-21 engineering phase since the environmental review process is completed. METRO is revising the project's total capital cost estimate. An updated cost estimate will be submitted to FTA in a future New Starts submission.

Significant Changes Since Last Evaluation (November 2009): The project's capital cost estimate and corresponding requested New Starts amount increased from the last evaluation to reflect additional contingency for LRV procurement and a revised planned revenue service date. METRO is also revising the project's implementation schedule to reflect an updated revenue service date. In November 2012, local voters passed a referendum that requires METRO to continue to dedicate 25 percent of its existing one percent sales tax to local jurisdictions to support pedestrian and street improvements. The referendum limits METRO's financial capacity to build additional rail expansion projects. As a result, METRO is currently evaluating its financial capacity to implement the University LRT project.

Locally Proposed Financial Plan		
<u>Source of Funds</u>	<u>Total Funds (\$million)</u>	<u>Percent of Total</u>
Federal: Section 5309 New Starts	\$781.53	50.0%
Local: METRO's Dedicated Sales Tax	\$781.53	50.0%
Total:	\$1,563.07	100.0%

NOTE: The financial plan reflected in this table has been developed by the project sponsor and does not reflect a commitment by DOT or FTA. The sum of the figures may differ from the total as listed due to rounding.

**TX Houston, University Corridor LRT
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Factor	Rating	Comments
Local Financial Commitment Rating	Medium	
Non-Section 5309 New Starts Share (20% of summary financial rating)	Medium	The New Starts share of the project is 50.0 percent.
Project Capital Financial Plan (50% of summary financial rating)	Medium	
Capital Condition (25% of capital plan rating)	Medium-Low	The average age of METRO's bus fleet is 8.8 years, which is slightly older than the industry average. METRO has no outstanding debt. Therefore, no bond ratings have been issued.
Commitment of Funds (25% of capital plan rating)	Medium	All of the non-Section 5309 New Starts funds are planned. The source of funds is bond proceeds backed by METRO's local sales tax revenues. Because the amount of proposed bond financing exceeds METRO's current authorized debt capacity, the funds are considered planned.
Capital Cost Estimates, Assumptions and Financial Capacity (50% of capital plan rating)	Medium	The assumptions on sales tax growth, inflation, and Federal funding are reasonable compared to historical experience. The amount of bond financing contemplated in METRO's financial plan exceeds METRO's current authorized debt capacity. The capital cost estimate is considered reasonable.
Project Operating Financial Plan (30% of summary financial rating)	Medium	
Operating Condition (25% of operating plan rating)	Medium-Low	METRO's current ratio of assets to liabilities, as reported in its most recent audited financial statements, was just over 1.0 in FY 2008. METRO's transit services have increased in the last five years.
Commitment of Funds (25% of operating plan rating)	High	Over 75 percent of operating funding is committed. Funding sources include fare revenues, sales tax revenues, operating grants, miscellaneous revenue (advertising and ID card fees), and interest income.
O&M Cost Estimates, Assumptions, and Financial Capacity (50% of operating plan rating)	Medium-Low	Assumed growth in operating and maintenance costs and farebox revenues is optimistic compared to historical experience. The financial plan shows projected cash balances exceeding 25 percent of annual operating costs.

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LAND USE RATING: *Medium-Low*

The land use rating reflects the population and employment densities within ½-mile of proposed station areas:

- A total of 99,500 jobs are located in proximity to the University Corridor’s stations, with the largest concentration near the stations serving Greenway Plaza. Population densities are moderate, averaging 8,000 people per square mile.
- Although development is intensifying in certain proposed station areas, most of the University Corridor is characterized by low-density commercial, light industrial, and mixed residential development. Streets are generally in a grid pattern, but pedestrian access is hindered by wide streets, elevated highways and overpasses, expansive parking lots, and in some cases missing sidewalks. Two universities are present, with many of their athletic facilities, housing and academic buildings within a half mile of the planned LRT route.

ECONOMIC DEVELOPMENT RATING: *Medium*

Transit-Supportive Plans and Policies: *Medium-Low*

- Limited efforts have been made at regional planning and growth management. In 2005, the Houston-Galveston Area Council (H-GAC) – local metropolitan planning organization – joined with the citizen-led Blueprint Houston to undertake *Envision Houston Region*, an initiative designed to create a regional “vision” for the future growth of the area. The results informed the 2035 Regional Transportation Plan to increase transit, but have not yet led to further implementation activities to shape regional land use patterns.
- Some station area planning activities have been initiated. METRO is undertaking a Station Area Work Program to address barriers to station area development, tools to leverage development, and a policy for the development of each station area. The City of Houston is developing an Urban Corridor Planning Ordinance, which will provide a planning framework for development in high capacity transit corridors and in specific station areas. METRO has established a joint development/transit-oriented development program that will initiate specific development projects.
- The City of Houston is not zoned. Private deed restrictions are often used for both residential and commercial land development to ensure that standards for land use are maintained, but many of the neighborhoods in the University Corridor lack such covenants. Plans for the Tax Increment Reinvestment Zones in the corridor include design guidelines to promote a more densely developed, pedestrian-friendly, walkable environment, but do not identify implementation mechanisms aside from financing infrastructure improvements.

Performance and Impacts of Policies: *Medium*

- Local officials believe the existing Red Line, which opened in January 2004, has been a catalyst for residential and commercial development in the city’s downtown and Midtown areas. Moderate to strong growth is forecast for the University Corridor and small and large vacant and underutilized lots throughout the corridor provide additional development potential, if land use policies and market forces can be aligned.

