

New Starts/Small Starts Program



***APTA Legislative Conference
Washington, DC
March 12, 2008***

Topics

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

Characteristics of a New Starts Project

- New fixed guideway systems and extensions proposed for funding from New Starts program
- New Starts funding sought is \geq \$75M and/or costs \geq \$250m
- Fixed guideway is either:
 - rail OR
 - a separate right-of-way for the use of public transportation or high occupancy vehicles OR
 - a catenary and right-of-way usable by other forms of transportation

New Starts/Small Starts Funding: Supply and Demand

- Demand:
 - 18 New Starts projects in PE and Final Design
 - 16 Small Starts projects in PD
 - Total cost of pipeline: >\$22.6 billion, \$10.3 billion in New Starts funding
 - FTA tracking >100 planning studies considering major transit capital investments
- Supply: \$1.6+ billion annually

Historical Highlights of Legislative Requirements for Funding

- Alternative analysis
- Cost effectiveness
- Local financial commitment
- Land use
- Economic development (recent)

FTA New Starts Program Goal

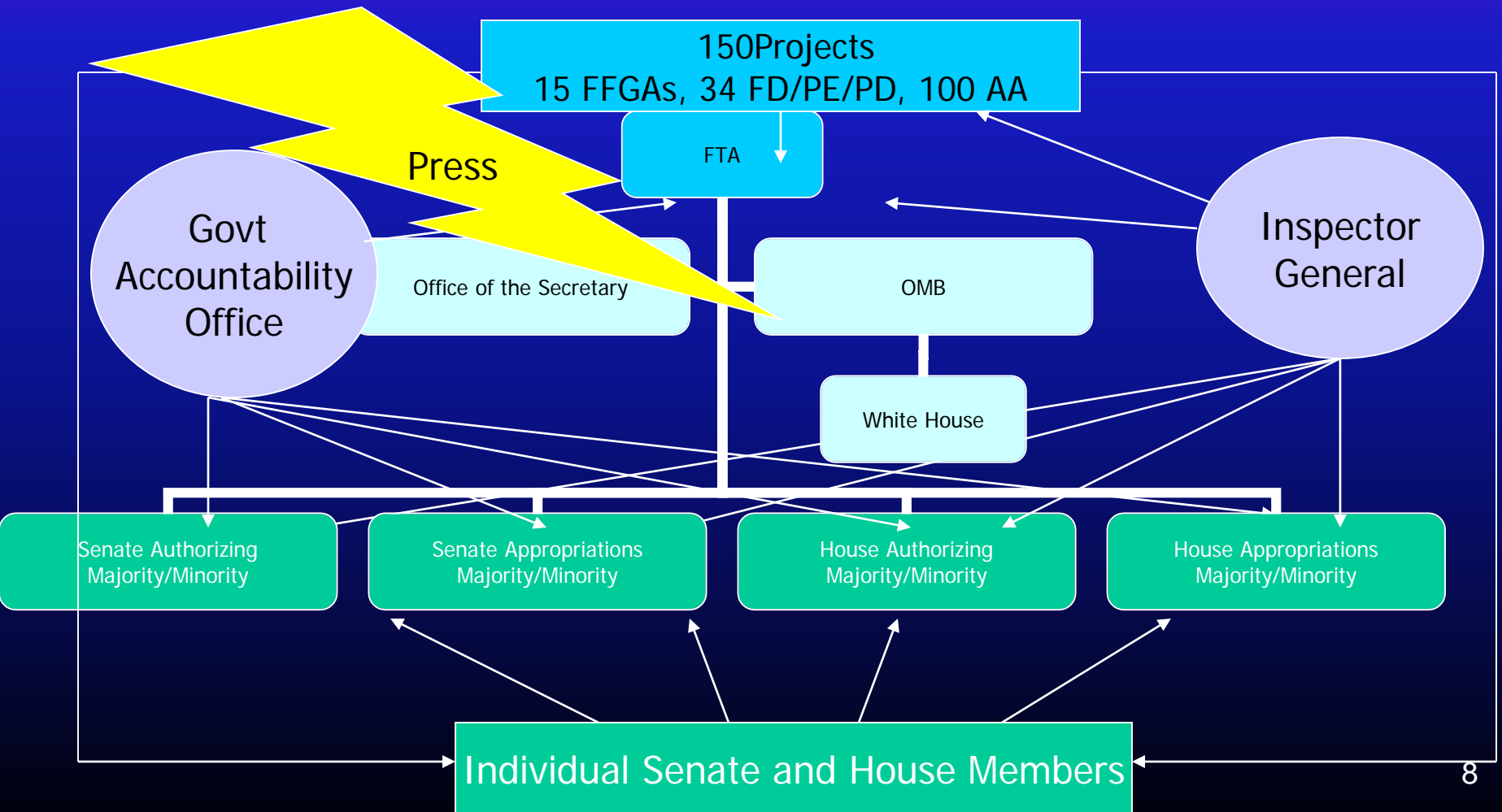
Fund meritorious projects

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

How FTA Meets Its Goals

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

The New Starts Environment

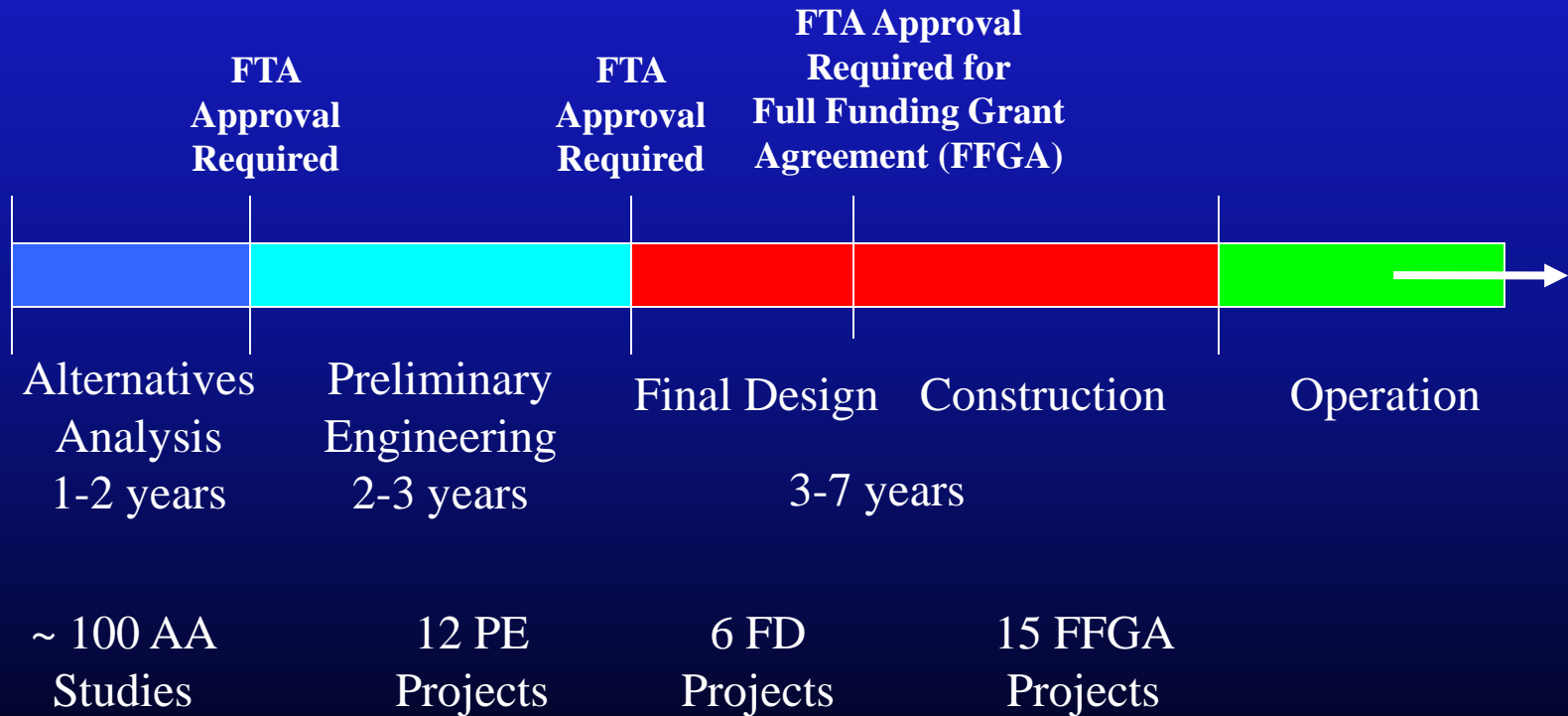


New Starts Planning and Project Development



New Starts Project Development Process

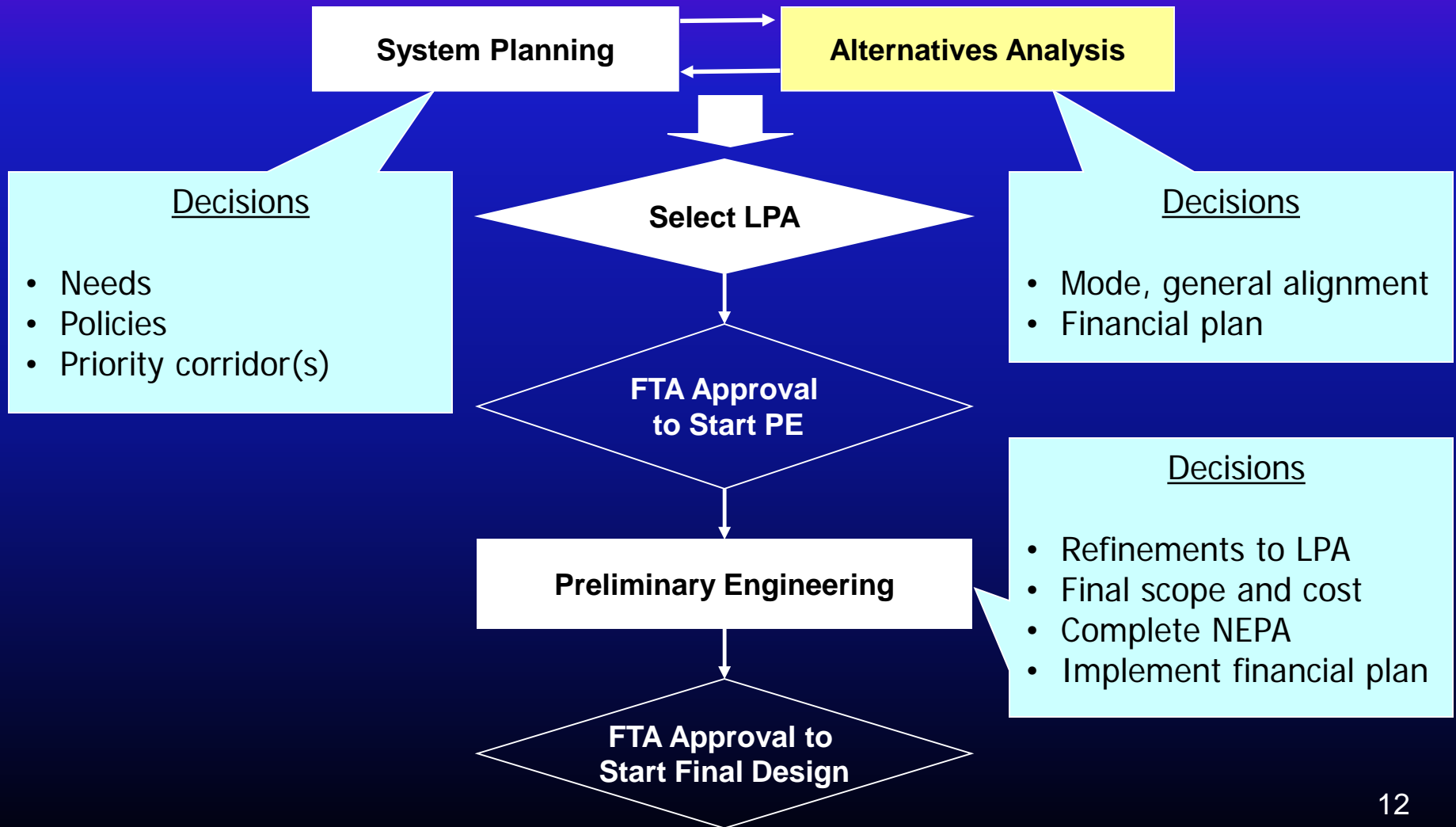
- Project Development: Typically 6-12 Years



Key Decisions for Each Phase of Project Development

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

Planning and Project Development



History of Alternatives Analysis

1970s	<ul style="list-style-type: none">• Initial UMTA Policy Statements
1980s	<ul style="list-style-type: none">• Rating system and technical guidance created• AA became statutory requirement• FTA staff closely involved in AAs• FTA had grasp of issues at decision-points
1990s	<ul style="list-style-type: none">• Major Investment Study (MIS) era• FTA had little involvement in or awareness of AA studies• FTA focused on projects in PE and Final Design
2000s	<ul style="list-style-type: none">• FTA, Congress focus on funding best projects• Emphasis is on settling planning questions before PE• FTA involvement in AA renewed

Alternatives Analysis: Guiding Principles

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

Alternatives Analysis: Key Elements

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

Requirements for FTA Approval into Preliminary Engineering

- Completed alternatives analysis
- No outstanding planning issues remain
- Locally preferred alternative adopted into fiscally constrained long range plan
- Projected New Starts evaluation measures confirmed
- “Medium” or higher rating for project
 - at least medium rating for both project justification and local financial commitment
- Sponsor demonstration of technical capacity

FTA Suggestions to Expedite PE Approval Process

- Involve FTA in the alternatives analysis study *early on*
- Permit FTA to review AA study products
- Develop a defensible TSM alternative (and get FTA concurrence) as part of the study; don't wait until the end to seek approval for what will become New Starts baseline alternative
- Inform FTA of intent to request entry into PE well in advance of formal request
- Do not submit formal request until all readiness thresholds and FTA approvals/findings have been met
- Assuming all of the above have been met, FTA can efficiently process PE request at any time of year

Useful FTA Reviews during AA

- Scope of work
- Initiation package
- Technical framework
- Technical results
- Final report (AA report or AA/DEIS)

SAFETEA-LU Highlights for Alternatives Analyses

- Before and After Study
 - Required for both New Starts and Small Starts project – compares cost and ridership forecasts with actual numbers 2 years after revenue operations begins
- Before and After Study Report
 - Required annually to Congress documenting results of B&A studies
- Contractor Performance Assessment Report
 - Required annually to Congress citing contractor forecasts
- Incentives awards
 - Allows more federal funding if actual ridership is at least 90% and cost no more than 110% of forecasts made during alternatives analysis

Preliminary Engineering

What It Is

- Work necessary to develop a firm scope and cost estimate with appropriate contingencies:
 - Finalize station locations and configuration
 - Yard and shop location
 - Alignment
 - Park and ride size and configuration
 - Number of vehicles and peak capacity needs
- Work necessary to complete the environmental requirements
- Work necessary to firm up funding commitments

Preliminary Engineering

What It Is NOT

- Just engineering
- Work necessary to complete 30% of design
- Work necessary to develop a preliminary cost estimate that likely will increase during final design as project is better defined
- An indication of likely New Starts funding

Responsibilities of Project Management Oversight Contractors (PMOCs)

- Serve as extension of FTA staff:
 - project management
 - construction management
 - project sponsor technical capacity
- Monitor project progress:
 - schedule and budget
 - conformance with design criteria
 - construction to approved specifications
- Provide technical guidance to grantee

Requirements for FTA Approval into Final Design

- Completed NEPA process (ROD or FONSI)
- Approved Project Management Plan (PMP)
- Approved Rail and Bus Fleet Management Plan
- Address Railroad Right-of-Way (ROW) Issues
- Establish Process for Real Estate and ROW Acquisition
- “Medium” or Higher Project Rating
 - At least Medium rating for both Project Justification and Finance (including commitment of 50% of non-5309 funds)

What is a Full Funding Grant Agreement (FFGA) ?

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

Full Funding Grant Agreement

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

Significance of FFGA

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

Practical Limits for 5309 New Starts Funds

- Consider other projects in the region and their request for New Starts funds
- Assume no more than 50 percent in New Starts funding
- Historical maximum New Starts funds per project: \$700M total, \$100M per year (NYC region is exception)

New Starts Evaluation and Funding



Documents Related to SAFETEA-LU Requirements

- FTA must publish policy guidance for the New/Small Starts review and evaluation process and criteria each time significant changes are made, and not less than every two years
 - Guidance issued in Spring of 2006 and 2007, and planned for 2008
- FTA must prepare new regulation for New and Small Starts
 - NPRM issued August 3, 2007
 - Current appropriation bill prohibits issuance of final rule

New Starts Evaluation and Oversight

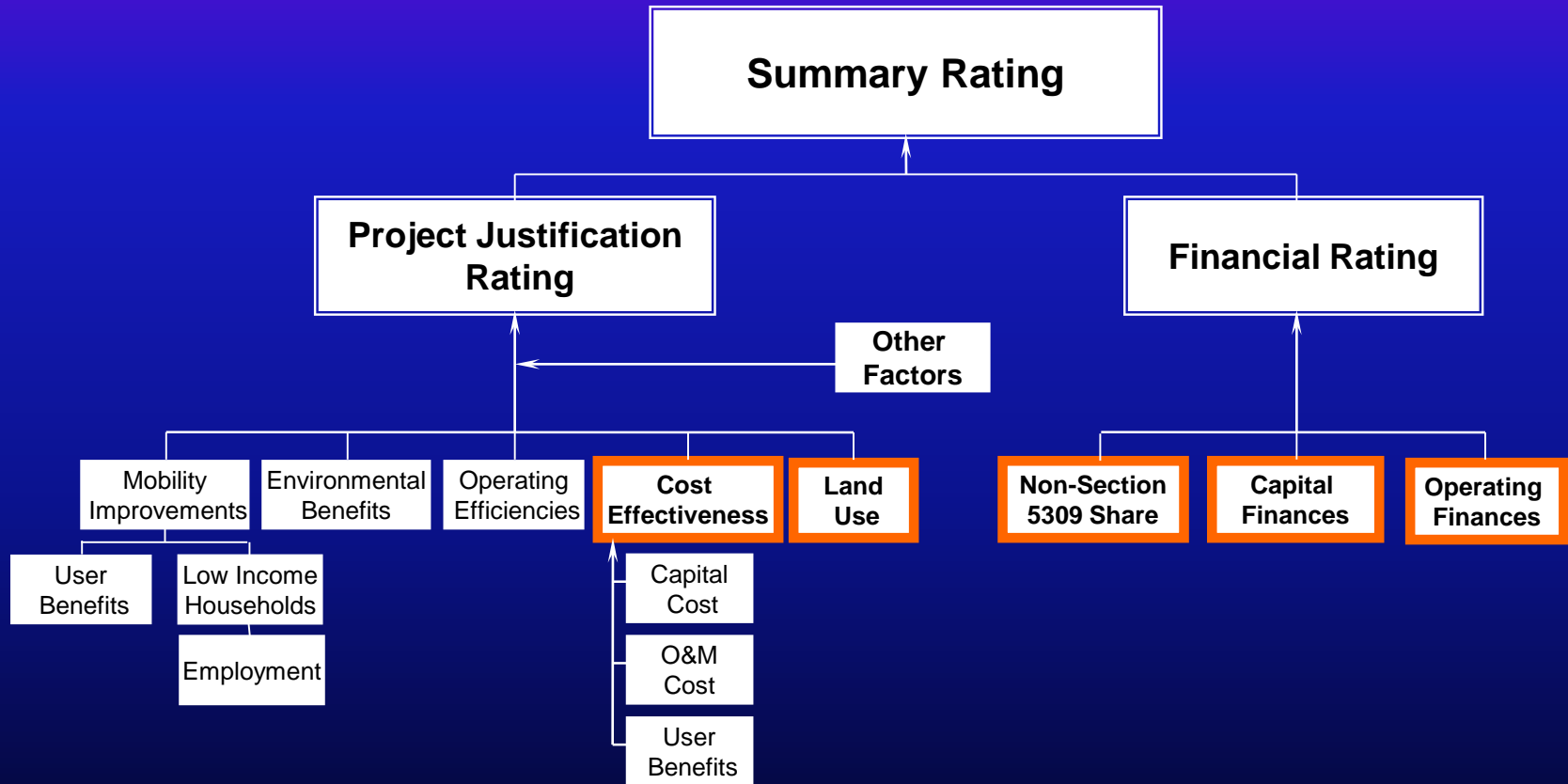
- Among most rigorous in government
- Increasingly credible and important to Congress and local communities
- Program Management Oversight recommended by GAO and OIG

New Starts Rating Criteria

- Mobility improvements
- Environmental benefits
- Operating efficiencies
- Cost effectiveness*
- Land Use*
- Economic Development*
- Reliability of costs and ridership forecasts*
- Local financial commitment*
- Other factors*

* = Also Small Starts Criteria

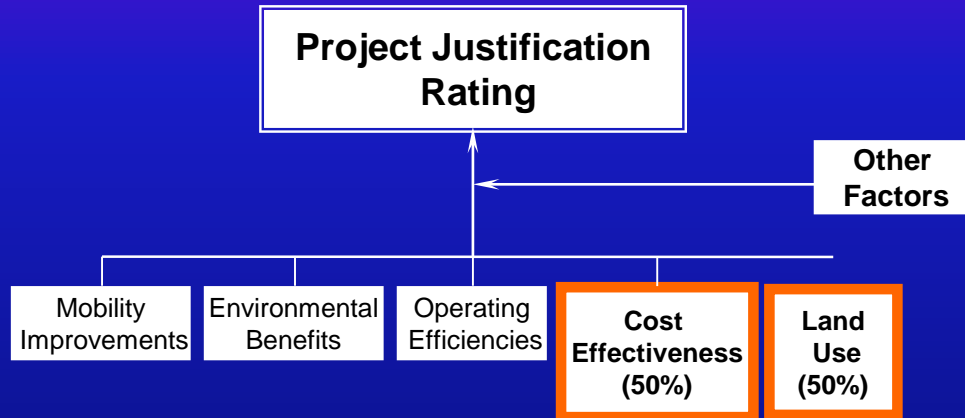
FTA's New Starts Evaluation and Rating Framework



Minimum Project Development Requirements:

Metropolitan Planning and Programming Requirements	Project Management Technical Capability	NEPA Approvals	Other Considerations	32
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Project Justification



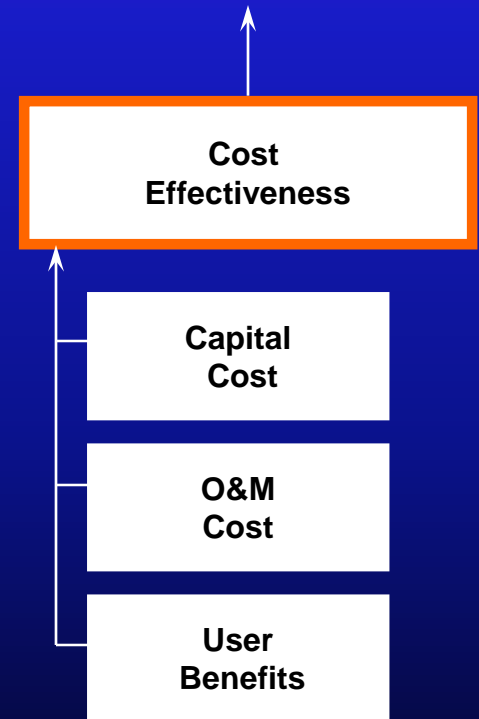
- When the average of the cost effectiveness and land use rating falls equally between two ratings, the mobility improvements rating is introduced as a “tiebreaker.”
- Locally-generated and reported information in support of the operating efficiencies and environmental benefits criteria does not distinguish in any meaningful way differences between competing major transit capital investments
- “Other factors” may increase or decrease a summary project justification rating by no more than one step

Cost Effectiveness

- Dollars per hour of “user benefits” =

$$\frac{\text{annualized capital cost} + \text{annual O\&M cost}}{\text{user benefits}}$$

- Benefits and costs computed in relation to a “Baseline Alternative”



Cost Effectiveness

- Used instead of cost/benefit due to the difficulties in monetizing all transit benefits
- Effectiveness measure represents either most of the benefits of projects or is highly correlated to other benefits
- Allows a meaningful comparison of projects nationally of different modes with significant differences in costs and benefits

Cost Effectiveness

Source of Transportation Benefits

- **Highway users:** benefits from less congestion due to travelers changing from driving to riding on the project
- **Current transit users:** benefits from faster travel times using project compared to their previous transit mode
- **New transit users:** benefits from faster travel times using project

Cost Effectiveness

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

Cost-Effectiveness

- Current Rating Values (will be updated June 2008 using GDP index):
 - Low >\$30 per hour
 - Medium-low \$24 - \$29.99 per hour
 - Medium \$15.50 - \$23.99 per hour
 - Medium-high \$12 - \$15.49 per hour
 - High < \$11.99 per hour

What's a Baseline Alternative?

- Low capital cost relative to fixed guideway
- Includes service frequencies, coverage, park-n-ride lots comparable to the build alternative
- “Best you can do to improve transit without building a new guideway”

Why Use a Baseline Alternative?

Illuminates project's benefits and costs

- Allows for identification of the additional project benefits due to significantly larger additional capital costs
- Addresses concerns of critics that lower cost options are just as effective

Ensures consistent evaluations nationally

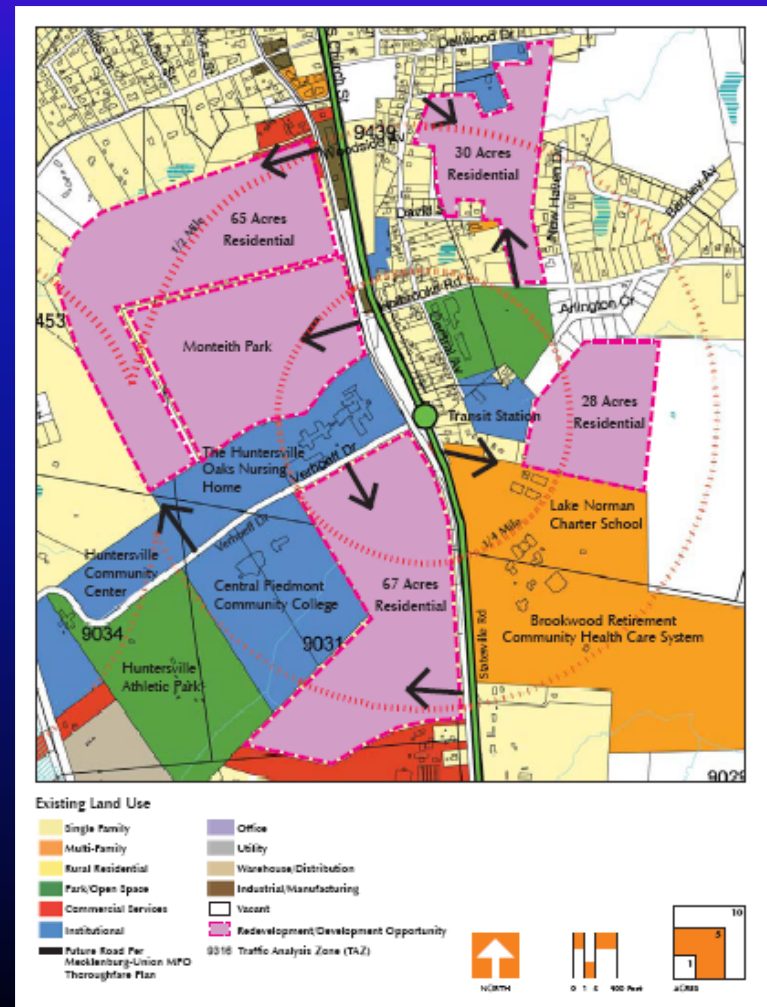
- Enables FTA to fairly assess project benefits in areas with good current transit service and areas with poor service

Land Use

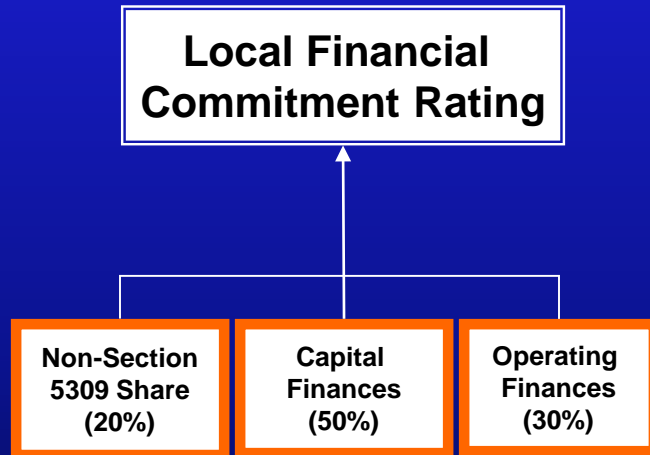
Based on strength of:

- Transit supportive existing land use
- Transit supportive plans and policies
- Demonstrated local performance of transit supportive policies

Land Use



Local Financial Commitment



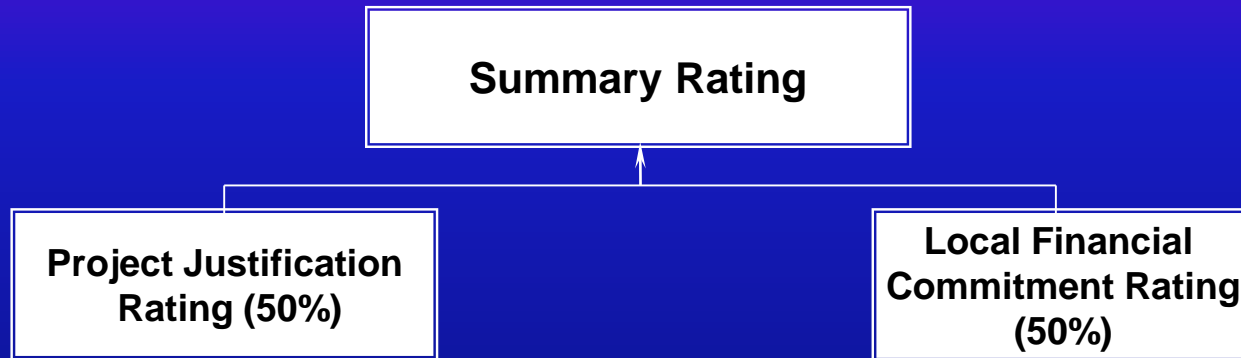
Based on:

- Current capital and operating financing condition
- Commitment of capital and operating funds
- Cost estimates/planning assumptions/capacity

Financial Ratings In Project Development

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

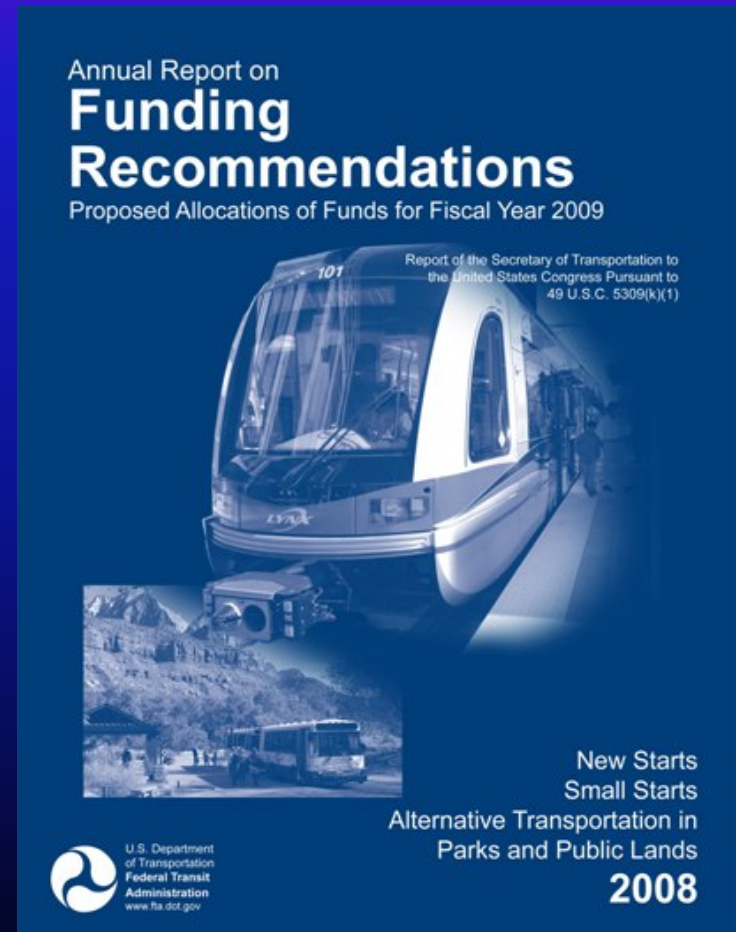
Summary Ratings



- Rating categories:
 - High
 - Medium-high
 - Medium
 - Medium-low
 - Low
- Decision Rule:
 - Must have at least “Medium” on both justification and finance to receive “Medium” overall

Project Ratings and Decisionmaking

- Ratings guide FTA approvals of PE, Final Design, and FFGAs
- “Medium” or better overall rating required to advance
- Once in PE, rating reported each year in Annual Report on Funding Recommendations



Small Starts Interim Guidance and New Starts/Small Starts Rulemaking



Key SAFETEA-LU Small Starts Provisions

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

Small Starts Eligibility - Costs

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

Small Starts Eligibility – Project Definition

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

Very Small Starts - Eligibility

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

Alternatives Analysis - Small Starts

- Refer to existing alternatives analysis guidance for New Starts
- Narrower range of alternatives
- Potentially less complex analytical methods

Alternatives Analysis - Very Small Starts

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

Evaluation of Small Starts

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

Evaluation of Small or Very Small Starts – Project Justification

- Small Starts:
 - Land Use (simplified reporting)
 - Cost effectiveness based on opening year rather than forecast year
 - Same cost-effectiveness breakpoints as applied to New Starts projects (hence, opening year estimate of user benefits increased by 50 percent to reflect 20 year forecast)
 - Other Factors (including economic development)
- Very Small Starts:
 - Project automatically warranted as cost-effective with transit supportive land use appropriate to the proposed level of investment
 - Medium rating assigned

Evaluation of Small or Very Small Starts – Local Financial Commitment

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

Planned Outreach Activities



Workshops and Training Courses

- April 22, Small Starts Workshop, Pittsburgh
- April 23-24, New/Small Starts Roundtable (by invitation), Pittsburgh
- April 29– May 1, Alternative Analysis Course, New York
- May 12, Small Starts Workshop, Phoenix
- May 13-14, New/Small Starts Roundtable (by invitation), Phoenix
- June 5, New/Small Starts Workshop at APTA Rail Conf, San Francisco
- July 22-24, Alternatives Analysis Course, Seattle
- September, Travel Forecasting Workshop for New and Small Starts, San Francisco
- November, Travel Forecasting Workshop for New and Small Starts, DC