



U.S. Department of Transportation Federal Transit Administration

OVERVIEW OF NEW STARTS AND SMALL STARTS PROGRAMS BETH DAY

FTA Region IV 2008 Conference





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 $> \$75\text{M}$ and/or costs $\geq \$250\text{m}$
- 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





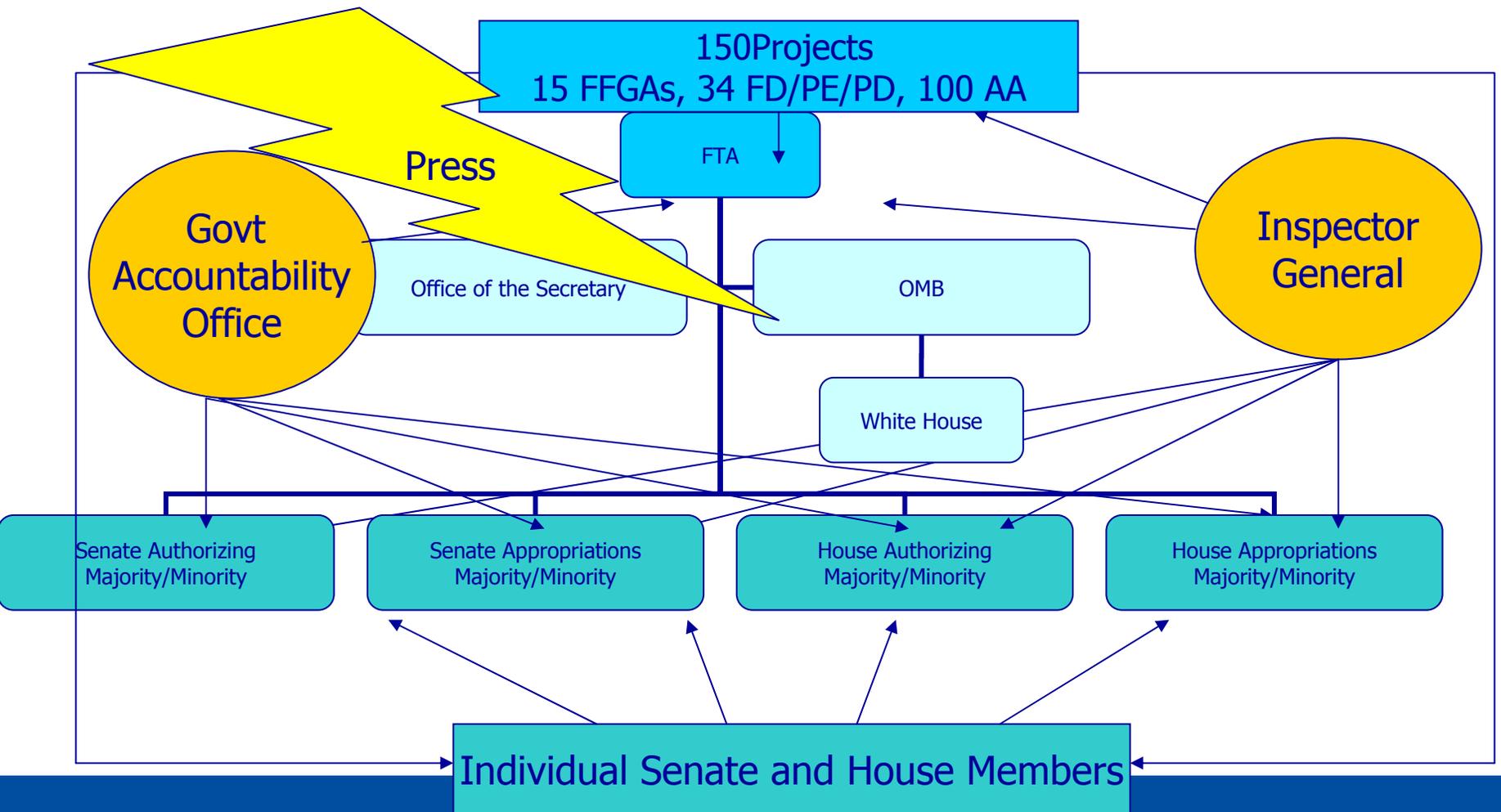
FTA New Starts Program Goal

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





The New Starts Environment





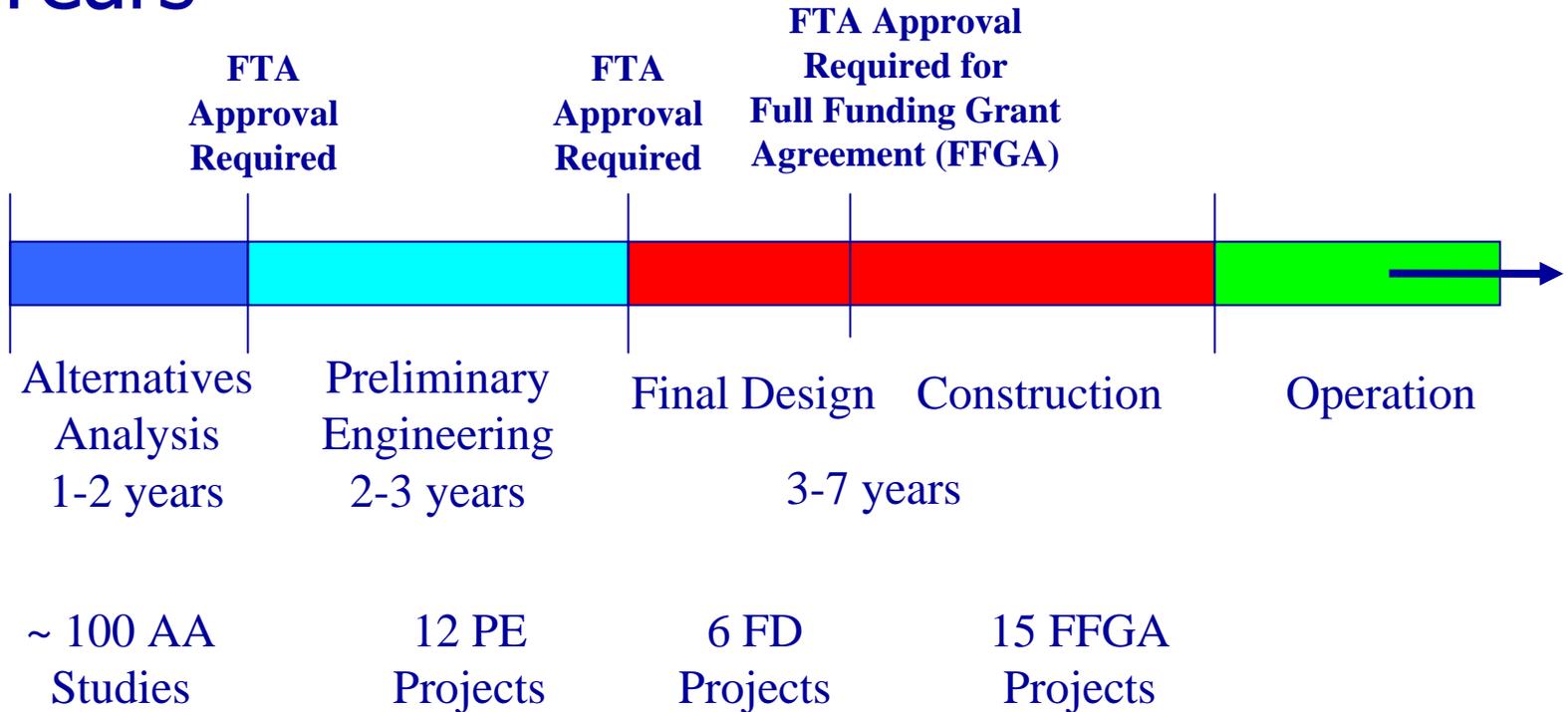
New Starts Planning and Project Development





New Starts Project Development Process

- Project Development: Typically 6-12 Years





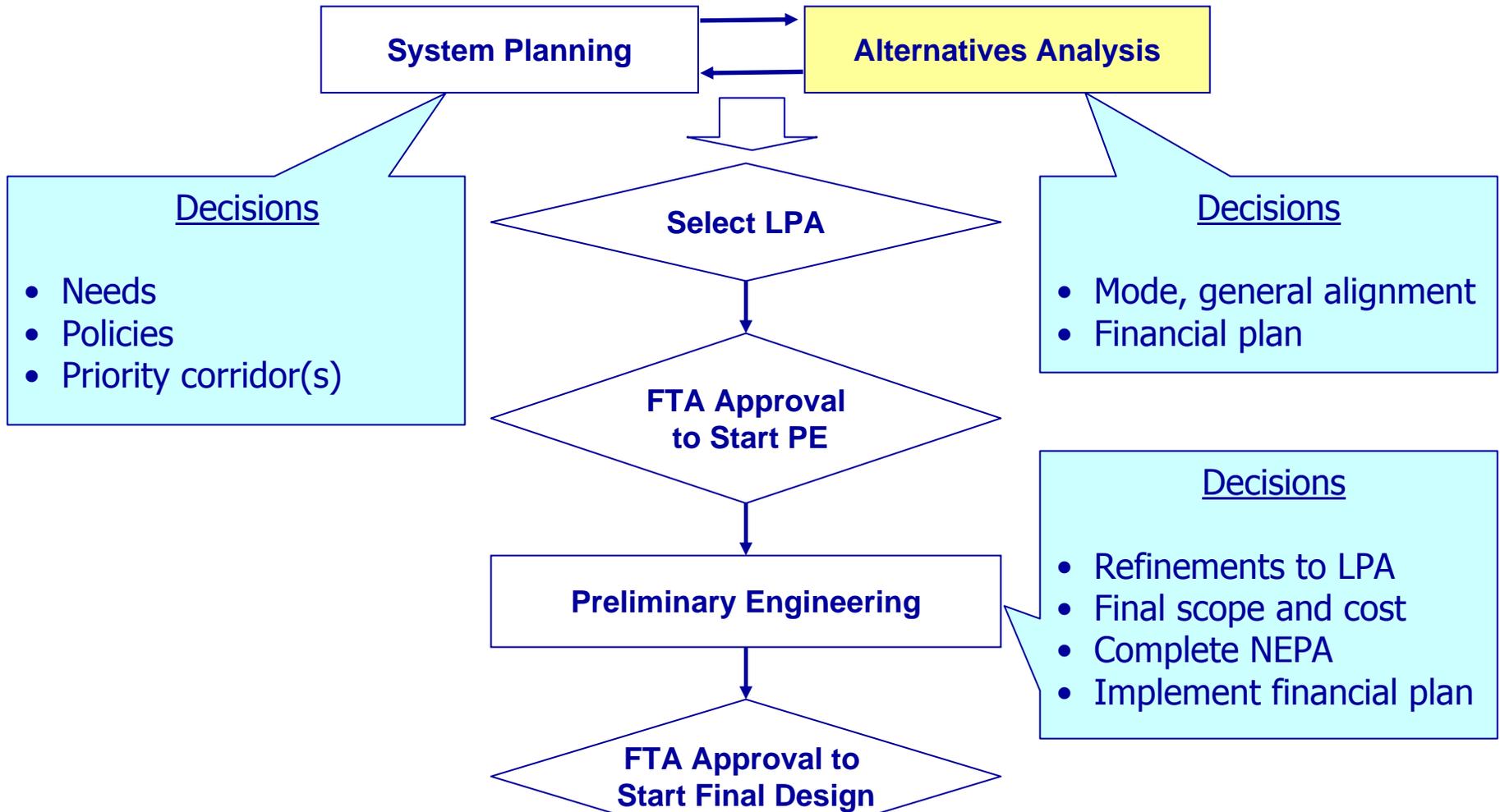
Key Decisions for Each Phase of New Starts Project Development

- 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





New Starts Planning and Project Development





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





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
 - Proposed guidance published April 18 2008, final version expected in June
- 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

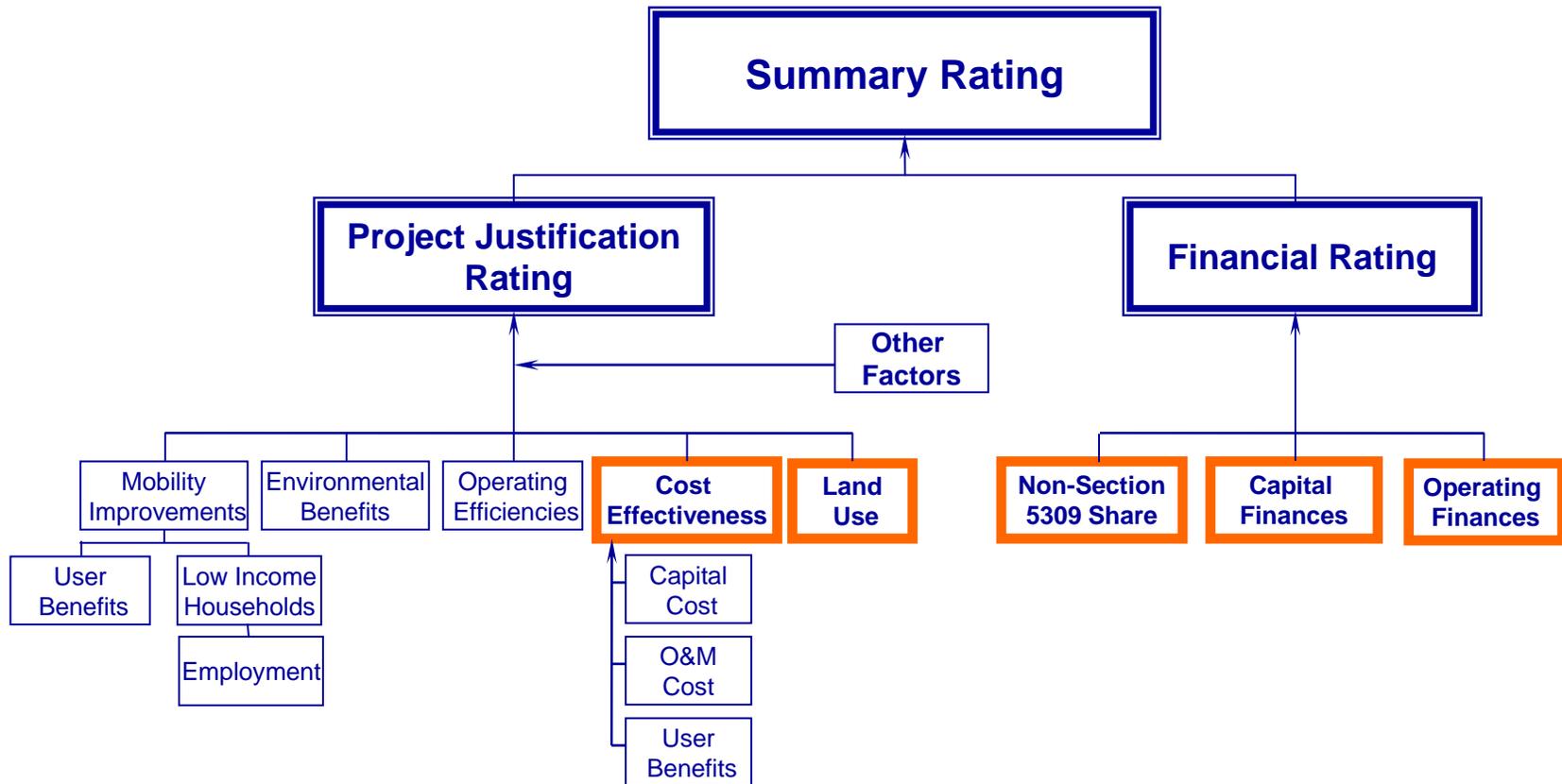
- Mobility improvements
- Environmental benefits
- Operating efficiencies
- Cost effectiveness*
- Land Use*
- Economic Development*
- Reliability of costs and ridership forecasts*
- Local financial commitment*
- Other factors*

* = Also Small Starts Criteria





FTA's New Starts Evaluation and Rating Framework

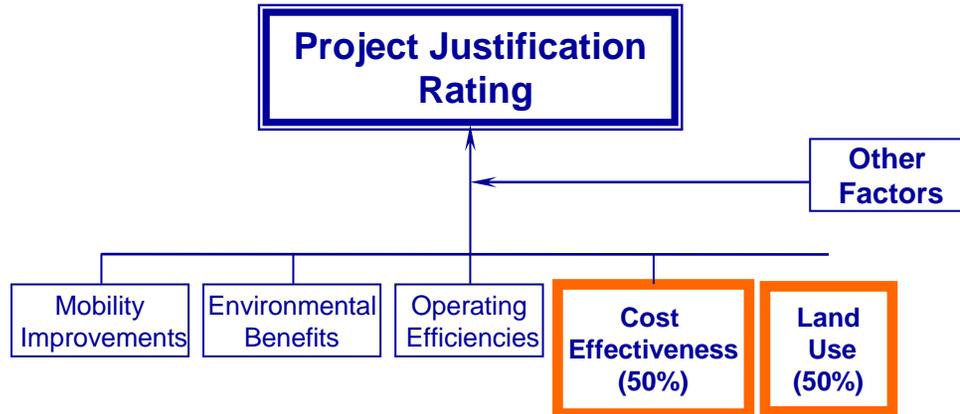


Minimum Project Development Requirements:





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



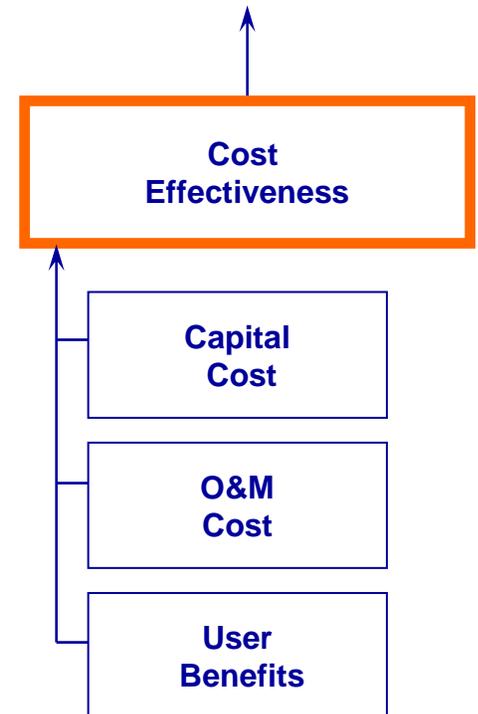


Cost Effectiveness

- 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

- 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?

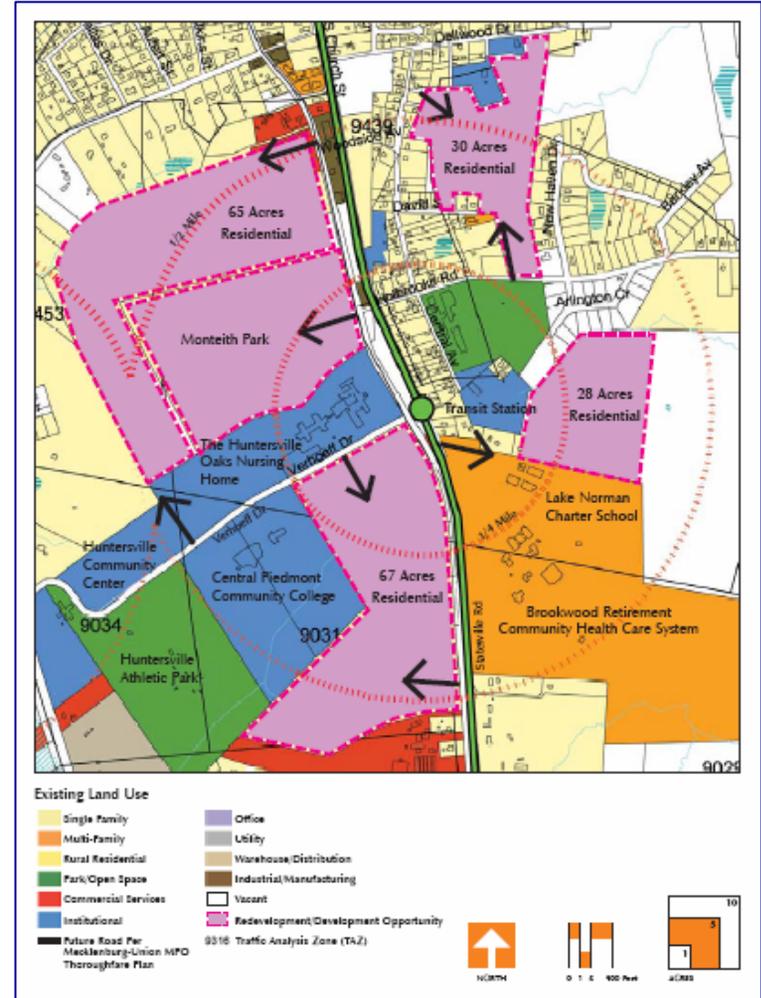
- Illuminates project's benefits and costs
 - Allows for identification of the additional project benefits due to significantly larger additional capital costs
 - Addresses concerns of critics that lower cost options are just as effective
- Ensures consistent evaluations nationally
 - Enables FTA to fairly assess project benefits in areas with good current transit service and areas with poor service





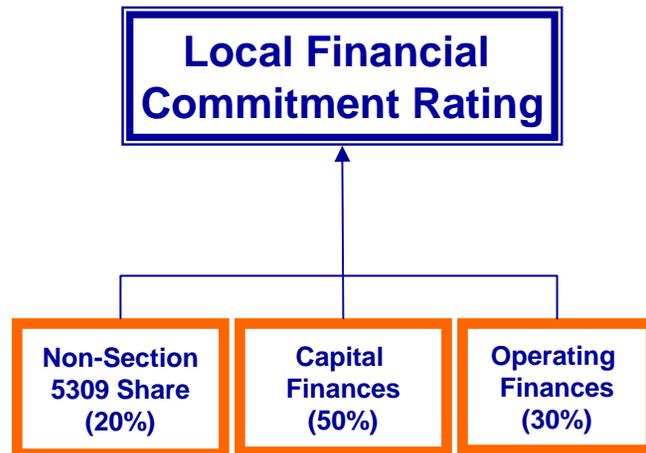
Land Use

- Based on strength of:
 - Transit supportive existing land use
 - Transit supportive plans and policies
 - Demonstrated local performance of transit supportive policies





Local Financial Commitment



Based on:

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





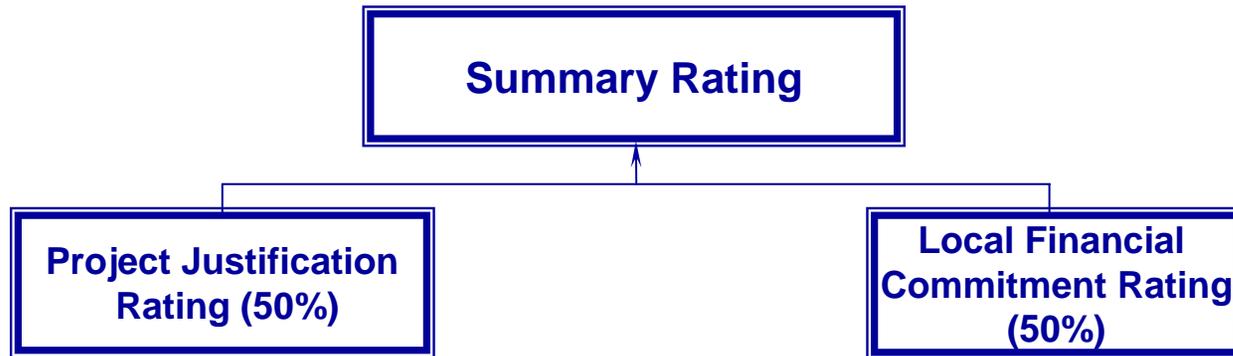
Financial Ratings In Project Development

- 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

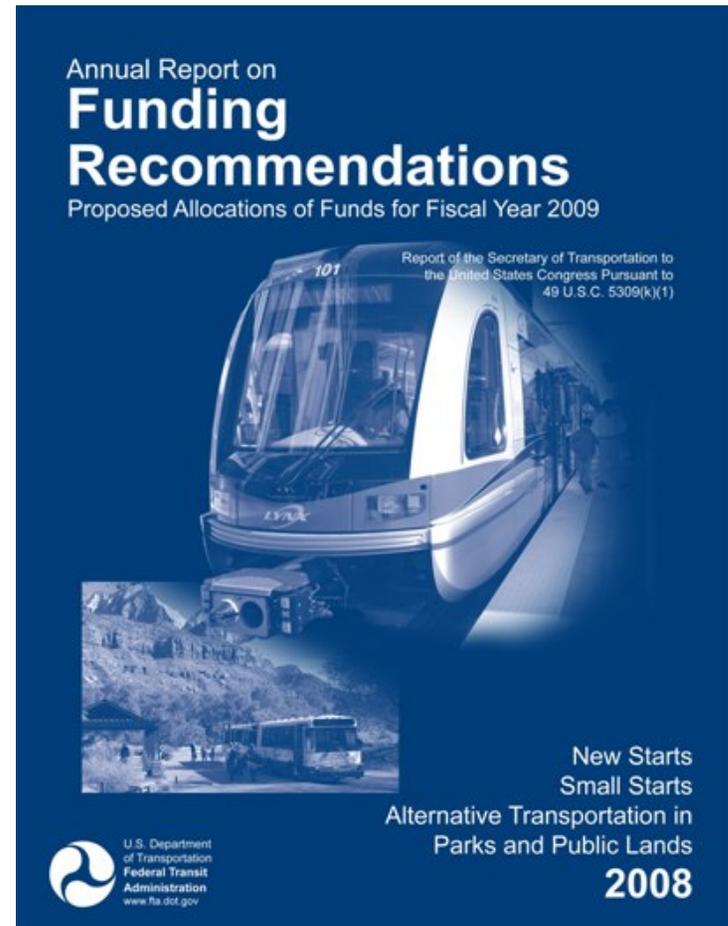


- **Decision Rule:**
 - Must have at least “Medium” on both justification and finance to receive “Medium” overall



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





Key SAFETEA-LU Small Starts Provisions

- Separate Funding Category beginning FY07 (\$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/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





Small Starts/Very Small Starts Project Approval and Funding Experience

- FY 2008
 - 12 projects applied, 4 approved into project development (PD)
 - All 4 recommended for funding
 - Projects requesting < 80% Small Starts share were proposed to be funded under a one-year capital grant
- FY 2009
 - 15 projects applied, 12 approved into PD
 - 4 projects from previous year already in PD
 - 13 projects recommended for funding
 - Projects requesting < \$25 million in Small Starts funding with a Small Starts share of < 60% were proposed to be funded under a one-year capital grant

