U.S. Department of Transportation
Federal Transit Administration

OVERVIEW OF NEW STARTS AND SMALL STARTS PROGRAMS
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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 > $75M and/or costs ≥ $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
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

150 Projects
15 FFGAs, 34 FD/PE/PD, 100 AA

Press

FTA

Office of the Secretary

OMB

White House

Senate Authorizing Majority/Minority
Senate Appropriations Majority/Minority
House Authorizing Majority/Minority
House Appropriations Majority/Minority

Individual Senate and House Members

Govt Accountability Office

Inspector General
New Starts Planning and Project Development
New Starts Project Development Process

- **Project Development:** Typically 6-12 Years

  - Alternatives Analysis: 1-2 years
  - Preliminary Engineering: 2-3 years
  - Final Design: 3-7 years
  - Construction: 3-7 years
  - Operation: ~100 AA Studies, 12 PE Projects, 6 FD Projects, 15 FFGA Projects

  - FTA Approval Required
  - FTA Approval Required for Full Funding Grant Agreement (FFGA)
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

System Planning

Alternatives Analysis

Decisions
- Needs
- Policies
- Priority corridor(s)

Select LPA

FTA Approval to Start PE

Preliminary Engineering

FTA Approval to Start Final Design

Decisions
- Mode, general alignment
- Financial plan

Decisions
- Refinements to LPA
- Final scope and cost
- Complete NEPA
- Implement financial plan
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 projects – 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
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
• 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
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” =
  
  \[
  \frac{\text{annualized capital cost + annual O&M cost}}{\text{user benefits}}
  \]

• 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