



U.S. Department of Transportation Federal Transit Administration

SMALL AND VERY SMALL STARTS PROGRAM BETH DAY

FTA Region IV 2008 Conference

FEDERAL TRANSIT
ADMINISTRATION



REGION IV



Topics

- Overview of the Program
- Small Starts Project Planning & Development
- Small Starts Evaluation and Funding
- Lessons Learned/Experiences to Date





Key SAFETEA-LU Small Starts Provisions

- Separate Funding Category beginning FY07 (\$200 million authorized annually)
- Rulemaking Required
- Interim Guidance published until final rule is completed
 - Original interim guidance published June 2006
 - Updated interim guidance published July 2007





Small Starts Program

- Intended to provide for a simplified process commensurate with the smaller scale of eligible projects.
- Intended to fund a wide range of modal alternatives, including bus rapid transit, streetcar, commuter rail, and other fixed guideway projects.





Small Starts Eligibility - Costs

- Total cost \leq \$250 million (YOE) 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 guideway along at least 50 percent of the project length in the peak period. Fixed guideway is:
 - 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
- 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





Small Starts/Very Small Starts Eligible Applicants

- Any public body is eligible to apply for Small Starts funds
- If the applicant is not the operator:
 - The small starts application must demonstrate how the project will be operated and maintained
 - Project sponsor must provide an executed operating agreement before a Project Construction Grant Agreement (PCGA) can be finalized





Small Starts/Very Small Starts Share

- May request up to 80 percent of the net project cost in Small Starts funds, up to \$75 million
- Encouraged to request the smallest amount necessary to complete the project





Current Pipeline

- 16 projects in Project Development
 - 6 Small Starts
 - 10 Very Small Starts
- Modes represented
 - 13 Bus Rapid Transit
 - 2 Commuter Rail
 - 1 Streetcar



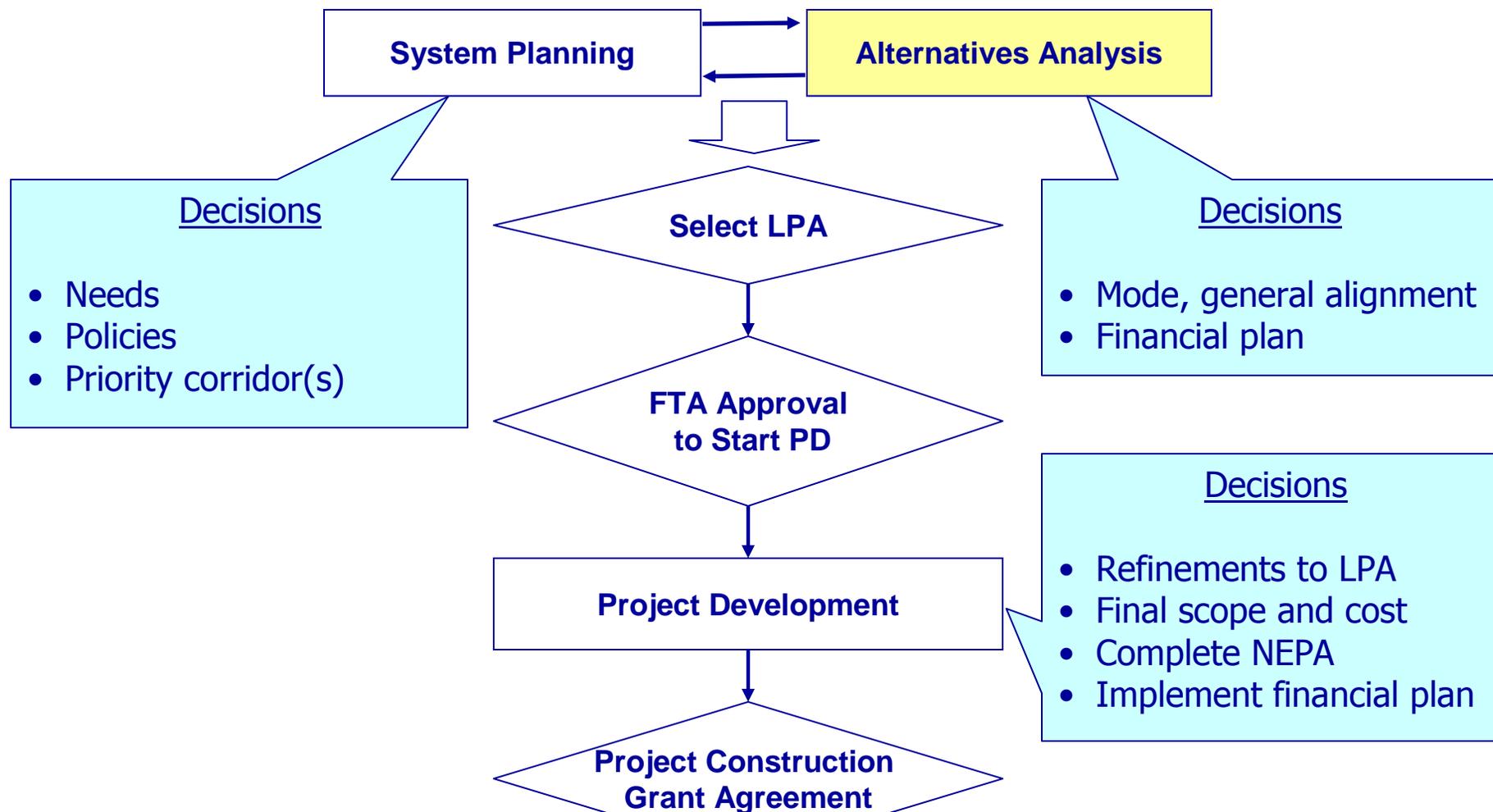


Small Starts Planning and Project Development Process





Small Starts Planning and Project Development





Key Decisions for Each Phase of Project Development

- Systems planning: priority corridor
- Alternatives analysis: mode and alignment
- Project Development: final scope/cost, completion of NEPA, financial plan, construction documents
- Project Construction Grant Agreement (PCGA)
 - FTA: funding
 - Project sponsor: delivery of the project





Alternatives Analysis: Guiding Principles

- Local process, local decisions
- Early and ongoing participation by a wide range of stakeholders
- Sufficient level of analysis necessary to select a mode and general alignment
- Documentation and presentation of key study components





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





Alternatives Analysis – Small Starts

- Narrower range of alternatives
- Potentially less complex analytical methods





Alternatives Analysis – Very Small Starts

- Simplified AA process if project qualifies as Categorical Exclusion
 - 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





Requirements for FTA Approval into Project Development

- Completed alternatives analysis
- No outstanding planning issues remain
- Locally preferred alternative adopted into fiscally constrained long range plan
- Projected Small 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





What is a Project Construction Grant Agreement (PCGA) ?

- 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 Small Starts funds





Project Construction Grant Agreement

- To receive a PCGA a project must:
 - 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
- Execution of the PCGA will be subject to a 60 day congressional review





PCGA vs Capital Grant

- FTA may administer Small Starts funding as a capital grant rather than a PCGA for projects whose total Small Starts funding request is less than \$25 million, and whose request can be met with a single year appropriation





Funding Recommendations

- Decision to recommend a project for funding in the Annual Report is driven by a number of factors, including:
 - the “readiness” of the project for capital funding
 - the project’s overall rating
 - geographic equity
 - the amount of available funds versus the number and size of the projects in the pipeline



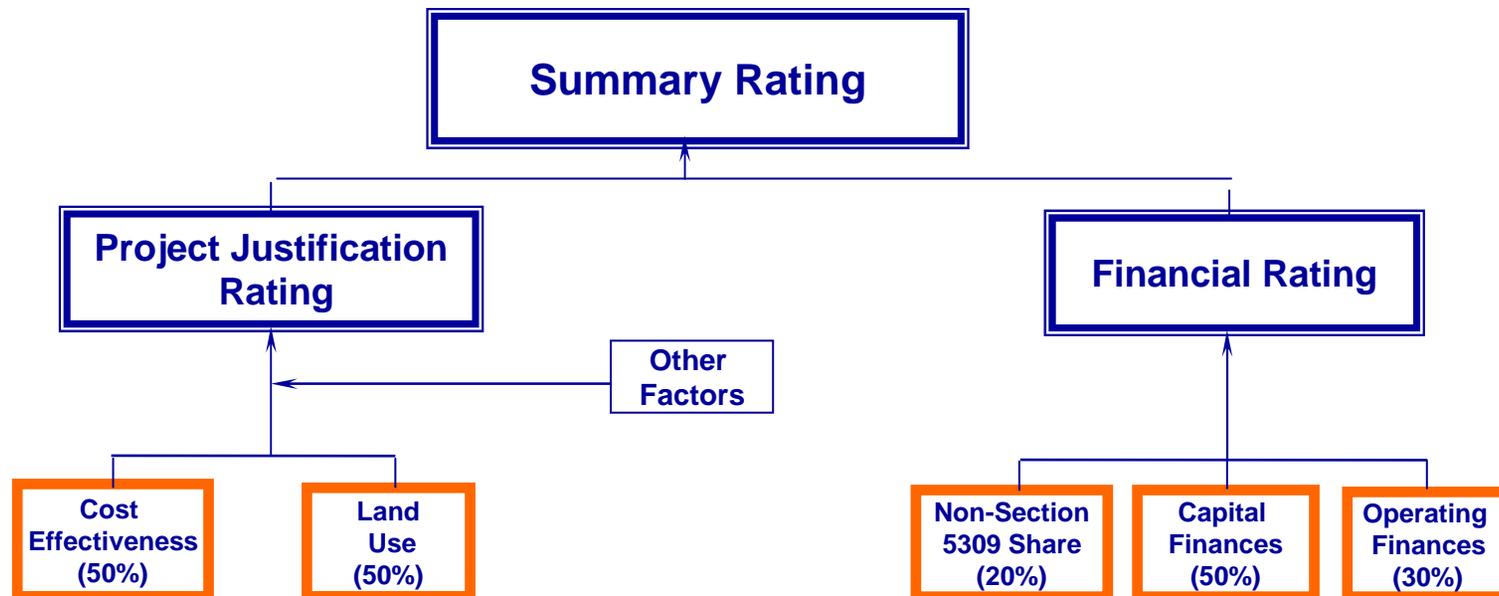


Small Starts Interim Guidance Project Rating and Evaluation





Small Starts Evaluation and Rating Framework



Minimum Project Development Requirements:



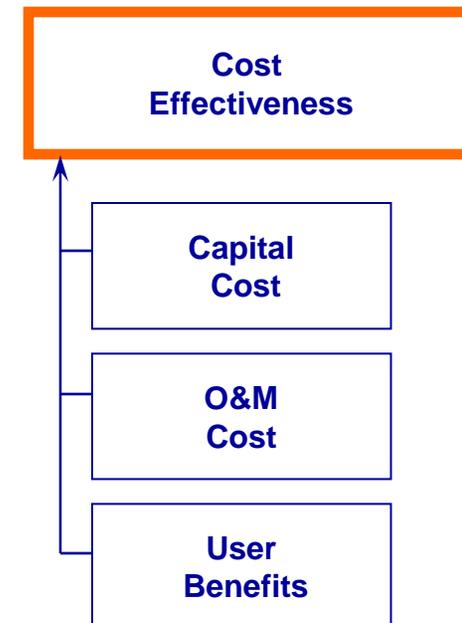


Cost Effectiveness – Small Starts

- 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”
- Computed for opening year of project rather than forecast year





Cost-Effectiveness – Small Starts

- Same cost-effectiveness breakpoints as applied to New Starts projects
 - opening year estimate of user benefits increased by 50 percent to reflect 20 year forecast
- Current breakpoint 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 proposed build alternative
- Includes service frequencies, coverage, park-n-ride lots comparable to the build alternative
- Generally, the TSM alternative serves as the baseline alternative





Land Use – Small Starts

- Same three categories as New Starts
 - existing land use patterns
 - transit supportive plans and policies
 - performance and impacts of policies
- However, several factors which are included under each category have been either streamlined or eliminated
- The reporting of both qualitative and quantitative data by project sponsors is reduced





Other Factors

- Economic development
- Make the case
- Project is element of congestion reduction strategy, and pricing strategy, in particular





Project Justification – Very Small Starts

- Very Small Starts projects are automatically “warranted” as being cost-effective and having transit supportive land use appropriate to the proposed level of investment
- No rating/evaluation necessary
- Medium rating for project justification 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 which can prove these conditions and which propose a Small Starts share of no greater than 50% receive a “high” rating
- 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





Before and After Study Requirements

- All Small Starts that receive a PCGA are subject to the Before-and-After Study requirement
- For Very Small Starts, the Before-and-After Study consists of a very simple analysis of the following:
 - A post-construction cost summary compared to the cost estimate at the time of entry into project development;
 - A comparison of actual ridership (on's and off's) in the corridor provided in the application to enter project development and new counts done two years after opening; and
 - A comparison of transit schedules and frequencies between the transit services in the corridor as it existed at the time of entry into project development and two years after opening.





Lessons Learned and Experience to Date



Lessons Learned

- Diversity of Project Proposals and Proposers
- Common impediments to project advancement
 - AA not completed, lack of local consensus
 - Project not in metro plan
 - Local funding not available
 - Lack of demonstrated eligibility
 - Incomplete project scope
- Mutual Learning Curve





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

