

New Central Subway Project

San Francisco, California

(November 2002)

Description

The San Francisco Municipal Transportation Agency (MUNI) is planning a 1.7-mile light rail transit (LRT) line extension to an LRT line under construction in the heavily transit-dependent Third Street corridor in eastern San Francisco. The New Central Subway (NCS) Light Rail Project is intended to provide increased transportation capacity in a corridor undergoing re-development and new economic activity and to facilitate economic development opportunities along the corridor. The proposed project also will provide rail service to the densest areas of San Francisco, the financial district and Chinatown. Currently, there is no high capacity rail transit service in Chinatown or the Union Square area. The New Central Subway project would extend the 5.4-mile Third Street Light Rail Project, currently under construction, between the Market Street Subway and the Bayshore CalTrain Station.

Summary Description	
Proposed Project:	MUNI New Central Subway Light Rail 1.7 miles, 4 Stations
Total Capital Cost (\$YOE):	\$763.8 Million
Section 5309 New Starts Share (\$YOE):	\$531.7 Million (70%)
Annual Operating Cost (2012 \$YOE):	\$15.5 Million
Ridership Forecast (2015):	59,750 Average Weekday Boardings 17,500 Daily New Riders
Opening Year Ridership Forecast (2004):	39,400 Average Weekday Boardings
FY 2004 Finance Rating:	Low
FY 2004 Project Justification Rating:	Not Yet Available
FY 2004 Overall Project Rating:	Not Recommended

This project has received an overall *Not Recommended* based upon the *Low* Finance Rating. This is because the New Starts share is greater than 60 percent. The project was rated *Not Yet Available* for project justification because the transportation system user benefit measure used for cost effectiveness and mobility improvements was not submitted. Consequently, project justification could not be rated. The project sponsor did not have sufficient time to implement the new measure. FTA continues to work with the project sponsor to develop this measure. FTA will rate the project and make that information available to Congress and other interested parties when the analysis is completed. Although the project has received a *Not Recommended* rating, it is important to note the New Starts rating represents a snapshot of the project at the current time. FTA approved this project into preliminary engineering in July 2002 and will continue to work with the project sponsor. Additionally, the Conference Report accompanying the FY 2002 Department of Transportation Appropriations Act directs that, as of October 1, 2002, no new Full Funding Grant Agreement may be executed with a Federal New Starts share greater than 60 percent. The project's "low" share rating and summary financial rating reflect

this Congressional direction. In addition, the Administration is seeking legislation that would limit the Federal New Starts share to no more than 50 percent beginning in FY 2004. Future ratings of this project would be affected by this change. The overall project rating applies to this *Annual Report on New Starts* **and reflects conditions as of November 2002**. Project evaluation is an ongoing process. As New Starts projects proceed through development, the estimates of costs, benefits, schedules, and impacts are refined. **The FTA ratings and recommendations will be updated annually to reflect new information, changing conditions, and refined financing plans.**

Status

In October 1996, FTA authorized the initiation of Preliminary Engineering and the preparation of a Draft Environmental Impact Statement/Draft Environmental Impact Report (DEIS/DEIR) on the Third Street corridor. In November 1997, MUNI began Preliminary Engineering for Third Street light rail alignment as well as the Metro East Maintenance Facility. In June 1998, the new San Francisco Public Transportation Commission (SFPTC), which governed MUNI, designated both the Third Street and New Central Subway light rail projects as the Locally Preferred Alternative. MUNI is constructing the Phase I project using local, State, and non-New Starts funding. In December of 2001, the Metropolitan Transportation Commission adopted the New Central Subway project into the region's financially constrained long range plan as a priority for future FTA funding. FTA approved the New Central Subway project to advance into Preliminary Engineering in July of 2002.

TEA-21 Section 3030(a)(79) authorizes the San Francisco Bayshore Corridor for Final Design and construction. Through FY 2002, no Section 5309 New Starts funds have been appropriated for this project.

Evaluation

The following criteria have been estimated in conformance with FTA's *Reporting Instructions for the Section 5309 New Starts Criteria*, updated in June 2002. The project will be reevaluated when it is ready to advance to Final Design and for next year's *Annual Report on New Starts*.

Mobility Improvements Rating: Not Available		
	<u>New Start vs. Baseline</u>	
Average Employment Per Station	1,010	
Average Low Income Households Per Station	66,900	
Transportation System User Benefit Per Project Passenger Mile (Minutes)	Not Yet Available	
Environmental Benefits Rating: Medium-High		
	<u>New Start vs. Baseline</u>	
Criteria Pollutants Reduced (tons)		
Carbon Monoxide (CO)	0.67	
Nitrogen Oxide (NO_x)	8.90	
Hydrocarbons	3.22	
Particulate Matter (PM₁₀)	0.08	
Carbon Dioxide (CO₂)	429.2	
<u>Annual Energy Savings</u> (millions) BTU	4,078.9	
Cost Effectiveness Rating: Not Available		
	<u>New Start vs. Baseline</u>	
Cost Per Transportation System User Benefit (current year dollars/hour)	Not Yet Available	
Operating Efficiencies Rating: Medium		
	<u>Baseline</u>	<u>New Start</u>
System Operating Cost per Passenger Mile (current year dollars)	\$0.73	\$0.69

[] indicate an increase in emissions.

Project Justification

Rating: Not Yet Available

This project has not received a “Not Yet Available” Project Justification rating because the transportation system user benefit measure used for cost effectiveness and mobility improvements was not submitted. Consequently, project justification could not be rated. This project entered Preliminary Engineering in late 2002, and did not have sufficient time to implement the new measure. FTA continues to work with the project sponsor to develop the measure for cost effectiveness. FTA will rate the project and make that information available to Congress and other interested parties when the analysis is complete. The New Central Subway would serve approximately 59,750 average weekday boardings and carry 17,500 daily new riders in 2015. Based on 2000 Census data, there are an estimated 4,029 low-income households within a ½-mile radius of this corridor, representing 14 percent of all households located within ½-mile of the corridor. There are an estimated 267,769 employees within ½-mile of the transit

station areas. The San Francisco Area is designated by the U.S. Environmental Protection Agency (EPA) as a “moderate maintenance area” for carbon monoxide, a “non-attainment area” for ozone, and an “attainment area” for nitrogen oxides and particulate matter. The incremental cost per incremental trip is \$16.07.

Existing Land Use, Transit-Supportive Land Use Policies and Future Patterns **Rating: High**

The *High* rating reflects the urban character of the corridor and the successful efforts of local agencies in encouraging transit supportive development.

Existing Conditions: The New Central Subway project serves a very dense regional CBD (over 220,000 jobs in a 1.25-square mile area) and high-density (14 to 29 units per acre) urban residential neighborhoods with integrated commercial uses. The proposed project will also serve some industrial areas, several of which are being developed for various residential, commercial, and entertainment uses. A new major league baseball stadium opened in Spring 2000 near the southern terminus of the 3rd Street Phase I. Neighborhoods throughout the corridor are pedestrian-scaled and walkable. Parking is extremely limited in the CBD and throughout the Chinatown and the Market Street area. Existing zoning regulations are supportive of moderate-to high-density, transit-oriented development throughout the corridor.

Future Plans Policies and Performance: San Francisco’s *General Plan* has long encouraged higher-density transit- and pedestrian-oriented development. The city is currently preparing detailed plans for redevelopment areas of the corridor, including specific plans for the Mission Bay and Bayview - Hunters Point communities. The city has prepared a set of Urban Design Guidelines for redevelopment areas of the corridor that will include specific land use and improvement proposals, design guidelines, and proposed zoning changes. Plans for the South Bayshore of Bayview Hunters Point and for the Central Waterfront are producing zoning-change packages that will soon be enacted. The Mission Bay Citizens Advisory Committee, in conjunction with city staff and consultants, developed a Mission Bay Design Guidelines document. The San Francisco Redevelopment Agency (SFRA) has special powers to facilitate development, including land acquisition, land assembly, and tax increment financing. While there are no enforceable growth management policies in place, attracting development to the Third Street corridor that might otherwise locate in more suburban, auto-oriented locations will help to contain sprawl. MUNI has designated Third Street as a “Main Street” for specific communities along the corridor, with pedestrian-oriented enhancements provided to give special identity to neighborhood centers. One of the primary goals of the Third Street LRT project is to serve as a catalyst for the redevelopment of economically disadvantaged neighborhoods, including the Bayview/Hunters Point community. Concurrently with the light rail planning process, the SFRA is working with residents to produce a Revitalization Concept Plan to serve as the framework for the physical and economic redevelopment of the community.

Other Factors

The proposed project will service the highest density urban center on the West Coast. It will provide high capacity rail service to an area in which there are very limited alternatives to increase transportation capacity.

Local Financial Commitment

Rating: Low

The rating of *Low* for local financial commitment is determined by the *Low* rating for the Section 5309 New Starts funding share.

Proposed Non-Section 5309 New Starts Share of Total Project Costs: 70%

Rating: Low

The financial plan for the New Central Subway Project includes Section 5309 New Starts funds, California State Transportation Improvement Program funds, State Traffic Congestion Relief Plan funds, and Proposition B Sales Tax funds.

Locally Proposed Financial Plan		
<u>Proposed Source of Funds</u>	<u>Total Funding (\$million)</u>	<u>Percent of Total</u>
Federal: Section 5309 New Starts	\$531.6	69.6 %
State: Transportation Improvement Program Traffic Congestion Relief Plan Funds	\$92.2 \$14.0	12.1 % 1.8 %
Local: Proposition B Sales Tax Funds	\$125.9	16.5 %
Total:	\$763.8	100 %

NOTE: Funding proposal reflects assumptions made by project sponsors, and are not DOT or FTA assumptions. Total may not add due to rounding.

Stability and Reliability of Capital Financing Plan

Rating: Medium

The *Medium* rating reflects the strength of the financial plan and the high level of local capital funding committed and budgeted to the New Central Subway project from existing funding sources at this early stage of project development. However, it is likely that the capital cost estimate will be refined and may increase as the project progresses in the planning and project development process.

Agency Capital Financial Condition: MUNI receives funding from two primary sources of funding, Proposition B and Proposition E, which provide dedicated funding for capital replacement and operations. There are substantial demands for capital improvements throughout the MUNI bus and rail system, however existing dedicated sources of funds are programmed to meet anticipated demands. The City and County of San Francisco has a very high bond rating

(AAA by Standard and Poor's) and the San Francisco County Transportation Authority is authorized by the State issue revenue bonds based upon Proposition B revenues. The Proposition B revenues will expire in 2009, during construction, and to continue must be re-authorized by a two-thirds vote. The average age of the bus fleet is 12.9 years, which indicates that re-capitalization of the existing fleet has lagged.

Capital Cost Estimate and Contingencies: The capital cost estimates are based upon planning and environmental analysis, and will be refined as the project progresses through the planning and project development process.

Existing and Committed Funding: Approximately \$214 million (93 percent) of the non-federal share of \$232.2 million is committed toward the project. This is a high level of committed funds for a project in the early Preliminary Engineering stage of project development. However, additional funding will need to be identified and committed to reduce the non-New Starts share to 50 percent.

New and Proposed Sources: All of the proposed capital funds are proposed from existing sources of funding. No new sources of funding are proposed.

Stability and Reliability of Operating Finance Plan

Rating: Medium

The *Medium* rating reflects the City of San Francisco's increasing financial support for operation of the MUNI system.

Agency Operating Financial Condition: Since July 1, 2000, the Municipal Transportation Agency has been operating with new and more reliable sources of funding, including Proposition E City parking revenues. MUNI has long-term experience operating an urban rail system.

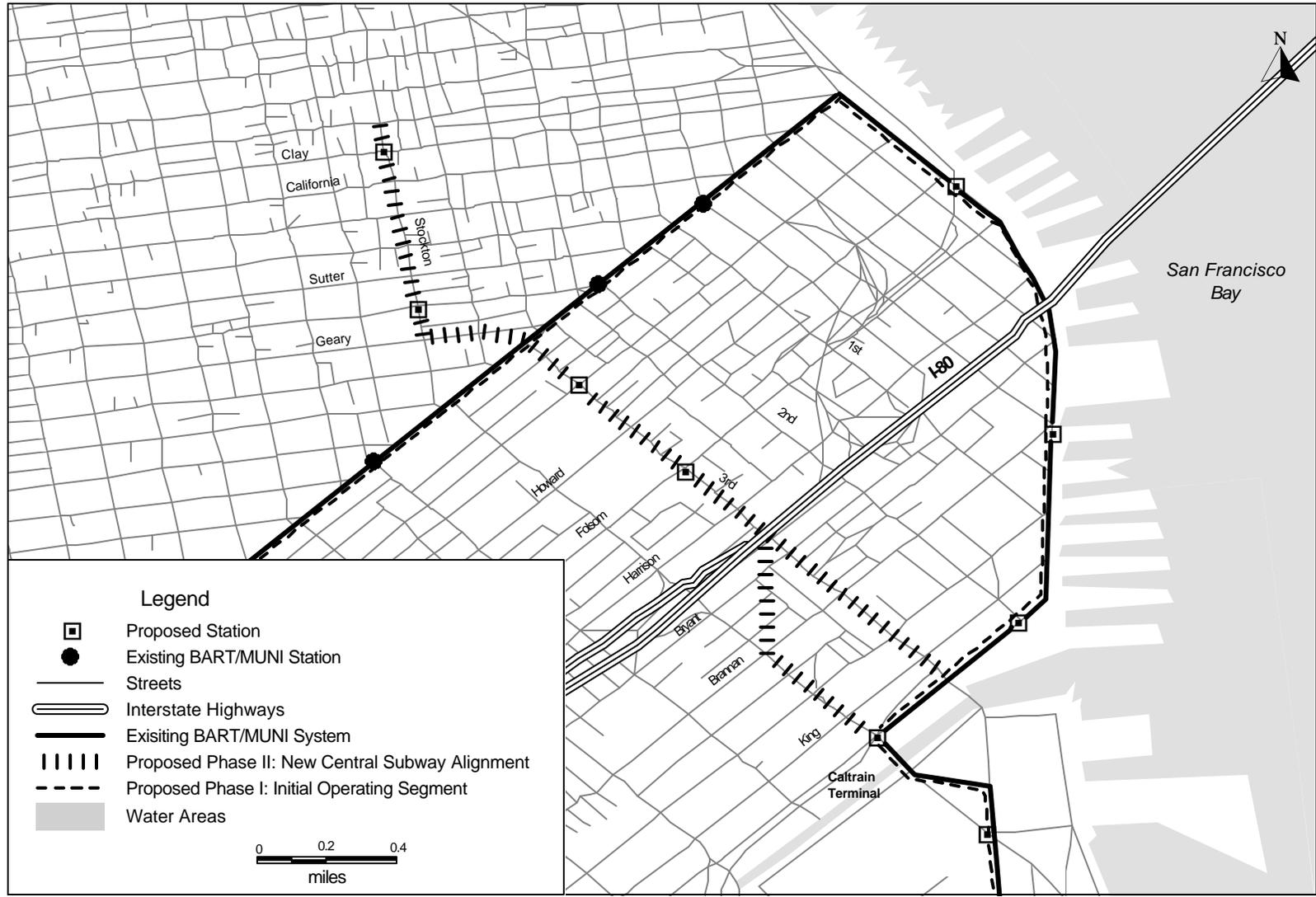
Operating Cost Estimates and Contingencies: Implementation of the New Central Subway would result in a net increase of \$15.5 million to systemwide operating costs. This increase represents a two percent increase in MUNI's systemwide operating budget.

Existing and Committed Funding: MUNI projects a 33 percent farebox recovery for the New Central Subway. The current (2000) farebox recovery rate is 26 percent. Local legislation passed in November 1999 (Proposition E) ensures that operating cost increases associated with current and expanded MUNI services will be met by a baseline budget adjustment (resulting in increased annual appropriations) from the San Francisco General Fund. Proposition E also transfers the administration of the City's Parking and Traffic to a Municipal Transportation Agency, which includes MUNI. These revenues are also available to fund MUNI system operations.

New and Proposed Funding Sources: No new sources of operating funding are being proposed by MUNI.

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Federal Transit Administration 2002

