Background

The New Starts Roundtables (NSR) were initiated in 1999 to facilitate communication, discussion, and information exchange among the various parties involved in the FTA's New Starts Program. In particular, the roundtables were aimed at involving representatives of FTA Headquarters, FTA Regional Offices, and sponsors of transit projects seeking New Starts Funding.

The NSR mission involves:

- Strengthening the partnerships between FTA and local project providers of public transit
- Providing an effective and ongoing forum for training
- Sharing of information among parties
- Discussing openly lessons learned from previous projects/experiences
- Soliciting ideas to help improve the planning and project development process for major capital transit projects

The FTA Office of Planning formed a New Starts Steering Committee (Steering Committee) to guide the development and implementation process of the New Starts Roundtable program. The committee, chaired by Charlotte Adams, the FTA Associate Administrator for Planning, and comprised of 15 representatives of transit agencies, FTA headquarters and FTA regional offices, developed the following guiding principles:

- The NSR program is a partnership of the FTA and the local sponsors of major transit capital projects.
- The NSR program will provide an opportunity for project sponsors to share lessons learned and experiences with other members.
- The NSR Program membership is open to senior staff of public agencies engaged in planning and development.
- The NSR Program sessions will encourage frank but respectful dialogue among members.
- The NSR Program will have a Steering Committee, consisting of FTA and transit industry representatives from local agencies.
- Multiple day Roundtables will be conducted at selected sites in the U.S. at least two times per year
- Through the implementation of electronic communication tools and media, the Roundtables will maintain an ongoing clearinghouse for information and idea sharing

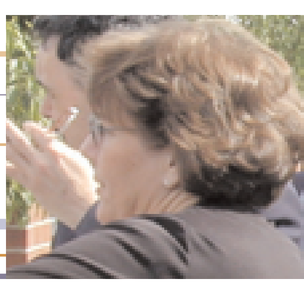
The first series of roundtables were held in the summer of 2000 around the theme of "Issues and Lessons Learned in the New Starts Criteria, Evaluation, and Rating Process." The roundtables were held in Washington, DC, and in Las Vegas, Nevada. The 2001 roundtables were held in New Orleans, Louisiana, and in Los Angeles, California, around the theme of "Lessons Learned in Planning Project Development."

The 2002 Roundtables are the first for Jennifer Dorn, FTA's 14th administrator. Ms. Dorn's priorities include, "meeting the demands caused by increasing transit ridership by leveraging federal investments, establishing vigilant oversight at all levels of government, developing transit projects that consider all reasonable alternatives, and working to encourage the development of the men and women employed in the transit industry while taking steps to attract highly qualified people to the public transportation field." She is already eager to begin brainstorming new ideas for the New Starts Program, 2003 New Starts Roundtable meetings, and NSR specialty workshops.

The Steering Committee selected Tampa, Florida for the 2002 East Coast Roundtable and Denver, Colorado for the 2002 West Coast Roundtable. The Tampa Roundtable was held on April 24-26 for grantees from FTA Regions I through VI. The Denver Roundtable took place on May 8-10 for grantees from FTA Regions VII through X.

The theme of the 2002 Roundtable series was "Successes and Challenges in Local Financial Planning." Each Roundtable was led by FTA staff from both Headquarters and the Regional offices. Presentations were made by FTA staff, private contractors responsible for reviewing financial planning documents, project sponsors, representatives of bond rating agencies, investment bankers, and staff from the House Transportation and Infrastructure Committee.

Over 70 representatives from 45 sponsoring agencies attended the 2002 Roundtable series. Participants included representatives from transit systems, Metropolitan Planning Organizations (MPOs), and State Departments of Transportation (DOTs).



Welcome and Introduction

Charlotte Adams, the FTA Associate Administrator for Planning, moderated the Tampa Roundtable while Ron Fisher, the Director of the FTA Office of Planning Innovation and Analysis, moderated the Denver Roundtable. Both outlined the goals of the Roundtables:

- Solicit feedback on FTA's performance administering the New Starts process
- Identify methods by which the New Starts process can be improved
- Provide an opportunity for project sponsors to share information and lessons learned with their peers

Ms. Adams identified the two biggest challenges facing project proponents as the lack of a financial plan and the lack of local consensus—two issues that were addressed during the Roundtables.

David Vozzolo, the Chief of the FTA Planning Analysis Division, discussed FTA's vision for public transportation and the agency's two guiding principles:

- Vision: Public transit is the mode of choice in America
- Mission: Improve transit for America's commuters

He emphasized the role that an improved New Starts process can play in achieving these goals.

Sharon Dent, the Executive Director of Tampa's Hillsborough Area Regional Transit (HARTline), and Cal Marsella, the General Manager of the Denver Regional Transit District (RTD), welcomed attendees to their respective cities and provided a brief overview of their transit systems and recent experiences with the New Starts process.

Attendee Expectations

At the beginning of the Roundtable, participants were asked to identify one issue they hoped to address during the session. Some of the topics identified by project sponsors were:

- The complications of producing financial plans for different audiences (i.e. FTA, bond rating agencies);
- reconciling FTA guidelines with state and local constraints;
- balancing the high maintenance needs of older systems with lower needs of newer systems;
- challenges to developing long-term forecasts based on short-term trends;
- overmatching and its future importance should the maximum allowable Section 5309 New Starts share decline in the reauthorization;
- FTA's expectations for financial plans at different stages of project development;
- the timeline for the Federal budget process; and
- expectations for the maximum amount of New Starts funding appropriated annually to a given project.

Guidance on Development of Financial Plans

Steve Lewis-Workman
FTA Office of Planning

Mr. Lewis-Workman, a Financial Analyst with FTA, made presentations at both Roundtables on the proper methods for incorporating financial information into a plan. He began the discussion by emphasizing the importance of documenting all key assumptions while demonstrating financial capacity to build and operate a project and fund the capital and operating needs of the entire transit system within a consistent regional framework and a twenty-year planning horizon.

Through a review of proper techniques for developing cash flow analyses, cost estimations and revenue forecasts, Mr. Lewis-Workman walked attendees through some of the principal issues facing project sponsors as they develop financial plans.

Sensitivity and Risk Analysis: FTA would like an evaluation of how the project proponent would respond to changing parameters—cost overruns, revenue shortfalls, etc.

Cost Escalation: Reporting project costs in year of expenditure dollars is preferable to reporting costs based on the midpoint of construction. Costs developed based on the midpoint of construction over-estimate costs in the initial years of construction and underestimate costs in the final years. Project sponsors should focus on actual expenditure schedules when developing their cash flow statements.

Contingencies: Contingencies should be project-specific and based on cost estimates for each component of the project. FTA prefers the use of cost ranges rather than a single cost. Some attendees described a lack of comfort with utilizing cost ranges at the local level and expressed reluctance to publicize "worst-case" cost estimates. FTA acknowledged the difficulty of balancing the federal government's need for an honest assessment of potential costs with local political concerns.

Inflation-based Revenue Growth versus Regression-based Forecasts: Reliance on the rate of inflation as the sole determinant of sales tax revenue growth estimates is too conservative. The better practice is to use regression-based revenue forecasts that incorporate all factors that contribute to revenue growth—inflation, population growth, and real income growth.

Operations and Maintenance (O&M) Costs: FTA appreciates the different capacities of sponsors with regard to operating and maintaining a New Starts project. The East Side Access project is one of the largest in the New Starts pipeline, yet its impact on New York City's O&M costs is negligible. But for systems implementing rail for the first time, O&M costs may increase more than 50 percent. Each sponsor should refine O&M estimates to the degree appropriate for that system.

Explanation of Assumptions: Throughout the presentation, Mr. Lewis-Workman emphasized that a narrative describing all assumptions and the basis for making them should be provided to FTA.

FTA's Financial Assessments

John Milligan, Milligan and Co.
Roger Figura, AECOM
Jeff Buxbaum, Cambridge Systematics
Donald Schneck and Richard Laver, Booz Allen Hamilton

Beth Day and Dwayne Weeks of the FTA Office of Planning introduced a session on FTA's methods for rating financial plans. They identified three criteria that significantly contribute to the rating:

- Proposed non-Section 5309 New Starts share of project costs
- Stability and reliability of the capital funding plan
- Stability and reliability of the operating funding plan

Presentations followed from representatives of four FTA contractors responsible for reviewing and assessing financial plans—Milligan and Co., AECOM, Cambridge Systematics, and Booz Allen Hamilton.

The presenters described the indicators they look for and highlighted particular issues of concern when making determinations of an agency's financial capacity to construct and operate a fixed guideway system.

Non-Operating Revenue: Non-fare revenue is a major factor in determining and documenting financial capacity. Since fares typically cover only 25 to 30 percent of operating expenses, non-operating revenue is very important to the overall financial capacity of the system. Often transit agencies identify tax revenues available to them to cover operating and capital needs. Various sources of data for estimating growth in tax revenues were identified including Woods & Poole, local universities, and MPOs.

Fleet Management Plans: Proof that the sponsor has the resources to operate and maintain its core transit system without sacrificing service for the proposed New Starts project is a significant factor in determining the financial rating of a project. Of particular interest is the age of the existing bus and rail fleets and a realistic assessment of the upcoming fleet replacement needs.

> "*Non-operating revenue is the major factor in demonstrating financial capacity*".
>
> *– Roger Figura, AECOM*

Ability to Fund Shortfalls: The project sponsor should have a plan in place to cover unanticipated cost overruns and/or lags in federal funding levels. Including cash reserves in the cash flow analysis is one way to demonstrate the ability to cover cost overruns and funding shortfalls. Attendees and presenters discussed the political challenges preventing transit agencies from maintaining large cash reserves.

Integration with Other Planning Efforts: The New Starts project must be included in the MPO's Long-Range Transportation Plan. Consistency between the project sponsor's financial plan and what is included in the MPO's long-range plan is important.

Two key lessons stressed by all of the presenters during this session were:

- Strive for clarity and completeness with regard to the financial plan, and
- Be conservative in your assumptions.

"Does One Size Fit All?"

Day One of the Roundtable concluded with breakout sessions intended to generate discussion on the similarities and differences between project sponsors that may impact the effectiveness of the New Starts process.

In Tampa, the attendance of several large transit systems with extensive and mature rail networks (New York, Chicago, Philadelphia, Boston, and others) led FTA staff to create two breakout groups based on system size—large and medium/small. Since the majority of project sponsors in Denver were either building rail for the first time or had relatively small rail systems, the breakout groups were randomly selected.

Issues Confronting Larger Systems (Tampa)

- Larger systems have non-operating revenue dedicated to the entire system, whereas smaller systems are more likely to have a funding source dedicated to a particular New Starts project.
- The requirement to demonstrate the ability to operate the system over a 20-year horizon becomes nothing more than an academic exercise for larger systems.
- Large systems have significant modernization requirements that require a significant amount of capital spending. Agencies are concerned that this puts them at a disadvantage when financial ratings are developed by FTA.
- Moving from an 80/20 to a 50/50 Section 5309 New Starts/non-Section 5309 New Starts funding split undermines the intent of ISTEA by encouraging highway investment over transit. (One attendee suggested this was due to a scarcity of resources caused by the New Starts program's popularity beyond the traditional Northeast cities).
- Attempts should be made to transfer risks to the private sector where possible.
- There is internal resistance at some agencies to providing consistent information on all financial documents because of the need to show very conservative projections in order to get good bond ratings but optimistic projections to get public support.

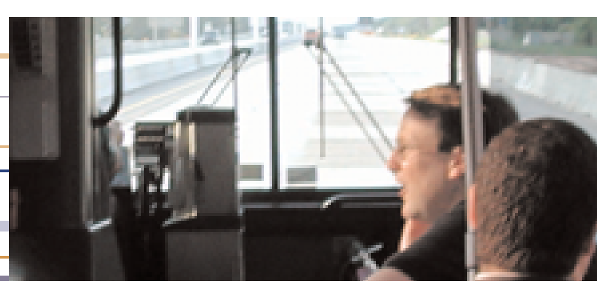
> *"The popularity of the New Starts program has created more competition".*
>
> *–Project sponsor*

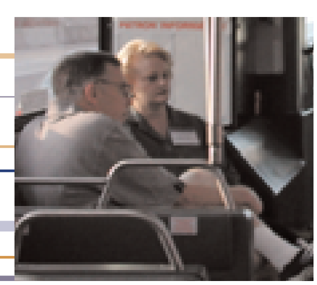
Issues Confronting Medium/Small Systems (Tampa)

- There is confusion at the local level regarding the amount of non-federal funding that needs to be secured before entering Preliminary Engineering.
- Small agencies may have less clout since there are more projects in the pipeline than will be included in the reauthorization bill.
- The 50 percent Section 5309 New Starts/50 percent non-Section 5309 New Starts funding split will be a particular burden on smaller systems since many already have trouble leveraging local dollars at the existing 80/20 level. MPOs are traditionally accustomed to an 80/20 ratio, which is the matching ratio for highway projects.
- There has not been enough growth in Section 5307 formula funds to cover the loss of Section 5309 New Starts funds.

Additional Issues Raised in Denver

- Spot reports requested by FTA are difficult to generate on short notice.
- Uncertainty exists over whether the 50 percent Section 5309 New Starts/50 percent non-Section 5309 New Starts funding split will become a change in the law or will remain only a change in FTA policy.
- Agencies expressed concern regarding the advice given by FTA to generally not expect greater than $500 million in Section 5309 New Starts funds for an individual project.
- Project rating levels should be used to determine match levels.
- When a project receives an overall “Not Recommended” rating due to its financial criteria, it becomes more difficult to obtain financial support from stakeholders.





The Tax Exempt Debt Market

Scott Trommer, Fitch, Inc.
David Miller, Public Financial Management
Keith Denton, Goldman Sachs

Scott Trommer of Fitch, Inc., a leader in the provision of bond ratings for transit systems, began the second day of the Roundtables with a presentation on debt markets and the bond rating process.

Mr. Trommer's detailed presentation covered rating scales for both long- and short-term debt, the number of ratings an agency should obtain, and the types of debt most often used by transit agencies which include:

- Tax-backed (most common);
- Revenue-backed;
- Full Funding Grant Agreement (FFGA) debt—rated lower due to political and project performance risks; and
- Grant Anticipation Revenue Vehicles (GARVEE bonds)—can only be used where cost savings will be realized from accelerating construction (only used by NJ Transit).

Mr. Trommer covered both general and security-specific factors that can impact an issuer's rating:

- Diversity and stability of economic base;
- Changes in surface transportation policy;
- Confidence in project management team;
- Working relationship with FTA; and
- Demands on surplus revenues.

> *"Being a first time borrower is not a barrier. It just means you have a story to tell".*
>
> *–Scott Trommer, Fitch*

Mr. Trommer explained that only a handful of transit systems access the municipal bond market, with the vast majority of agencies funding capital projects on a pay-as-you-go basis. He stressed, however, that being a first time issuer is not a barrier. It simply means the agency has a story to tell the bond rating agencies.

At the Tampa Roundtable, David Miller of Public Financial Management briefly presented two case studies illustrating the right and wrong way to secure financing for New Starts projects. The positive story involved a project being undertaken by Jacksonville, Florida. The keys to a successful tax referendum vote in Jacksonville were having a charismatic leader and developing early inter-local agreements between the three counties on how to split the revenues from the new tax. The agreements were in place and local consensus was reached *before* the gas tax referendum took place. The referendum passed with 57 percent of the vote.

The other example Mr. Miller presented was the proposed light rail project in Orlando, Florida. On paper, the project appeared to be one of the most innovatively financed projects in history. It was multi-jurisdictional, included public/private partnerships, used GARVEE bonds, and featured benefit assessment districts. FTA and the Florida DOT had given indications of strong commitment. Unfortunately, none of the agreements between the local funding partners had been finalized. One by one the agreements began to fall apart, and without a strong leader to hold the project together, it eventually fell apart. FTA had to back away from the project because of the lack of firm local funding commitments.

At the Denver Roundtable, Keith Denton of Goldman Sachs joined Mr. Trommer and discussed some of the unique characteristics of the U.S. Municipal Bond Market:

- Tax advantage for investors;
- Borrowing cost advantage for issuers—very cheap long-term capital; and
- Relatively high credit quality.

Mr. Denton described municipal bonds as one of the last true tax shelters. In 2001, transportation accounted for approximately 15 percent of the municipal bond market.

David Vozzolo concluded the session by reminding project sponsors that FTA's rationale for requesting financial information is very similar to that of the bond rating agencies. The rating agencies need to provide information to investors so they can make sound decisions. Likewise, FTA is an investor in New Starts projects and needs information to make sound decisions.

Overview of Federal Funding

Joyce Rose, House Transportation and Infrastructure Committee
Jim Barthen, Port Authority of Allegheny County
Ron Fisher, FTA Office of Planning

Jim Barthen of the Port Authority of Allegheny County (Pittsburgh) provided a brief history of federal spending on transit capital projects at the Tampa Roundtable. He then introduced Joyce Rose, staff to the House Transportation and Infrastructure (T&I) Committee.

Ms. Rose made an in-depth presentation on the appropriation and authorization processes on Capitol Hill and answered several attendee questions.

Ms. Rose explained that the T&I Committee in the House and the Banking Committee in the Senate are the committees charged with drafting the authorization bill (currently referred to as TEA-3). She identified the aspects of TEA-21 that she felt were probably most important to project sponsors as:

- Guaranteed funding (with firewalls), and
- Funding predictability.

She encouraged project sponsors to reinforce the importance of funding reliability for their projects to their legislators. Members of the appropriations committees dislike formulas and firewalls because they reduce the legislators' ability to respond to changing conditions during the annual budget process. Therefore, it is important for transit proponents over the next year to focus their support on key components of TEA-21 including:

- Preservation of the firewalls for transit;
- Continuation of the 80/20 split of revenues from the highway trust fund between highways and transit; and
- Strengthening of the language that requires 92 percent of Section 5309 New Starts funding to be spent on projects in Final Design. The demand of less mature projects should not be allowed to crowd out those with Full Funding Grant Agreements. (Projects in Preliminary Engineering have received on average 15 percent of Section 5309 New Starts funds over the past few years.)

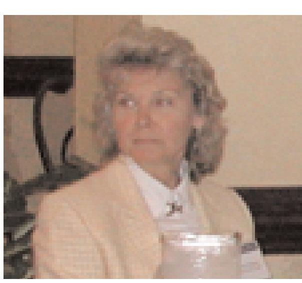
> "*Make sure your representatives in Congress understand the importance of funding predictability to the successful financing of your projects*".
>
> *– Joyce Rose, House Transportation and Infrastructure Committee*

In conclusion, Ms. Rose emphasized the importance of the New Starts criteria and rating and evaluation process for Congressional appropriators. The Annual Report on New Starts is relied upon heavily during the annual budgeting process.

Ms. Rose answered several attendee questions. Many of the inquiries dealt with Congressional earmarks for planning studies included in the budget without consulting transit agencies. There were complaints that these studies take money away from other agency priorities. She answered that the transit agency needs to “push back” and improve communication with their legislators.

In response to questions about the current Section 5309 40/40/20 split between New Starts, Rail Modernization, and Bus Discretionary, Ms. Rose explained that alteration of the funding split was being considered, but that she was not confident it made sense for the Section 5309 program.

At the Denver Roundtable, Ron Fisher relayed the highlights of Ms. Rose’s Tampa presentation. In addition, Kristen Clarke from the Office of Budget and Policy of FTA provided a summary of the federal budget process as it relates to the New Starts process.



Lessons Learned

At both the Tampa and Denver Roundtables, project sponsors made presentations on their experiences financing New Starts projects. The presentations were meant to highlight unique and/or innovative financing tools. The first three presentations were made in Tampa and the last four in Denver.

Alan Pegg
New Orleans Regional Transit Authority

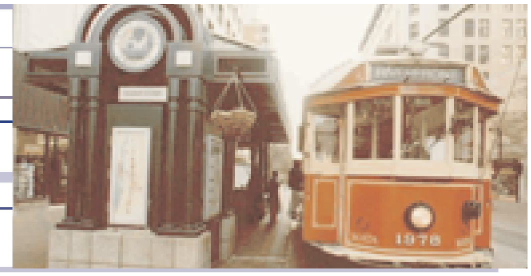
The New Orleans RTA had to develop a program for financial recovery after RTA expenses and obligations exceeded total revenue in the 1990s. One significant part of the recovery plan was the implementation of a hotel/motel tax. After initial complications when the parish tax collector refused to collect the approved tax, the RTA was able to secure the support of the hotel industry by splitting revenue from the tax with the convention center and visitor's bureau. This type of tax is a particularly effective revenue generator in a high tourism area such as New Orleans. Sales tax annual growth has been 3 percent, while the hotel/motel tax growth has been between 5 and 7 percent annually. The tax has produced $4.5 million.

The other strategy for financial recovery was borrowing money. After initial complications in getting loans from the state, the RTA joined the Louisiana Municipal Association—a loan pooling organization. This gave the RTA access to low cost debt. One year's interest savings from joining the loan pool was $2.5 million. There have been other benefits as well, both for the loan pool (whose size has nearly doubled since RTA joined) and for RTA, which now has supporters across the state in the form of municipal governments that may otherwise have been opposed to state support of the transit system.

Mr. Pegg's suggestions for other project sponsors were to:

- Look at your tax base components;
- Look at extending existing tax sources to transit; and
- Examine organizations in your state for debt pooling opportunities.

> *"Find the two or three funding options that best fit your project, your agency, and your political environment".*
>
> *– Roger Figura, AECOM*



Michael English
Tampa Streetcar

The movement to construct a historic streetcar line through downtown Tampa began in 1983. Tampa knew they would have to fund it without support from the state, at least initially. The result has been a four-part funding strategy:

Endowment Program: The Harbor Island People Mover connecting downtown to an area of new real estate development had been losing $0.5 million to $0.75 million per year. The developers were required to run the service for 17 more years. Tampa Streetcar made a deal with them to close down the People Mover if a $5 million payment was made into the Tampa Streetcar trust fund. After spending $1 million to demolish the People Mover, $4 million remained in the trust fund, which Tampa Streetcar envisions will cover 40% of operating expenses (original projection was $1 million per year in operating costs).

Naming Rights: A smaller component of the endowment program is the naming rights program. Two of the eight streetcars and six of the eleven stations have sponsors who pay for the right to name the vehicle or station after their organization. They believe the program will grow as the 2002 opening date nears.

Assessment District: A tax collected from area business has generated over $500,000 over a two-year period. This revenue will cover 25 percent of operating costs.

Farebox Recovery: Tampa Streetcar has set a 25 percent goal for farebox recovery.

In addition to these tools, Tampa Streetcar is exploring opportunities to implement video advertising on vehicles and in stations as well as joint development on city-owned vacant land along the right of way.

Kim Crawford
Triangle Transit Authority (Raleigh-Durham)

Triangle Transit Authority passed a $5 Vehicle Registration Fee and a Rental Car Tax of 5 percent of gross revenues. There was resistance to a sales tax in the Raleigh-Durham area because of fears it would hurt the local economy. One benefit of the rental car tax is that 60 percent of the revenues were expected to be generated from airport rentals, which tend to be made by out of state travelers. Despite concerns that travelers would fly to Greensboro to avoid the tax, TTA was able to sell the plan.

Unfortunately, during the recent recession resulting from the September 11th terrorist attacks, the rental car tax has proved to be unstable. Revenues from this source decreased much more than sales tax revenue during the same period. As a result, TTA has had to refine their financial projections to make them more conservative.

Two key lessons learned by TTA were:

- Don't rest on your laurels unless you have a highly reliable and lucrative funding source in place.
- Other tax sources may generate higher revenues, but they may not be as politically acceptable.

Liz Rao
Denver Regional Transit District

Ms. Rao discussed both the recently opened Central Platte Valley Corridor light rail project and the ongoing T-REX transportation project.

Keys to financing Central Platte Valley Corridor:

- Built without federal money
- Assistance from stadiums and other stakeholders along the right of way because the new line eliminated the need for a significant amount of parking at event sites

Keys to financing TREX:

- Secure local and private commitments;
- Team with highway project;
- Identify bridge funding to cover the lags in federal funds; and
- Manage local government and private entity expectations for the project.

Ron Lewis and Hugh Simpson
Sound Transit (Seattle)

After a considerable amount of scrutiny from FTA, the Inspector General, and the local media, Sound Transit had to retool not only its 20-mile light rail project, but also the agency itself. A new CEO and management team was brought in, including staff experienced with building light rail in Denver. Other important "personnel" have been the Mayor and the new Board Chair—both strong supporters of light rail.

The most important step, however, was retooling the project itself. This was done by:

- Breaking it down to the most elemental components;
- Developing cost estimates for every aspect of the project;
- Dismantling and reassembling project control systems; and
- Reviewing and revising contingencies.

The resulting project is much more modest.

Funding sources secured or being pursued for the project include:

- Sales and use tax;
- Motor vehicle fuel tax;
- Rental car tax; and
- Employer tax (has not been approved by the voters yet).

One important difference between this light rail project and others is that Sound Transit is required to provide "subarea equity." This means that taxes collected in five sub-areas of the metropolitan area must equal the benefits provided those areas.

Key lessons learned by Sound Transit:

- Importance of peer review of overall finance plan (by CFOs from other organizations);
- Value of conservative debt policies; and
- Importance of a diversified tax base (motor vehicle excise tax receipts are up 8% over forecasts due to recent increases in people buying cars).

Brian Boudreau
Los Angeles County Metropolitan Transit Authority

LACMTA used benefit assessment districts to help pay for the Red Line subway project. The agency was authorized by the state legislature to create the assessment districts and had the support of the Los Angeles Chamber of Commerce. Although small businesses were less supportive of the assessment districts, 75 percent of the businesses in the districts were in favor of the assessment. Assessment district boundaries were established a half-mile around downtown Red Line stations. The assessments were "back-loaded" at the request of property owners, so that the maximum rate in the first five years was $.17 per assessable square foot. During the last five years, rates could be raised to $.37 per assessable square foot. Notices are sent to new property owners in the districts and annual notices are sent to inform all property owners of rate increases. Residential, non-profit, and publicly owned properties are not taxed.

In 1996, California voters approved Proposition 218, which requires an election to be held in order to create new assessment districts. This constrains LACMTA's ability to use benefit assessments to pay for the North Hollywood extension of the Red Line. Some key benefits for property owners in the assessment districts have already been realized including:

- Property values have increased by 43 percent since the line opened; and
- There has been a 20 percent decrease in the crime rate near one station on the line.

Joe Walsh
TriMet

TriMet recently opened a 5.5-mile extension to the Portland Airport called AirportMax. The extension was built with non-traditional funding:

- Passenger facility charges from the airport;
- Tax-increment financing facilitated by the city;
- CMAQ funds from the MPO (no Section 5307 or 5309 funds were used); and
- Sale of land to Bechtel for development.

One of the key factors in Portland has been that light rail is part of the region's land use/growth management strategy. All of the public and private partners believed strongly in the benefit of light rail. This support, coupled with using the design-build approach, resulted in the project being built in two and a half years.

Key features of public-private involvement in the Portland project were:

- 75 intra-party agreements (some of which excluded TriMet);
- "Off-ramps" where partners could exit the project if it was not progressing as originally agreed upon;
- All partners had full-time project managers; and
- Leadership drove staff as opposed to the reverse.

Summary of Funding Option
Roger Figura
AECOM

Roger Figura of AECOM followed the project sponsor presentations with a review of the variety of funding options available. Dr. Figura recommended that agencies evaluate the stability, growth potential, and revenue yield of all available options and then select the two or three that best fit the project and their agency. Once decisions have been made on the components of the agency's financing plan, the Board must then decide if they are confident enough in the plan to confront the political, legal, and institutional challenges that lie ahead.

New Starts Pipeline and Update on Reports

David Vozzolo and Dwayne Weeks
FTA Office of Planning

David Vozzolo and Dwayne Weeks gave attendees at the Roundtables an update on the pipeline of projects and the schedule for the Annual and Supplemental New Starts Reports.

FTA is currently monitoring nearly 200 projects at various stages of project development:

- 26 projects with FFGAs;
- 14 projects in Final Design;
- 38 projects in Preliminary Engineering; and
- More than 120 planning studies.

The competition for New Starts funding is projected to grow even more intense as FTA expects six requests to enter Preliminary Engineering and fifteen to enter Final Design in the next six months.

Project Types: Sponsors are presenting FTA with an ever-increasing variety of New Starts projects. That diversity is reflected in the following breakdown of Final Design and Preliminary Engineering projects by mode:

38%	Light Rail	23%	Commuter Rail
15%	Bus Rapid Transit	9%	Heavy Rail
8%	Streetcar/Trolley	6%	Other Facilities

Experience: Project sponsors' level of experience and familiarity with the New Starts process has been changing as well. More than 40 percent of current Preliminary Engineering projects are sponsored by agencies inexperienced in the New Starts process. Over 50 percent of planning studies are being conducted by inexperienced grantees.

"Once a project is recommended for a full funding grant agreement, FTA becomes an advocate for that project."

– Dave Vozzolo, FTA

New Starts Reports: The Annual FY2003 Report is now available on the FTA website (www.fta.dot.gov). FTA is encouraging project sponsors to submit New Starts criteria so the most current information can be included in the budget development process. The new schedule for the Annual New Starts Report is as follows:

June 15:	FTA letter sent to agencies with schedule, update guidance, and contractor assignments.
August 15:	Criteria submittals to FTA due.
September 15:	Complete criteria corrections.
Mid-October:	Preliminary ratings released.
Mid-December:	Finalize report.

Attendee Concerns: At the end of the presentations, Mr. Vozzolo and Mr. Weeks answered several questions from respondents:

One attendee noted that submitting criteria in August may be difficult for many agencies as it is a popular time for vacations. FTA's response was that the Office of Management and Budget wants FTA's funding recommendations by September, so it is difficult to delay the submittals.

One sponsor inquired whether New Starts criteria must be updated if no significant changes had occurred. The response was that only if there had been significant changes does new information need to be submitted. However, FTA emphasized that financial projections would definitely change from year to year as initial year projections are replaced with actual numbers and an additional out-year is added in order to maintain a twenty-year financial plan.

Jim Barthen of the Port Authority of Allegheny County reminded project sponsors that FTA has good reason to request New Starts criteria and other project information in a timely manner. When FTA staff goes to Congress to support the Administration's recommendations for funding for New Starts projects, they have to defend the merit of the recommended projects. There is increasing Congressional scrutiny of New Starts projects. Current and accurate information on New Starts projects helps FTA staff support these projects more effectively.

Roundtable Summary

David Vozzolo and Ron Fisher addressed Roundtable attendees at the conclusion of the two-day sessions and thanked them for their input on the New Starts process.

Mr. Vozzolo echoed the earlier comment that once a New Starts project becomes part of the Administration's budget recommendation to Congress, FTA's role changes from that of evaluator to advocate. He also recommended that project sponsors attend the National Transit Institute's upcoming National Environmental Protection Act (NEPA) Conference to learn more about environmental regulations and their impact on the project planning and development process. He closed his comments by emphasizing a few salient points:

- Talk to FTA Regional offices early if you anticipate applying for New Starts funding.
- Do not underestimate the amount of time it takes to go through the entire process.
- Lack of communication is 99 percent of the problem.

Mr. Fisher informed attendees that FTA would be getting more involved in the Alternatives Analysis stage of the project development process in the future. Although FTA had moved away from involvement in planning studies since the passage of ISTEA, there is a need to increase involvement due to the increasing number of projects entering Preliminary Engineering prematurely.

He also assured project sponsors that transit had a strong ally in the FTA Administrator, Jenna Dorn. He closed by reminding attendees that there are two clients for the New Starts process: Capitol Hill and grantees. It is not always easy for FTA to balance the needs of these two audiences, but thanks to the time and effort project sponsors devoted to the Roundtables, FTA can continue to make improvements to the process.

Rating the New Starts Roundtable

Both East and West Coast participants unanimously recommended the 2002 New Starts Roundtable series with a clear majority giving the series a "Highly Recommended" rating in the post-conference evaluation forms.

Participants were asked to categorize the usefulness of information covered at the Roundtable, the preparedness of the presenters, the amount of time devoted to each topic, and the quality of the presentation aids. The responses were overwhelmingly positive. Ninety percent of responses on these four areas were either "excellent" or "very good", with the preparation and knowledge of presenters being the most highly rated aspect of the program content.

Participants were also asked to share their thoughts on the strong points of the New Starts Roundtable series. Some of the most frequently mentioned strengths of the program related to the opportunities to learn from and interact with professionals involved in the New Starts process including:

- Staff from the House Transportation and Infrastructure Committee
- FTA staff
- FTA contractors
- Other grantees

The New Starts Roundtable agenda was often cited as a strong point of the event, with the lessons learned sessions, FTA guidance updates, and the breakouts being the most-frequently lauded items on the agenda.

Participants also looked ahead and offered a variety of suggestions for locations and dates for the 2003 Roundtable series.