Fresh Start for New Starts: FTA Perspective

October 2010
Outline

• Program Overview
• Recent Policy Initiatives
• Advance Notice of Proposed Rulemaking
• Process Streamlining Issues
Program Overview

- **What is a New or Small Start?**
  - New “fixed guideways” and extensions to existing systems
  - Corridor based bus systems
  - Includes light rail, heavy rail, commuter rail, bus rapid transit

- **A Discretionary & Competitive Federal Grant Program**
  - $1.99 billion appropriated in Fiscal Year 2010
  - Demand for funds exceeds supply
  - Historical average federal New Starts share = 50%
  - Largest discretionary Obama Administration Livability program

- **Evaluation** – As directed in law, FTA evaluates and rates projects:
  - Annually in a Report to Congress (due First Monday in February)
  - For entry into Preliminary Engineering
  - For entry into Final Design
  - Prior to Full Funding Grant Agreement (FFGA) and construction

- **Record of Success** – Over 100 major projects over 35 years
Characteristics of a New Starts Project

• New fixed guideway systems and extensions

• 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
Characteristics of a Small Starts Project

- Total cost <$250 million and Small Starts share <$75 million
- 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 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
Funding Supply and Demand

• Demand:
  – 25 New Starts projects in PE and Final Design
  – 10 Small Starts projects in Project Development
  – Total cost of pipeline: ~$35 billion, ~$15 billion in New/Small Starts funding
  – FTA tracking >100 corridor focused planning studies considering major transit capital investments

• Supply: approximately $1.8+ billion annually
Program Goals

• Fund meritorious projects
  – Develop reliable information on project benefits and costs
  – Ensure projects treated equitably nationally
  – Transparent evaluation process
  – Local decisions, project ratings, and funding recommendations are based on the best information available to both the public and decision-makers
  – Facilitate communication between FTA, transit industry and Congress
New Starts
Project Development Process

Alternatives Analysis
- Determine Locally Preferred Mode and Alignment

Preliminary Engineering/NEPA
- Complete Environmental Review Process (NEPA)

Max NS Share Set

Final Design
- Finalize Scope, Cost and Schedule; Complete Third-Party Agreements

Full Funding Grant Agreement

FTA rating and decision points
New Starts Rating

Summary Rating

Project Justification Rating

Financial Rating

Other Factors

- Economic Development (20%)
- Mobility Improvements (20%)
- Environmental Benefits (10%)
- Operating Efficiencies (10%)
- Cost Effectiveness (20%)
- Land Use (20%)
- Non-Section 5309 Share (20%)
- Capital Finances (50%)
- Operating Finances (30%)
Recent Policy Initiatives

- Policy Guidance (July and September 2009):
  - Reweighted the evaluation criteria
  - Expanded automatic pre-award authority
  - Streamlined FTA Letter of No Prejudice approvals
  - Made submission of some data voluntary rather than mandatory
  - Allowed simplified travel forecasting methods
Recent Policy Initiatives (continued)

• January 2010 - Rescinded cost-effectiveness budget decision rule; committed to

• June 2010 - Publication of ANPRM, public outreach sessions

• August 2010 – ANPRM Comment Period Closed
Why an ANPRM?

• More fully realize the livability and sustainability goals of the Obama Administration
• Give more meaningful consideration to the full range of benefits that transit can provide
  – mobility benefits and other important economic development, environmental, social, and congestion relief benefits
• Encourage participation and comment on potential approaches
Subjects in the ANRPM

- Cost Effectiveness
- Environmental Benefits
- Economic Development
Cost Effectiveness

• Current Calculation:
  – annualized capital and operating cost per hour of travel time savings
  – costs and benefits of proposed project compared to “Baseline Alternative” (usually a lower cost bus option)
• Rating thresholds based on value of time
• Non-mobility benefits are not calculated individually, but instead assumed to be directly proportional to mobility benefits
• An allowance is made within the cost-effectiveness thresholds for non-mobility benefits
Cost Effectiveness

• How should FTA measure the benefits of transit investments?
• What benefits other than mobility should be calculated?
• How best to quantify the other benefits?
• Are there simpler benefit measures?
• How to address baseline alternative?
• Consider additional benefit categories?
• Use opening year or forecast year?
Environmental Benefits

- Current approach:
  - EPA Air Quality Designation for the Metropolitan Area

- Former approach:
  - reductions in emissions based on change in VMT

- FTA examination of different approaches:
  - October 2008 Colloquium
  - Funding ongoing TCRP Project
  - EO 13514 – Federal Leadership in Environmental, Energy, and Economic Performance
Environmental Benefits

• How should FTA measure the environmental benefits of transit investments?
• Should FTA use a broad definition of the environment or focus on specific areas such as air quality or greenhouse gas emissions?
• Should FTA consider project specific impacts or the project’s relationship to the broader context?
• Should mitigation of project construction impacts be considered?
• Is vehicle usage reduction a good measure?
Environmental Benefits

- Should FTA evaluate factors such as LEED certification, use of low impact implementation measures, or use of “green energy”?
- How should FTA take into account the Executive Order on Federal Leadership in Environmental, Energy, and Economic Performance?
- How could FTA measure and compare technology improvements in assessing projects?
- Should environmental benefits be counted in cost-effectiveness and/or incorporated in funding decisions?
Economic Development

• Current FTA approach:
  – Defined as extent to which project enhances transit oriented development (TOD)
  – Evaluate transit supportive land use and development policies

• FTA examination of different approaches:
  – Convened 2007 Expert Panel
  – Funding ongoing TCRP Research
  – Published January 2009 discussion paper
Economic Development

• How should FTA address project impacts on land use and/or economic development?
• Should FTA continue its current approach?
• Should FTA define economic development differently?
• Should FTA use quantitative or qualitative approaches or both?
• What scale should be used to measure economic development – corridor or region?
Economic Development

• How can FTA distinguish between land use and economic development effects?
• How can FTA distinguish between development new to a region caused by the project and development relocated due to the investment?
• Should FTA assess how plans, policies, and incentives are likely to lead to employment increases?
• Are land value increases a good measure of economic development potential?
• Should economic development benefits be part of the cost-effectiveness measure?
Comments Received

2,066 distinct suggestions from 164 non-duplicate submissions

- Cost Effectiveness: 25%
- Environmental Benefits: 18%
- Economic Development: 26%
- Finance Criteria: 2%
- Other Project Justification Criteria: 6%
- Other Project Development Processes: 14%
- Eligibility: <1%
- Other Areas: 8%
- Eligibility: <1%
- Economic Development: 26%
Process Streamlining Issues

• Can We Rely on Other Processes?
  – National Environmental Policy Act (NEPA) Process
  – Metropolitan Planning Process
  – Local Decision-making

• Can We Make FTA Decisions More Expeditiously?
  – Earlier Funding Decisions to Reduce Uncertainty

• Can We Tailor Oversight and Reviews?
  – Scale and Scope of the Project
  – Project Sponsor Characteristics/Experience
How Can We Speed Up the Process?

• Could we allow more projects to pre-qualify?
  – Develop automatic medium or better rating if certain thresholds are met

• Could we develop different “tracks”, with different timeframes?
  • Complexity of the project
  • Experience of project sponsor
  • Amount of New Starts funding requested

• Could we intensity FTA’s use of concurrent rather than sequential reviews to the maximum extent possible?
How Can We Better and More Clearly Define “Worthy” Projects?

• Can we simplify the data submitted by project sponsors

• Can we simplify the evaluation methods?

• How can we better incorporate the Administration’s livability initiative?
How Could We Get to Decisions Sooner?

- Is it possible to provide earlier funding commitments?
- Could we determine that if the project stays within the “envelope” then FTA will not need to re-evaluate the project?
Next Steps

• Notice of Proposed Rulemaking
• DOT Legislative Proposal
• Reauthorization
• New/Final Rulemaking