United States General Accounting Office

GAO

Report to Congressional Committees

April 2000

MASS TRANSIT

Implementation of FTA's New Starts Evaluation Process and FY 2001 Funding Proposals

Accountability * Integrity * Reliability

GAO/RCED-00-149

Contents

GAO Accountability * Integrity * Reliability

United States General Accounting Office
Washington, D.C. 20548

Resources, Community, and
Economic Development Division

B-285084

April 28, 2000

The Honorable Phil Gramm
Chairman
The Honorable Paul S. Sarbanes
Ranking Minority Member
Committee on Banking, Housing,
and Urban Affairs
United States Senate

The Honorable Bud Shuster
Chairman
The Honorable James L. Oberstar
Ranking Democratic Member
Committee on Transportation and Infrastructure
House of Representatives

Since the early 1970s, the federal government has provided a large share of the nation's capital investment in urban mass transportation. Much of this investment has come through the Federal Transit Administration's (FTA) New Starts program, which helps pay for certain rail, bus, and trolley projects through full funding grant agreements. In the last 6 years, this program has provided state and local transit agencies with about $4.7 billion to help design and construct such projects throughout the country.

The Transportation Equity Act for the 21st Century (TEA-21)[1], enacted in 1998, authorizes $6 billion in "guaranteed" funding for New Starts projects through fiscal year 2003. While the level of New Starts funding is higher than it has ever been, the demand for these resources is also extremely high. Over 190 projects nationwide are authorized to compete for funding. To prioritize projects for funding, FTA was directed to evaluate, rate, and recommend potential projects on the basis of specific financial and project justification criteria. Furthermore, FTA was required to issue regulations for the evaluation and rating process.

[1]P.L.105-178.

In addition, TEA-21 requires GAO to report by April 30 of each year on FTA's processes and procedures for evaluating, rating, and recommending New Starts projects for federal funding and on the implementation of these processes and procedures. In April 1999,[2] we issued our first report on FTA's efforts to develop an evaluation process and implement TEA-21's requirements. This report discusses (1) the refinements made to FTA's evaluation and rating process since last year, (2) the means by which New Starts projects were selected for FTA's fiscal year 2001 New Starts report and budget request, and (3) the impact of FTA's recommendations on the agency's New Starts commitment authority. This report also discusses our recommendation that the Department of Transportation (DOT) further prioritize the projects it rates as "highly recommended" or "recommended" and ready for funding. We made the recommendation on March 8, 2000, in testimony before the Subcommittee on Transportation, House Committee on Appropriations.[3]

Results in Brief

While FTA's fiscal year 2001 New Starts project evaluation and rating process was very similar to last year's, the agency made a number of refinements to the process. For instance, for fiscal year 2001, potential grantees were more strictly assessed on their ability to build and operate a proposed project than in the past. Such assessments are meant to ensure that no outstanding issues concerning a project's scope, or cost, or a locality's financial commitment could jeopardize the project once a grant agreement is signed. While FTA has developed an evaluation process that addresses TEA-21's requirements, final regulations need to be issued to formalize the process. FTA issued a proposed rule on April 7, 1999, and plans to issue final regulations by the summer of 2000.

In selecting projects for its fiscal year 2001 New Starts funding proposal, FTA gave first preference to the projects with existing grant agreements. Following that, FTA selected from the projects that it had rated as "highly recommended" or "recommended" and determined to be ready for grant agreements by the end of fiscal year 2001. Of the 48 projects evaluated, 32 were rated as "highly recommended" or "recommended" and 15 were

[2] *Mass Transit: FTA's Progress in Developing and Implementing a New Starts Evaluation Process* (GAO/RCED-99-114, Apr. 26, 1999).

[3] *Mass Transit: Challenges in Evaluating, Overseeing, and Funding Major Transit Projects* (GAO/T-RCED-00-104, Mar. 8, 2000).

recommended for grant agreements. The remaining 17 projects were not recommended for grant agreements for several reasons. According to FTA, 14 of the 17 projects were generally not ready for grant agreements. In addition, three other projects received “highly recommended” ratings but were not selected because FTA did not want to fund more than one or two projects in any given geographic area. For instance, only two of five proposed projects were selected in the Chicago area and one of three proposed projects in San Diego.

More state and local transit agencies than ever are competing for New Starts funds. However, the 14 ongoing projects and the 15 additional projects proposed in the fiscal year 2001 New Starts report and budget request would consume more than the total New Starts commitment authority provided by TEA-21. If all of these new grant agreements were executed as proposed, FTA would not be able to commit funds to any more New Starts projects during the last 2 years of TEA-21—through fiscal year 2003. Because there are plans for many more projects to compete for federal funds in the next several years, we recommended in our March 8, 2000, testimony before the Subcommittee on Transportation, House Committee on Appropriations, that the Department of Transportation further prioritize that the projects it rates as “highly recommended” or “recommended” and determines are ready for New Starts funds.

Background

TEA-21 authorized a total of $36 billion in “guaranteed” funding through 2003 for a variety of transit programs, including financial assistance to states and localities to develop, operate, and maintain transit systems. One of these programs, the New Starts program, provides funds to local transit providers for constructing or extending certain types of mass transit systems. A full funding grant agreement establishes the terms and conditions for federal participation, including the maximum amount of federal funds[4]—no more than 80 percent of the estimated net cost of the project.

To obtain New Starts funds, a project must first progress through a local or regional review of alternatives, develop preliminary engineering plans, and meet FTA’s approval for the final design. TEA-21 requires that FTA evaluate

[4]Other federal funds available through the Department of Transportation’s highway and transit formula and federal loan programs can be used to develop, plan, and/or construct these projects.

projects against “project justification” and “local financial commitment” criteria contained in the act. FTA assesses the technical merits of a proposed project by reviewing the project’s mobility improvements, environmental benefits, cost-effectiveness, and operating efficiencies. In assessing the stability of a project’s local financial commitment, FTA assesses the project’s finance plan for evidence of stable and dependable financing sources to construct, maintain, and operate the proposed system or extension. In evaluating this commitment, FTA is required to determine whether (1) the proposed project’s finance plan provides for reasonable contingency amounts in order to cover unanticipated cost increases; (2) each proposed local source of capital and operating funds is stable, reliable, and available within the timetable for the proposed project; and (3) local resources are available to operate the overall proposed mass transportation system without requiring a reduction in existing transportation services.

While these evaluation requirements existed before TEA-21’s enactment, TEA-21 requires FTA to develop a rating for each criterion as well as an overall rating of “highly recommended,” “recommended,” or “not recommended” for each project and use these evaluations and ratings in approving a project’s advancement to the preliminary engineering and final design phases, as well as approving grant agreements. The act further required FTA to issue regulations by October 7, 1998, on the evaluation and rating process.

TEA-21 also directs FTA to use these evaluations and ratings in deciding which projects will be recommended to the Congress for funding in a New Starts report due each February. These funding recommendations are also reflected in the Department’s annual budget proposal. In addition, TEA-21 requires FTA to issue a supplemental report to the Congress each August that updates information on projects that have advanced to the preliminary engineering or final design phases since the annual report.

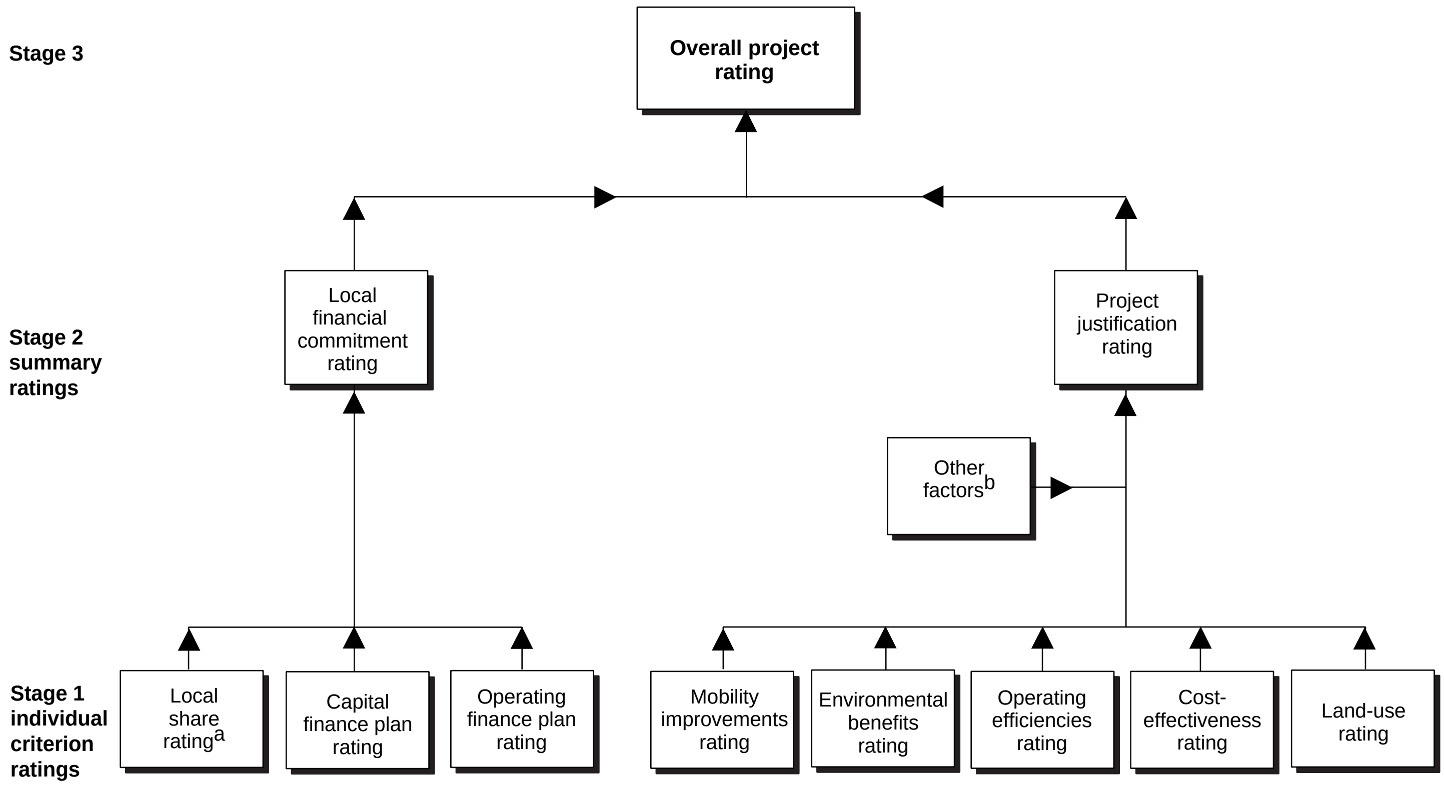
Status and Refinements Made to FTA’s New Starts Evaluation and Rating Process

In April 1999, we reported that FTA had made substantial progress in developing and implementing an evaluation process that included the individual criterion ratings and overall project ratings required by TEA-21. Before TEA-21 was enacted, FTA had already taken steps to revise its New Starts evaluation process because most of the evaluation requirements contained in TEA-21 were introduced by the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). The results of these evaluations are used to approve projects for the preliminary engineering and final design phase, to execute grant agreements, and to make annual funding recommendations to the Congress. In March 2000, FTA issued its fiscal year 2001 New Starts report, which included project evaluations and ratings based upon the revised process.

New Starts Evaluation and Rating Process

FTA's current New Starts evaluation process assigns candidate projects individual ratings for each TEA-21 criterion in order to assess each project's justification and local financial commitment. The process also assigns an overall rating for each project—which is intended to reflect the project's overall merit. FTA considers these overall ratings in deciding which projects will proceed to the preliminary engineering and final design phase, be recommended for funding, and receive full funding grant agreements (see fig. 1 for an illustration of the process).

Figure 1: The FTA New Starts Evaluation and Rating Process



[a] The local share is the percentage of a project's capital cost to be funded from sources other than federal funds.

[b] According to FTA, this optional criterion gives grantees the opportunity to provide additional information about a project that may contribute in determining the project's overall success.

Source: FTA.

FTA's evaluation process provides for individual ratings for the four project justification criteria identified by TEA-21 (mobility improvements, environmental benefits, operating efficiencies, and cost-effectiveness) as well as for transit-supportive land-use policies (see fig. 1). Similarly, to evaluate a project's local financial commitment, FTA rates the project on its capital and operating finance plans and the local share of its costs. According to FTA, the agency also considers a variety of "other factors" when evaluating the project's justification, including the degree to which policies and programs are in place as assumed in the forecasts, the project's management capability, and additional factors relevant to local and national priorities.

On the basis of an analysis of the documentation submitted by the project's sponsors, FTA assigns a descriptive rating (high, medium-high, medium, medium-low, or low) for each of the five project justification criteria. The same is done for the 3 factors used to evaluate the local financial commitment. (App. I summarizes the measures that FTA uses in applying the criteria to develop these ratings.) As figure 1 shows, once the individual criterion ratings are completed, FTA assigns summary project justification and local financial commitment ratings by combining the individual criterion ratings. In developing the summary project justification rating, FTA gives the most weight to the criteria for transit-supportive land use, cost-effectiveness, and mobility improvements. For the summary local financial commitment rating, the measures for the proposed local share of capital costs and the strength of the capital and operating financing plans are given the most consideration. FTA combines these summary ratings to assign an overall rating for the project of "highly recommended," "recommended," or "not recommended." To receive the "highly recommended" rating, a project must have summary ratings of at least medium-high for the project justification and local financial commitment. To receive a rating of "recommended," the project must have summary ratings of at least medium. A project is rated as "not recommended" when either summary rating is lower than medium.

For its fiscal year 2001 New Starts report, FTA rated 9 projects as "highly recommended," 23 projects as "recommended," and 9 projects as "not recommended." Of the 9 projects rated as "not recommended," each had a financial commitment rating of lower than medium. In assigning overall project ratings, however, FTA emphasized the continuous nature of project evaluation. Throughout the report, FTA underscored the fact that as candidate projects proceed through the project development process—from the planning through the final design stages—information concerning costs, benefits, and impacts will be refined. Consequently, FTA updates its ratings and recommendations at least annually to reflect this new information, changing conditions, and refined financing plans. Thus, a project that is rated as "not recommended" in the fiscal year 2001 report could receive a higher rating in the fiscal year 2002 report to reflect changes in the project.

Refinements to the Fiscal Year 2000 Evaluation Process

While the criteria and measures in the New Starts evaluation and rating process have not changed since last year, FTA has made a number of refinements to the process. For instance, in determining which projects are ready for grant agreements and recommended for funding in the New

Starts report and the Department's fiscal year 2001 budget proposal, FTA took additional steps to ensure that there were no outstanding issues associated with a project's scope, cost, or local financial commitment. FTA also assessed the strength of a project's proposed capital finance plan by evaluating the firmness of its funding commitments and programming of funds. FTA also evaluated the ability of the sponsoring agency to finance the construction as well as the maintenance and operation of the entire system as planned, including existing service, once the project is built. Finally, FTA considered the following issues in evaluating grantees for this year's budget proposal:

- the degree to which the transit agency has a satisfactory plan to manage an existing bus fleet to ensure no degradation of service for users of the current system;
- compliance with the Americans with Disabilities Act of 1990, including financial commitments necessary to maintain accessible service, make necessary improvements, and comply with key requirements for stations; and
- compliance with air quality standards in the region.

FTA Still Needs to Issue Regulations to Satisfy TEA-21's Requirements

While FTA has implemented a New Starts evaluation process that addresses TEA-21's requirements, it still needs to issue final regulations to formalize the process. FTA did not meet TEA-21's deadline of October 7, 1998, for issuing these regulations. According to FTA, priority was given to satisfying the rating requirements and issuing the New Starts reports. FTA issued a notice of proposed rulemaking on April 7, 1999, and the process described mirrors the process it used to prepare the fiscal year 2000 and 2001 reports.

Comments on the proposed rule were accepted through July 19, 1999. A total of 41 individuals and organizations provided comments. While comments were submitted on virtually every aspect of the proposed rule, most centered on four key issues: (1) the measure of cost-effectiveness, (2) the overall project rating, (3) the measure for mobility improvements, and (4) the continued use of no-build and system alternative proposals[5] for

[5]For each of the project justification criteria, the proposed project is evaluated against both a no-build and a Transportation System Management (TSM) alternative—a package of low- to moderate-cost improvements designed to make more efficient use of an existing transportation system.

evaluation purposes. For example, 23 comments were received on FTA's use of the historical "cost per new rider" measure to indicate the cost-effectiveness of a proposed project. The consensus of the commenters was that the focus on new riders ignores benefits provided to other riders, which may bias the measure against cities with "mature" transit systems, where the focus of a proposed project may be to improve service, not attract new riders. Comments on the overall project rating focused on the use of this rating and on the possibility that a rating of "not recommended" would be misinterpreted to mean that a proposed project had no merit, resulting in the erosion of local support and funding.

The proposed rule retained the existing measure for evaluating the mobility improvements of a proposed project. The current measure is based on (1) projected savings in travel time and (2) the number of low-income households within a half-mile of the proposed stations. Fifteen comments specifically addressed the measure's focus on low-income households. Ten recommended that the measure address the destinations to be served by the proposed project as well as the households, arguing that a system that is located near low-income households is of little use to residents unless it can also provide access to employment and other activity centers.

FTA is in the process of evaluating these and other comments to the proposed rule and hopes to issue the final regulations by the summer of 2000. FTA stated that any changes resulting from comments on the proposed rule will be incorporated into the evaluation and rating process for the fiscal year 2002 annual report.

DOT Proposes 15 New Projects for New Starts Funding

The Department's New Starts report and budget for fiscal year 2001 proposes that $1.1 billion be made available for the construction of new transit systems and expansions of existing systems—funded through the New Starts program. Of this amount, a total of $639.3 million would be allocated among the 14 projects with existing grant agreements. An additional $316 million would be allocated among 15 projects proposed for grant agreements.[6] As authorized under TEA-21, the remaining $84.7

[6]According to FTA, one of the 15 projects—Northern New Jersey/Hudson Bergen light rail—is ready for a federal grant agreement but does not require New Starts funding until fiscal year 2004; however, executing a grant agreement in fiscal year 2001 would provide the transit agency with authority to borrow funds to begin construction.

million (or 8 percent) would be made available for preliminary engineering activities, with specific recommendations for 10 projects.

In making its funding proposal each year, FTA gives first preference to projects with existing grant agreements. Following that, consideration is given to projects with an overall rating of “recommended” or higher. However, some projects rated as “highly recommended” or “recommended” may not meet FTA’s “readiness test” for funding because they are in the early stages of preliminary engineering. FTA uses a number of milestones to determine whether a project is sufficiently developed to be considered for a grant agreement. For example, FTA determines whether the necessary real estate has been acquired, utility arrangements have been made, and local funding sources are in place. According to an FTA official, this ensures that there are no “red flags” signaling that the project has outstanding issues it must address.

For fiscal year 2001, FTA evaluated 48 projects, rated 32 as “highly recommended” or “recommended,” and proposed executing new grant agreements for 15 projects that are expected to be ready for grant agreements by the end of fiscal year 2001.[7] As table 1 shows, 6 of the 15 proposed projects were rated overall as “highly recommended” on the basis of their strong cost-effectiveness and transit supportive land-use policies and a demonstrated local financial commitment to build and operate the projects. For instance, the proposed Portland Interstate Metropolitan Area Express (MAX) project received the highest summary ratings for both the financial and project justification measures. The project received a high rating in transit-supportive land use[8] because of the number of major facilities and centers (e.g. Portland State University, the Civic Stadium, and Memorial Coliseum) that will encourage high ridership, the expected growth in employment and population through 2020, and current zoning regulations that support high residential and commercial densities. In addition, the high ratings for the proposed project’s capital and operating financing plans reflect the solid financial condition of the transit agency and the other funding partners, as well as the stability of operating funds, sufficient projected revenue growth, and adequate cash reserves.

[7]Seven projects were not rated because an exemption is granted to projects when the anticipated New Starts share of the total estimated capital cost is below $25 million.

[8]In evaluating a proposed project against the transit-supportive land-use criterion, FTA considers such factors as employment and population density, existing station area development, existing zoning regulations, and containment of sprawl.

Table 1: Projects Recommended for Funding in Fiscal Year 2001

Phase and city (project)	Overall project rating	Financial rating	Financial rating criteria: Capital finance rating	Financial rating criteria: Operating finance rating
Final design				
Newark (Newark Elizabeth Rail Link, MOS-1)	Highly recommended	Medium-high	Medium-high	Medium-high
San Diego (Mission ValleyEast LRT Extension)	Highly recommended	Medium-high	High	Medium-high
Ft. Lauderdale (Tri-Rail Double Track Corridor)	Recommended	Medium	Medium	Medium
Northern New Jersey (Hudson-Bergen LRT MOS-2)	Recommended	Medium	Medium	Medium
Pittsburgh (Stage II LRT Program)	Recommended	Medium-high	Medium-high	Medium-high
Preliminary Engineering				
Portland (Interstate MAX Project)	Highly recommended	High	High	High
Chicago (Douglas Branch Reconstruction)	Highly recommended	Medium-high	Medium-high	Medium
Chicago (Metra South West Corridor)	Highly recommended	Medium-high	Medium-high	High
Seattle (Link Light Rail MOS)	Highly recommended	Medium-high	High	Medium
Baltimore (Central Light Rail Double Track)	Recommended	Medium-high	High	Medium-high
Denver (Southeast Corridor Light Rail)	Recommended	Medium-high	Medium-high	Medium-high
Memphis (Medical Center Rail Extension)	Recommended	Medium	Medium-high	Medium
Minneapolis (Hiawatha Avenue Corridor LRT)	Recommended	Medium-high	Medium-high	Medium
Salt Lake City (University Light Rail Line)	Recommended	Medium	Medium-high	Medium
Washington DC (Largo Town Center Metrorail)	Recommended	Medium	Medium	Medium

Project justification criteria					
Project justification rating	**Mobility improvement rating**	**Environment benefits rating**	**Operating efficiency rating**	**Cost-effectiveness rating**	**Land use rating**
Medium-high	Low-medium	Medium	Medium	Medium-high	Medium-high
Medium-high	Medium	High	Medium	Medium	Medium-high
Medium	Medium-high	Low	Low	Low-medium	Medium
Medium	Medium	Medium	Medium	Low	Medium-high
Medium	Low-medium	High	High	Medium-high	Medium
High	High	High	Medium	Medium-high	High
Medium-high	Medium	High	Medium	Medium	High
Medium-high	High	Medium	Medium	Medium-high	Medium
High	Medium	High	Medium	High	High
Medium	Medium	High	Medium	Medium-high	Low-medium
Medium	Medium	Medium	Medium	Low-medium	Medium
Medium	Not rated	Medium	Medium	High	Medium
Medium	Low-medium	High	Medium	Low-medium	Medium-high
Medium	Low-medium	Medium	Medium	Medium-high	Medium
Medium	Medium	High	Medium	Medium	Medium-high

Legend

LRT = light rail transit
MOS = minimum operable segment

Source: FTA's FY 2001 New Starts Report.

The other nine projects proposed for grant agreements received overall ratings of “recommended,” most were rated medium or medium-high on the project justification and/or local financial commitment criteria. For instance, the Ft. Lauderdale Tri-County commuter rail project’s rating was based on the project’s strong mobility improvements and the existence of moderate population and residential densities along the corridor, as well as the adequacy of the project’s financial plan. The proposed system would serve over 10,000 new riders daily by 2015, and the transit agency estimated that over 11 million hours of travel time would be saved annually for local commuters. In contrast, the sponsor of a project that was not recommended for funding in 2001 estimated that only 0.4 million hours would be saved annually by travelers.

Seventeen projects received “highly recommended” or “recommended” ratings but were not proposed for grant agreements. Three of these projects—Chicago Ravenswood subway line; San Diego Mid Coast Corridor light rail line; and San Diego Oceanside-Escondido rail line—received “highly recommended” ratings. FTA officials told us that these projects met FTA’s evaluation and rating criteria as well as FTA’s “readiness test” but were not selected because FTA did not want to fund more than one or two projects in any metropolitan area. For instance, only two of the five proposed projects were selected for the Chicago area and one of the three proposed projects in San Diego. The other 14 projects were rated overall as “recommended.” Many of these projects were not proposed for grant agreements in fiscal year 2001 because they are in the very early stages of development.

Finally, FTA rated nine proposed projects as “not recommended” primarily because of low local financial commitment summary ratings, reflecting their lack of updated financial plans and/or lack of committed local funding to build and operate the systems. For instance, one of the nine proposed projects received low ratings for the stability and reliability of its capital and operating financing plans, reflecting FTA’s concerns about the transit agency’s financial condition and lack of demonstrated financial capacity to undertake the proposed project. Other reasons for receiving a low financial rating included not submitting a financial plan or other financial information for the project or entire transit system, having a large share of uncommitted or unidentified local funding, and lacking financial resources to operate the proposed system.

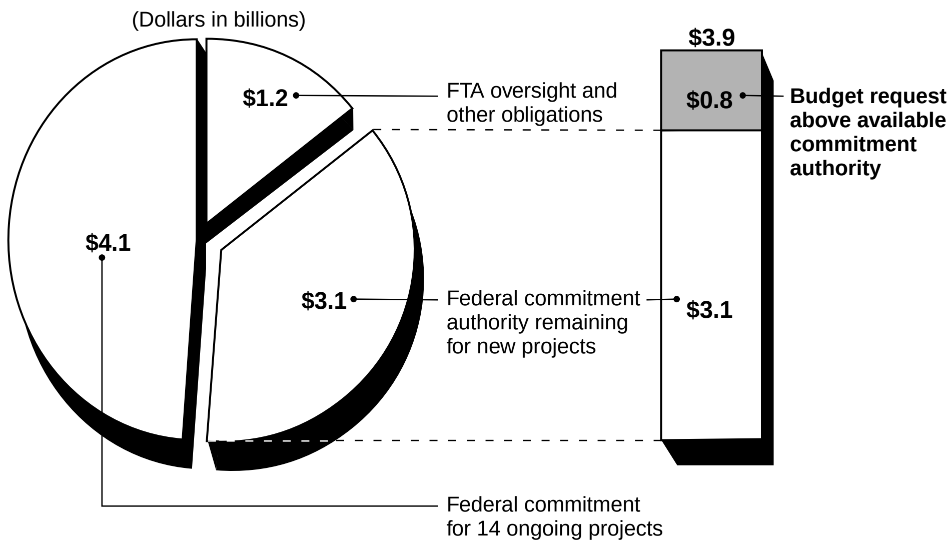
Many Transit Projects Are Competing for Limited Federal Transit Dollars

More state and local transit agencies than ever are competing for New Starts funds. However, the 14 ongoing projects and the 15 new projects proposed in the New Starts report and 2001 budget request would consume more than the total New Starts commitment authority provided by TEA-21,[9] if all of these new grant agreements were executed as proposed. If this were to occur, FTA would not be able to commit funds to any more projects during the last 2 years of TEA-21—through fiscal years 2002 and 2003—even though many additional projects may soon be eligible for funding.

According to FTA, it has already committed $4.1 billion of its total available authority of $8.4 billion to the 14 ongoing projects. After accounting for other requirements (such as the cost of providing project management oversight for the program), which are expected to total about $1.2 billion through 2003, about $3.1 billion remains for future grant agreements. The Department's fiscal year 2001 budget proposes $316 million for the 15 new projects. However, the $316 million requested for these new projects for 2001 will be only a down payment on what would amount to a total federal commitment of $3.9 billion if no changes were made to the current grant proposals. This $3.9 billion commitment is $800 million more than FTA's remaining commitment authority of $3.1 billion. Figure 2 shows FTA's limited commitment authority under TEA-21.

[9] TEA-21 authorized $6.0 billion in "guaranteed" funding for New Starts projects and allowed FTA to make contingent commitments beyond this amount subject to future authorizations and appropriations. This contingent commitment authority is designed to allow FTA to execute grant agreements that extend beyond the 6-year period. In implementing TEA-21, FTA determined that it could make contingent commitments of $2.4 billion from the act's enactment through the authorization period.

Figure 2: TEA-21 Commitment Authority for New Starts Projects and DOT's Fiscal Year 2001 New Starts Budget Request



Source: AGO's analysis of FTA's data.

FTA officials told us that the agency decided to propose exhausting the remaining authority in its fiscal year 2001 budget request—rather than withholding some authority for new projects in the remaining years of TEA-21—because New Starts funds have traditionally been provided to all eligible projects on a first-come, first-served basis. Furthermore, according to these officials, executing grant agreements for the 15 new projects allows them to move forward to begin construction.

In addition to the 29 ongoing and proposed projects, TEA-21 identified more than 160 other projects as eligible for New Starts funds. According to FTA, as many as 40 of these projects could be ready to receive a grant agreement and begin construction in the next several years. Because of this impending transit "budget crunch," we recommended in our testimony on March 8, 2000, before the Subcommittee on Transportation, House Committee on Appropriations, that DOT further prioritize the projects it rates as "highly recommended" or "recommended" and ready to receive New Starts funds.[10] FTA officials, including FTA's Director, Office of Policy

[10]*Mass Transit: Challenges in Evaluating, Overseeing, and Funding Major Transit Projects* (GAO/T-RCED-00-104, Mar. 8, 2000).

Development, agree with our recommendation and told us that they would consider various ways to further prioritize eligible projects.

Agency Comments

We provided the Department of Transportation with a draft of this report for review and comment. We discussed the report with Federal Transit Administration officials, including the Director for Policy Development and an official from the Office of Planning. FTA agreed with the report's contents and provided us with one technical clarification, which we incorporated.

Scope and Methodology

To address the issues discussed in this report, we reviewed the legislation governing New Starts transit projects, FTA's annual New Starts reports for fiscal year 2000 and 2001, and other documentation by the agency of its processes and procedures for evaluating projects. We also interviewed appropriate FTA headquarters officials. We performed our work in accordance with generally accepted government auditing standards from March through April 2000.

We are sending copies of this report to the Honorable Rodney E. Slater, Secretary of Transportation; the Honorable Nuria Fernandez, Acting Administrator, Federal Transit Administration; the Honorable Jacob Lew, Director, Office of Management and Budget; and other interested parties. We will also make copies available to others upon request. Key contributors to this report were Jack Bagnulo, Susan Fleming, and Ron Stouffer. Please call me at (202) 512-3650 if you have any questions about this report.

Phyllis F. Scheinberg

Phyllis F. Scheinberg
Associate Director,
Transportation Issues

New Starts Criteria and Related Performance Measures

Table 2 presents a summary of each of the New Starts criteria and the related performance measures that the Federal Transit Administration uses to appraise candidate New Starts projects as part of its evaluation and rating process.

Table 2: Summary of New Starts Evaluation Criteria and Performance Measures

Criterion	Performance measure
Mobility improvements	Change in hours of travel time Low-income households served by the system, expressed in terms of the number of such households within a half-mile of a project's boarding points
Environmental benefits	Change in pollutant emissions Change in regional energy consumption, expressed in British thermal units The Environmental Protection Agency's air quality designation for the region
Operating efficiencies	Operating cost per passenger mile
Cost-effectiveness	Incremental cost per incremental passenger
Transit-supportive land use	Existing land use Containment of sprawl Transit-supportive corridor policies Supportive zoning regulations Tools to implement land-use policies Performance of land-use policies Other land-use factors
Other factors	Local policies, programs, and factors relevant to the success of the project
Local financial commitment	Proposed local share of project costs Stability and reliability of capital financing Stability and reliability of operating funds

Source: FTA

FTA's Fiscal Year 2001 New Starts Ratings and Funding Recommendations

Dollars in millions

City/project	Overall project rating	FY 2001 recommended funding
Existing full funding grant agreementsa		
Atlanta - North Springs	FFGA	$25.00
Boston - South Boston Piers Transitway Phase 1	FFGA	35.97
Dallas - North Central LRT Extension	FFGA	70.00
Denver - Southwest Corridor LRT	FFGA	20.20
Houston - Regional Bus Plan	FFGA	10.74
Los Angeles - North Hollywood	FFGA	50.00
Northern New Jersey - Hudson-Bergen LRT MOS-1	FFGA	121.00
Portland - Westside/Hillsboro LRT	FFGA	0.21
Sacramento - South LRT Extension	FFGA	35.20
Salt Lake City - North-South LRT	FFGA	0.72
San Francisco - BART Extension to Airport	FFGA	80.00
San Jose - Tasman West LRT	FFGA	12.25
San Juan - Tren Urbano	FFGA	118.00
St. Louis - Metrolink St. Clair Extension	FFGA	60.00
Subtotal		**$639.29**
Proposed full funding grant agreements		
Ft. Lauderdale - Tri-Rail Commuter Rail Upgrade	Recommended	$30.00
Newark Rail Link (MOS 1)	Highly recommended	10.00
San Diego - Mission Valley East LRT Extension	Highly recommended	65.00
Baltimore - Central LRT Double-Tracking	Recommended	10.00
Chicago - Douglas Branch Reconstruction	Highly recommended	17.00
Chicago - Metra South West Corridor Commuter Rail	Highly recommended	10.00
Denver - Southeast Corridor LRT	Recommended	20.00
Memphis - Medical Center Extension	Recommended	14.17
Minneapolis – Hiawatha Corridor LRT	Recommended	20.00
Northern New Jersey – Hudson-Bergen MOS-2	Recommended	0.00
Pittsburgh - Stage II LRT Reconstruction	Recommended	20.00
Portland - Interstate MAX LRT Extension	Highly recommended	40.00
Salt Lake City - CBD to University LRT	Recommended	15.00
Seattle - Central Link LRT	Highly recommended	35.00
Washington DC/MD – Largo Extension	Recommended	10.00
Subtotal		**$316.17**

Continued

City/project	Overall project rating	FY 2001 recommended funding
Other projects in final design		
Dallas- Ft. Worth – Trinity Railway Express	Recommended	$0.00
Los Angeles – San Diego Rail Corridor Improvement Project	Not rated[b]	0.00
New Orleans - Canal Streetcar Spine	Not recommended	0.00
San Juan - Minillas Extension	Recommended	0.00
Subtotal		**$0.00**
Preliminary engineering recommendations		
Chicago - Metra Commuter Rail (North Central/UP West)	Recommended	$10.00
Chicago - Ravenswood Line Expansion	Highly recommended	8.80
Cleveland - Euclid Corridor Improvement Project	Recommended	8.80
Little Rock - River Rail Project	Not rated[b]	5.67
Maryland - MARC Commuter Rail Improvements	Not rated[b]	10.00
Miami - South Miami-Dade Busway Extension	Recommended	8.80
Nashville - East Corridor Commuter Rail	Not rated[b]	8.80
New York – Long Island Rail Road East Side Access	Recommended	10.00
New York - 2nd Avenue Subway	Not rated[b]	5.00
San Diego County - Oceanside-Escondido Rail Project	Highly recommended	8.80
Subtotal		**$84.67**
Other projects in preliminary design		
Austin - Northwest/North Central Corridor	Recommended	
Boston - South Boston Piers Transitway Phase 2	Not recommended	
Cincinnati - I-71 Corridor	Not recommended	
Kansas City - Johnson County I-35 Commuter Rail	Not rated[b]	
Hartford - New Britain-Hartford Busway	Recommended	
Houston - Downtown to Astrodome Light Rail	Recommended	
Las Vegas - Resort Corridor Fixed Guideway MOS	Recommended	
Miami - East/West Corridor	Not recommended	
Miami - North 27th Avenue Corridor	Not recommended	
Norfolk - Norfolk-Virginia Beach LRT Corridor	Not recommended	
Orange County - Centerline Rail Corridor	Recommended	
Phoenix - East Valley Light Rail	Not recommended	
Raleigh - Regional Transit Plan Phase I	Not recommended	
San Diego - Mid Coast Corridor	Highly recommended	
San Francisco - Third Street Light Rail Phase I	Recommended	
Seattle - Everett-Seattle Sounder Commuter Rail	Not rated[b]	
Tampa - Tampa Bay Regional Rail	Not recommended	

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City/project	Overall project rating	FY 2001 recommended funding
Washington DC - Dulles Corridor Rapid Transit	Recommended	
Total		**$1,040.13**
Ferry Capital Projects in Alaska or Hawaii (Section 5309(m)(5)(A))		10.32
Oversight activities		7.94
Grand total		**$1,058.39**

Legend

FFGA = full funding grant agreement

LRT = light rail transit

MOS = minimum operable segment

Note: Figures do not always add to totals because of rounding.

a Projects with FFGAs were not rated, since FTA had found the projects to be justified and have adequate local financial commitments at the time the FFGAs were issued. These projects are being recommended to receive the fiscal year 2001amount committed by the FFGA.

bSeven projects were not rated based upon the exemption granted to projects where the anticipated New Starts share of the total estimated capital cost is below $25 million.

Source: FTA's FY 2001 New Starts Report.

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