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NewStarts

An Introduction to FTA's Capital Investment Program



U.S. Department
of Transportation



Federal Transit
Administration

Dear Colleague:



The Federal Transit Administration's (FTA) discretionary New Starts program is the Federal government's primary financial resource for supporting locally-planned, implemented, and operated transit "guideway" capital investments. From heavy to light rail, from commuter rail to bus rapid transit systems, the New Starts program has helped to make possible nearly 100 of new or extended transit fixed guideway systems across the country. These rail and bus investments, in turn, have improved the mobility of millions of Americans; helped reduce congestion and improve air quality in the areas they serve; and fostered the development of economically viable, safer, and more livable communities.

The Transportation Equity Act for the 21st Century (TEA-21) has authorized \$8.44 billion in Section 5309 New Starts funding through fiscal year 2003. While the level of New Starts funding has never been higher, neither has the demand for these discretionary resources. TEA-21 authorizes over 190 projects nationwide to compete for New Starts funding.

TEA-21 directs FTA to evaluate and rate these projects as an input to Federal funding decisions, and to publish these ratings in the US Department of Transportation's *Annual Report on New Starts*. TEA-21 also requires that FTA monitor, evaluate, and rate each project at specific planning and project development milestones.

FTA's evaluations and ratings are important, as they help to identify those projects which are most worthy of Federal investment. Project ratings are considered by FTA in the development of its annual budget, and by Congress in its annual appropriations deliberations. FTA's evaluation is based on a range of New Starts criteria provided for by TEA-21 and its preceding legislation, the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA).

This brochure briefly describes 1) the New Starts project justification and local financial commitment criteria; 2) the New Starts planning and project development process; 3) FTA's process for evaluating and rating candidate New Starts projects; and 4) how FTA uses these ratings in formulating its annual budget request to Congress.

Thank you for your interest in FTA's New Starts program for major transit capital investments. I look forward to working with you in the development and implementation of fixed guideway transit systems of which we can all be proud.

Sincerely,

A handwritten signature in dark ink, appearing to read "Gordon J. Linton". The signature is fluid and cursive, with the first name "Gordon" being the most prominent.

Gordon J. Linton
Administrator

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What's a New Start?



Projects eligible for FTA Section 5309 New Starts funding include any fixed guideway system which utilizes and occupies a separate right-of-way, or rail line, for the exclusive use of mass transportation and other high occupancy vehicles, or uses a fixed catenary system and a right of way usable by other forms of transportation. This includes, but is not limited to, rapid rail, light rail, commuter rail, automated guideway transit, people movers, and exclusive facilities for buses (such as bus rapid transit) and other high occupancy vehicles.



New Starts Criteria

TEA-21 identifies several specific New Starts criteria which the Federal Transit Administration must consider in its approval to advance transit fixed guideway projects through the New Starts project development process and enter into a long term financial commitment to implement proposed investments. The Act categorizes these criteria into three broad areas:

1 Alternatives Analysis and Preliminary Engineering.

Along with the final design phase, these activities constitute the **New Starts Planning and Project Development Process**. All projects seeking discretionary New Starts funding must follow this process, and FTA must approve project entrance into all but the alternatives analysis phase of planning and development. The New Starts planning and project development process provides for the development and refinement of TEA-21's **Project Justification** and **Local Financial Commitment** criteria (see below), and for addressing other planning, environmental, engineering, and design issues and requirements.

2 Project Justification.

TEA-21 requires that proposed New Starts projects be justified based on several project justification criteria, including the following:

- ◆ Mobility Improvements
- ◆ Environmental Benefits
- ◆ Operating Efficiencies
- ◆ Cost Effectiveness
- ◆ Transit Supportive Land Use and Future Patterns
- ◆ Other Factors, including, among other things, the technical capability of the project sponsor to implement and operate the proposed investment.

3 Local Financial Commitment.

TEA-21 requires that New Starts project sponsors demonstrate adequate local support for the proposed project, as measured by:

- ◆ The proposed share of total project costs from sources other than from the Section 5309 New Starts program, including Federal formula and flexible funds, the local match required by Federal law, and any additional capital funding ("overmatch");
- ◆ The strength of the proposed project's capital financing plan;
- ◆ The ability of the sponsoring agency to fund operation and maintenance of the entire transit system as planned once the guideway project is built.

New Starts Planning and Project Development Process

Projects seeking New Starts funding — like all Federally-funded transportation investments in metropolitan areas — must emerge from a locally-driven, multimodal transportation planning process. There are three key steps in FTA's New Starts planning and project development process: 1) **Alternatives Analysis**; 2) **Preliminary Engineering**; and 3) **Final Design**.

1 Alternatives Analysis

To specifically qualify for Section 5309 New Starts funding, candidate projects must have resulted from an alternatives analysis study (also known as major investment study or multimodal corridor analysis) which evaluates several modal and alignment options for addressing mobility needs in a given corridor. This alternatives analysis is intended to provide information to local officials on the benefits, costs, and impacts of alternative transportation investments. Potential local funding sources for implementing and operating the investment are to be identified and studied, and New Starts criteria are to be developed. Involvement of a wide range of stakeholders — including the general public — in the alternative analysis study process is strongly encouraged. At local discretion, the alternatives analysis may include the undertaking of a Draft Environmental Impact Statement (DEIS).

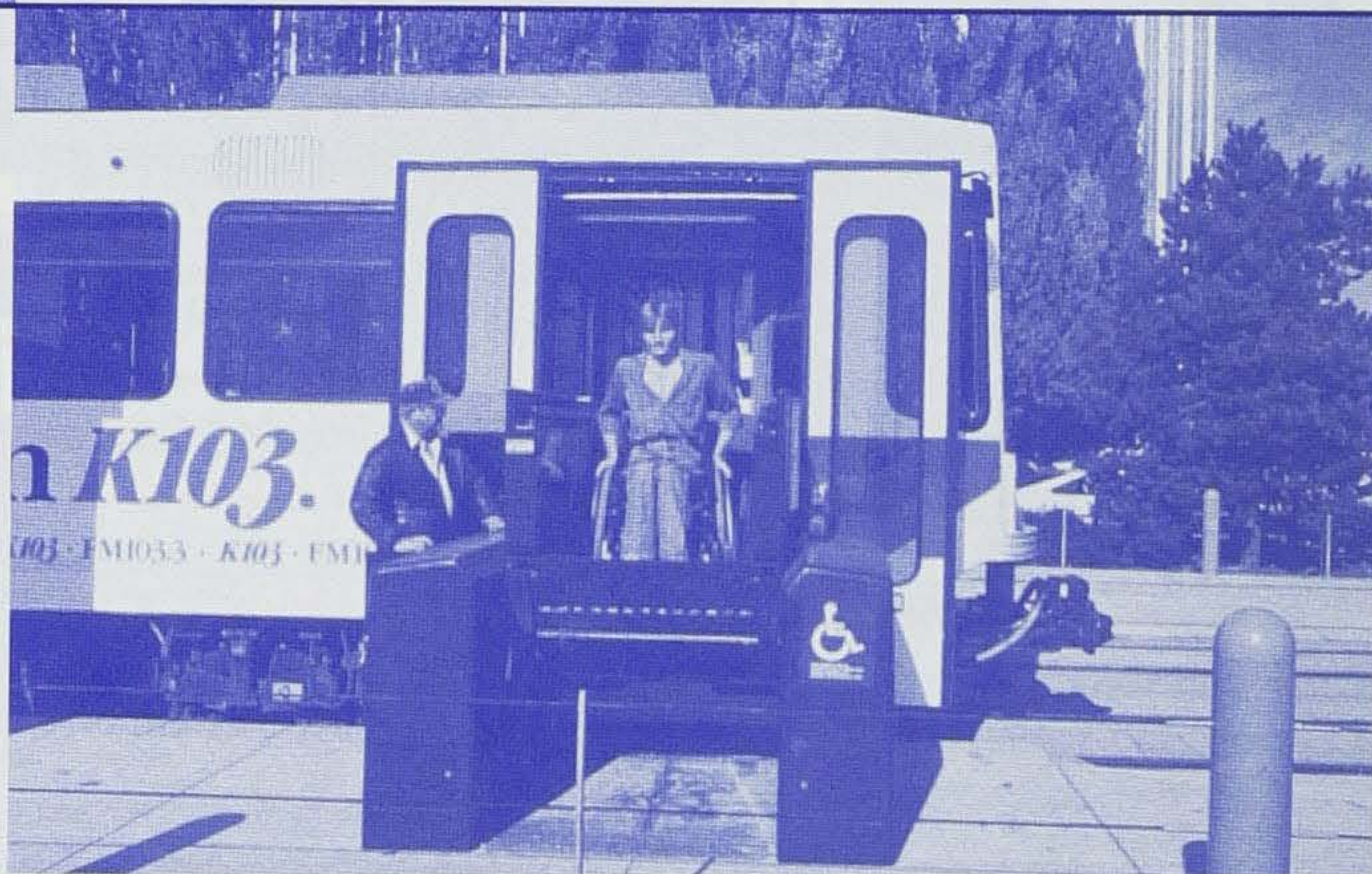
Alternatives analysis is considered complete when a locally preferred alternative (LPA) is selected by local and regional decisionmakers and adopted by the metropolitan planning organization (MPO) in its financially-constrained metropolitan transportation plan. At this point, the local project sponsor may submit to FTA the LPA's New Starts project justification and local financial commitment criteria and request FTA's approval to enter into the preliminary engineering phase of project development.



2 Preliminary Engineering

During the preliminary engineering phase of project development, local project sponsors refine the design of the proposal, taking into consideration all reasonable design alternatives. Preliminary engineering results in estimates of project costs, benefits, and impacts for which there is a much higher degree of confidence. The proposed project's New Starts criteria are similarly refined in the preliminary engineering phase of development. In addition, requirements of the National Environmental Policy Act of 1969 (NEPA) must be met (in the case of New Starts projects this usually includes completion of a Final Environmental Impact Statement); project management plans (PMP) are finalized; and local funding sources are committed to the project (if not previously committed).

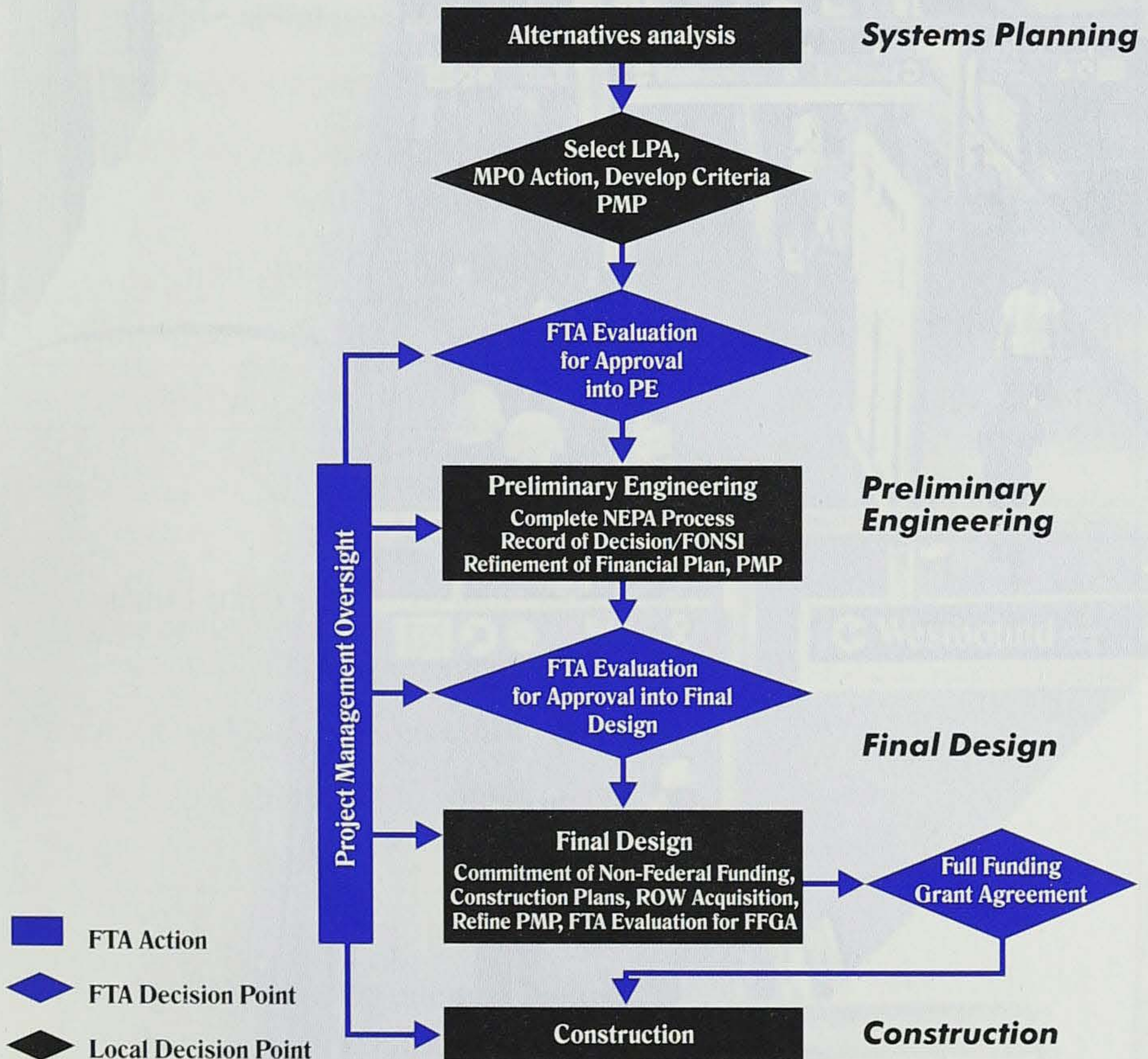
Preliminary engineering for a New Starts project is considered complete when FTA has issued a Record of Decision (ROD) or Finding of No Significant Impact (FONSI), as required by NEPA, and when the local project sponsor has demonstrated to FTA its technical capability to advance the project into the next stage of development.



3 Final Design

Projects which have completed preliminary engineering must request FTA approval to enter the final design stage of project development. Like the approval to enter into preliminary engineering, FTA's approval to enter final design is based upon a review and evaluation of the project's New Starts criteria. Final design is the last phase of project development, and includes right-of-way acquisition, utility relocation, and the preparation of final construction plans (including construction management plans), detailed specifications, construction cost estimates, and bid documents.

FTA New Starts Planning and Project Development Process



Project Justification

TEA-21's project justification criteria are intended to reflect the broad range of benefits and impacts which may be realized by the proposed New Starts transit investment. Project justification criteria are initially developed as part of alternatives analysis and are refined throughout the preliminary engineering and final design phases of project development. FTA's New Starts project justification criteria — and the current measures which make up each criterion — are summarized below:

<i>Criteria</i>	<i>Measures*</i>
Mobility Improvements	● Travel Time Saving ● Low-Income Households Served
Environmental Benefits	● Change in Regional Pollutant Emissions ● Change in Regional Energy Consumption ● EPA Air Quality Designation
Operating Efficiencies	● Operating Cost per Passenger Mile
Cost Effectiveness	● Incremental Cost per New Rider
Transit Supportive Land Use and Future Patterns	● 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	● Technical Capacity ● Project benefits not reflected by other New Starts criteria

* FTA may change these measures in the future to better reflect national policies and industry practice.

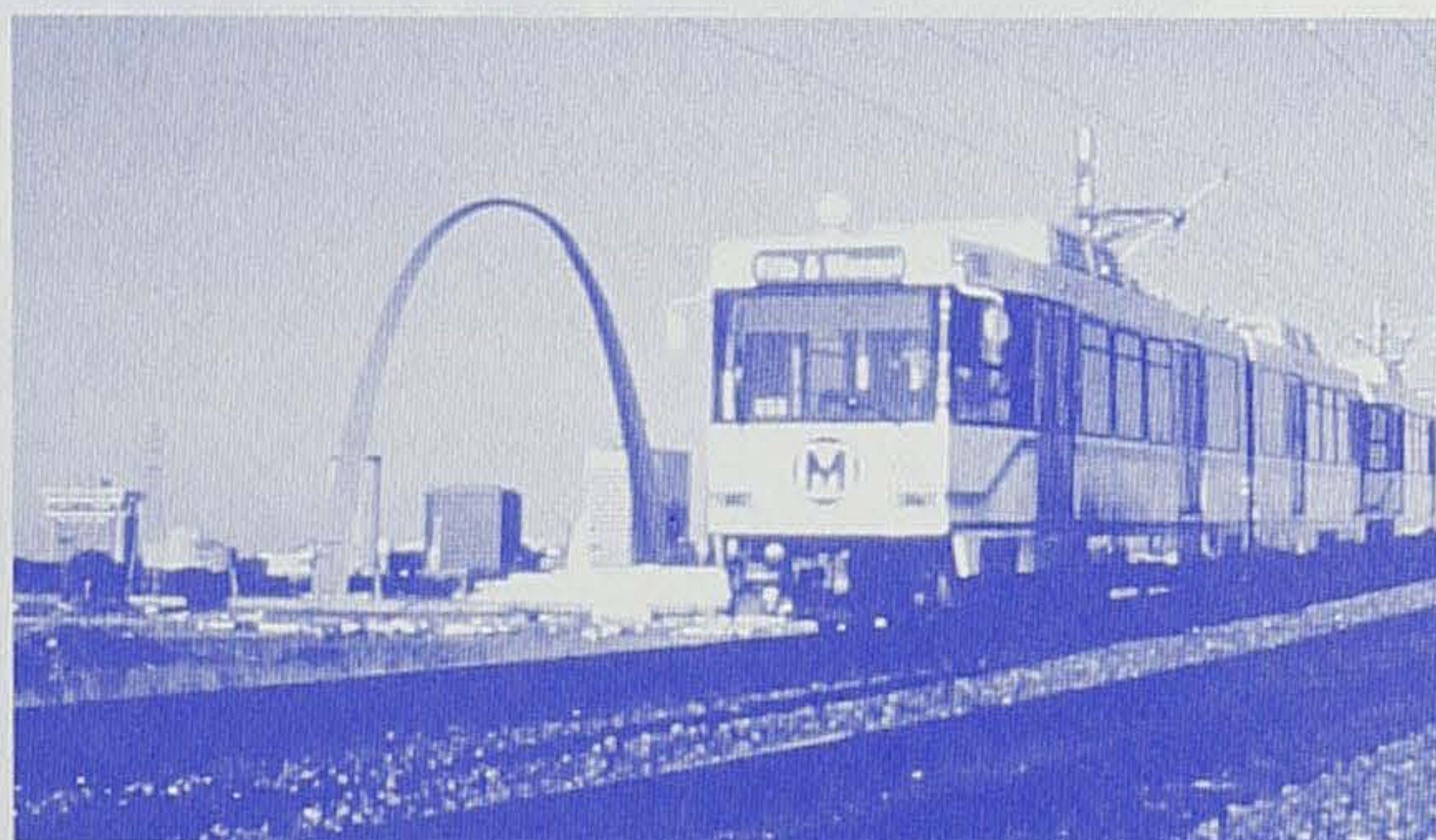
Local Financial Commitment

The local financial commitment criterion is intended to reflect the level of local funding proposed for the project, and the extent to which this local funding is dedicated to — and in place for — the proposed investment. This criterion also addresses the reasonableness of project cost estimates and revenue forecasts; the adequacy of provisions to address unanticipated costs or funding shortfalls; the financial condition of the New Starts project sponsor; and how the sponsor will ensure the operation and maintenance of its existing transit services while implementing the proposed fixed guideway system. Like the project justification criteria, information which supports the local financial commitment criterion is refined throughout the New Starts planning and project development process.

The three measures for local financial commitment include:

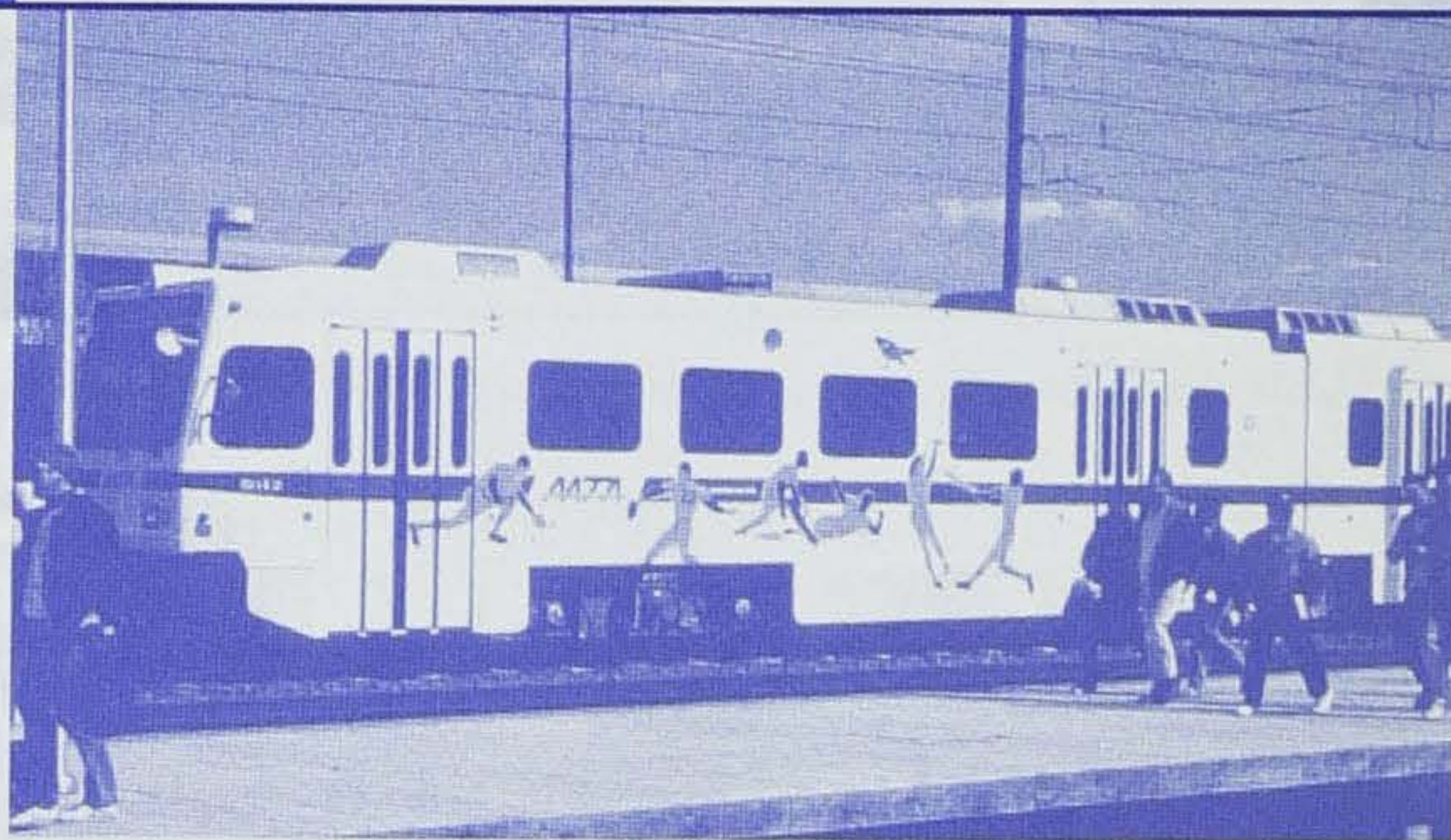
Criteria	Measures*
Local Financial Commitment	● Stability and Reliability of Capital Financing Plan ● Stability and Reliability of Operating Financing Plan ● Local Share of Project Costs

* FTA may change these measures in the future to better reflect national policies and industry practice.



*A*re there any exemptions to the New Starts criteria?

Projects that seek less than \$25 million in Section 5309 New Starts funding, and certain other specific projects which have statutory exemptions in TEA-21, are exempt from the New Starts criteria. However, TEA-21 prohibits FTA from entering into a full funding grant agreement with any project which is not evaluated and rated against the criteria. Therefore, FTA strongly encourages all sponsors of projects authorized in TEA-21 to develop and submit to FTA their New Starts criteria when ready to advance into preliminary engineering or final design.



New Starts Rating and Evaluation

FTA evaluates and rates New Starts projects for several specific reasons:

- ◆ To approve project entrance into preliminary engineering;
- ◆ To approve project entrance into final design;
- ◆ As an input to development of the Department's annual New Starts budget request. FTA's ratings are included in the *Annual Report on New Starts*, which is submitted to Congress each Spring; and
- ◆ To execute full funding grant agreements.

In undertaking its evaluation, TEA-21 requires that FTA rate each candidate New Starts project (in preliminary engineering or final design) as either **Highly Recommended**, **Recommended**, or **Not Recommended**. These overall project ratings are based on ratings assigned by FTA to each of the project justification criteria and local financial commitment measures.



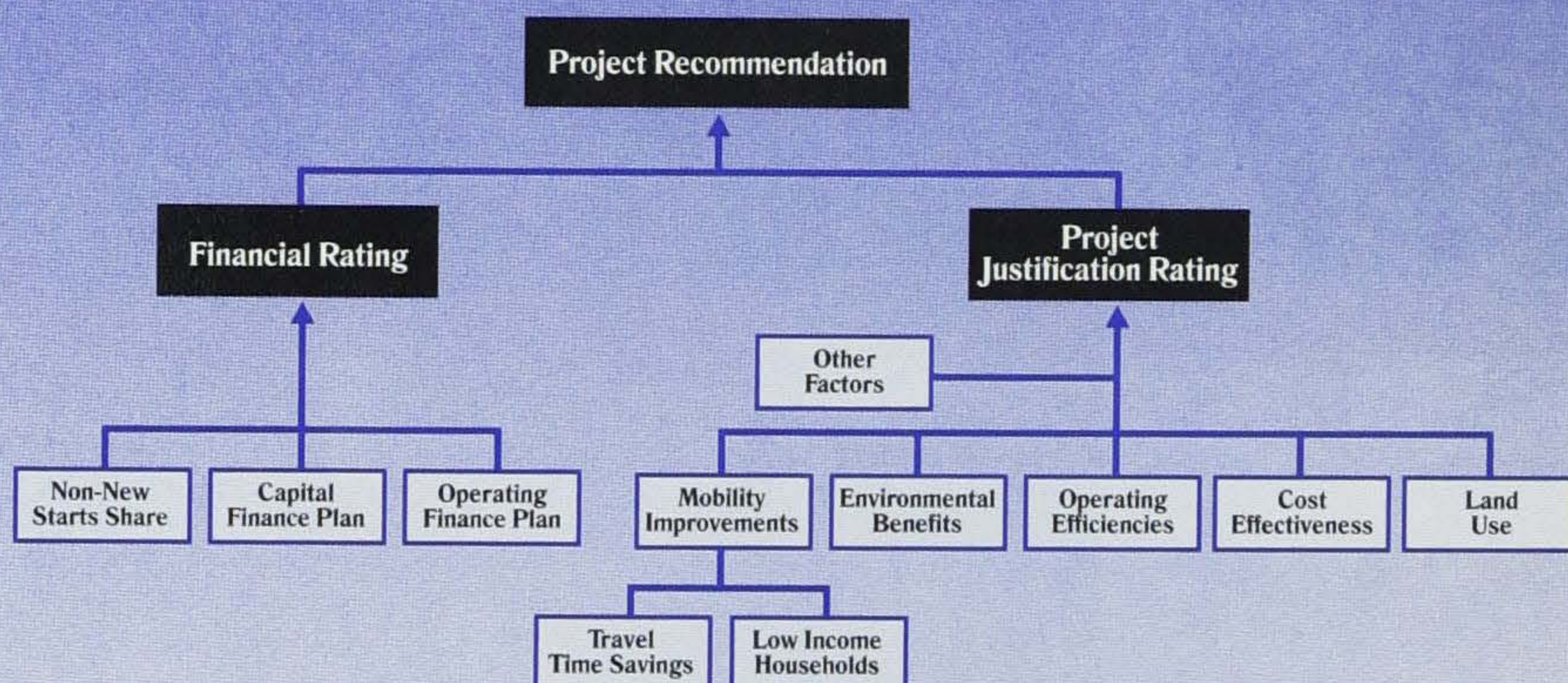
New Starts Rating and Evaluation

The figure below summarizes FTA's evaluation and rating process. FTA assigns a rating of *high*, *medium-high*, *medium*, *low-medium*, or *low* to each of the individual project justification criteria and to the measures for local financial commitment. These criteria/measure-specific ratings are then combined into summary project justification and finance ratings. These summary ratings are in turn used to determine overall project ratings according to the following decision rule:

- ◆ **Highly Recommended** — Projects must be rated at least *medium-high* for both finance and project justification;
- ◆ **Recommended** — Projects must be rated at least *medium* for both finance and project justification;
- ◆ **Not Recommended** — Projects not rated at least *medium* in both finance and justification will be rated as *not recommended*.

It is very important to note that project evaluation is an on-going process. FTA evaluation and rating occurs annually in support of budget recommendations presented in the *Annual Report on New Starts* and when projects request FTA approval to enter into preliminary engineering or final design. Consequently, as proposed New Starts projects proceed through the project development process, information concerning costs, benefits, and impacts is refined and the ratings updated to reflect new information.

The FTA New Starts Evaluation and Rating Process

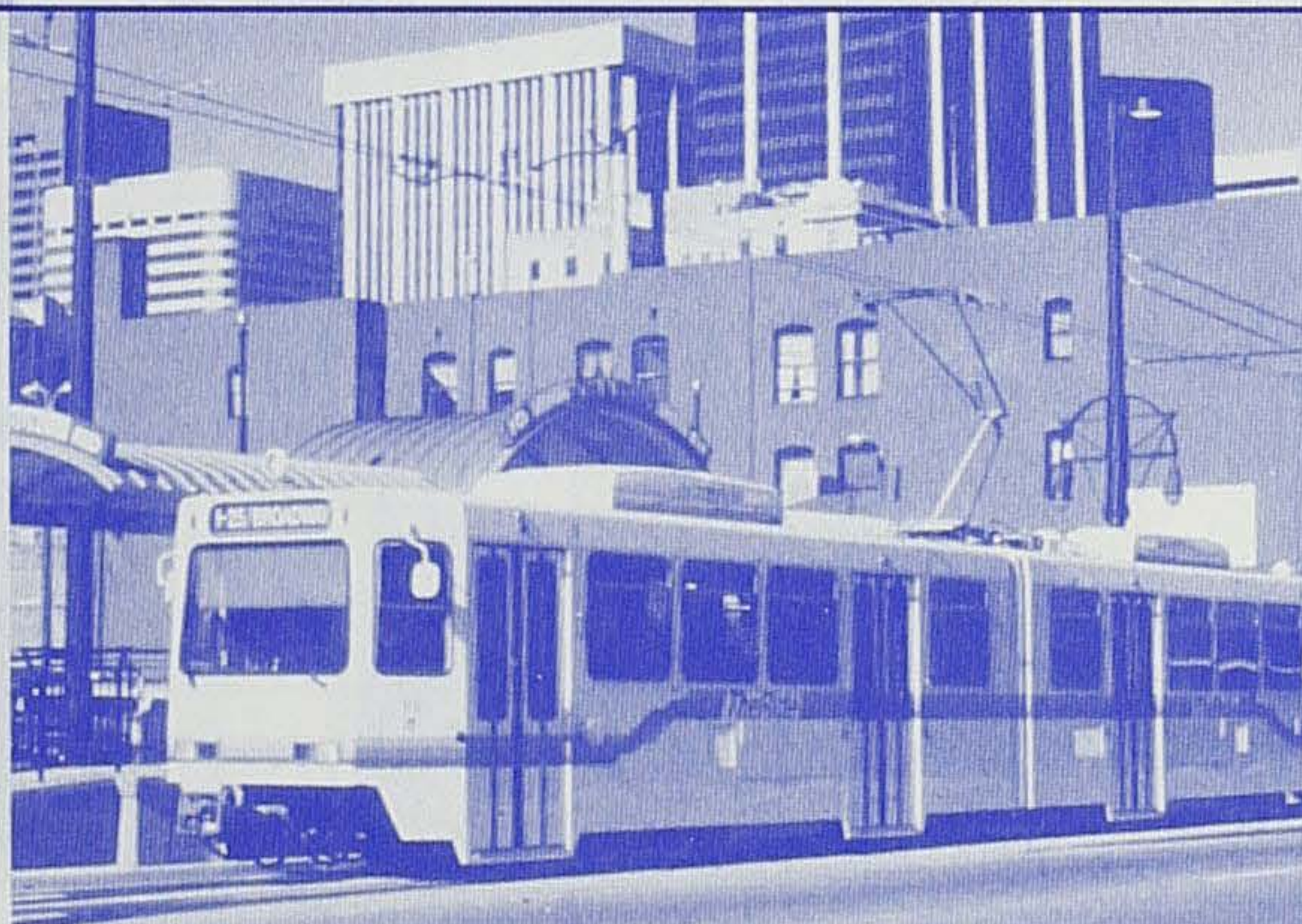
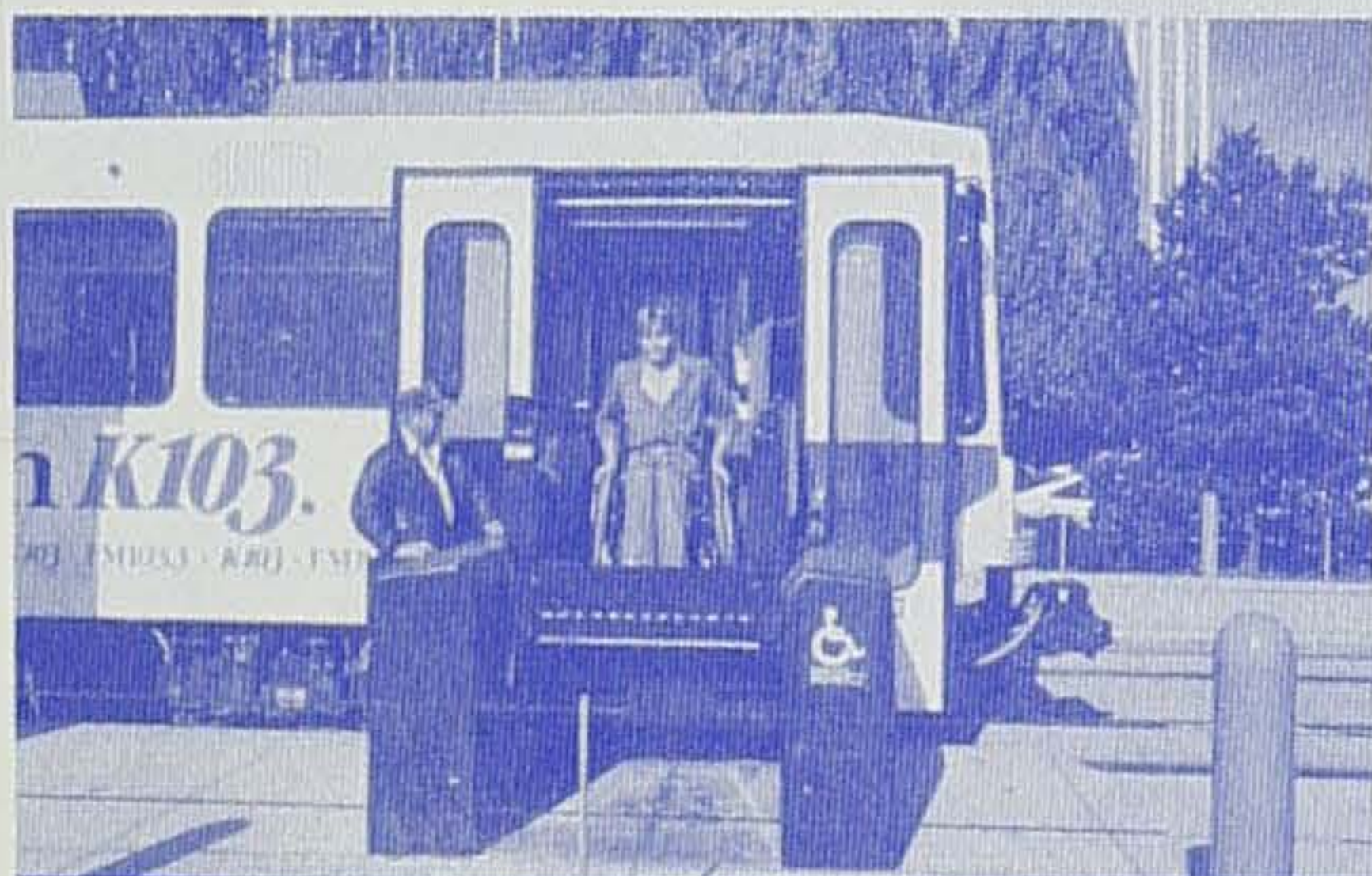


Minimum Project Development Requirements Which Must Be Met:

Metropolitan Planning and Programming Requirements	Project Management Technical Capability	NEPA	Other
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What do FTA's ratings mean?

TEA-21 requires FTA to rate candidate New Starts projects which have completed at least alternatives analysis as either *Highly Recommended*, *Recommended*, or *Not Recommended*. These ratings are intended to reflect conditions at the time of FTA's evaluation. Project evaluation is an on-going process. It is based on an analysis of the Section 5309 New Starts Criteria and documentation submitted to FTA by local agencies. As New Starts projects proceed through project development, the estimates of costs, benefits, and impacts are refined. FTA's ratings and recommendations will be updated annually to reflect new information, changing conditions, and refined financing plans.



FTA Budget Recommendations

FTA's ratings are intended to reflect overall project merit; proposed projects that are rated as *recommended* or *highly recommended* have demonstrated significant potential benefits and are therefore eligible for New Starts funding. However, *a rating of recommended or highly recommended does not translate directly into a funding recommendation or commitment in any given year.* Rather, FTA must also consider the amount of New Starts funding available on an annual basis and the phase of project development of candidate New Starts projects. *To be included in FTA's annual budget request, proposed New Starts projects must also be sufficiently developed for consideration of a Federal full funding grant agreement (FFGA)* — FTA's funding mechanism for supporting the multi-year capital needs of project construction.

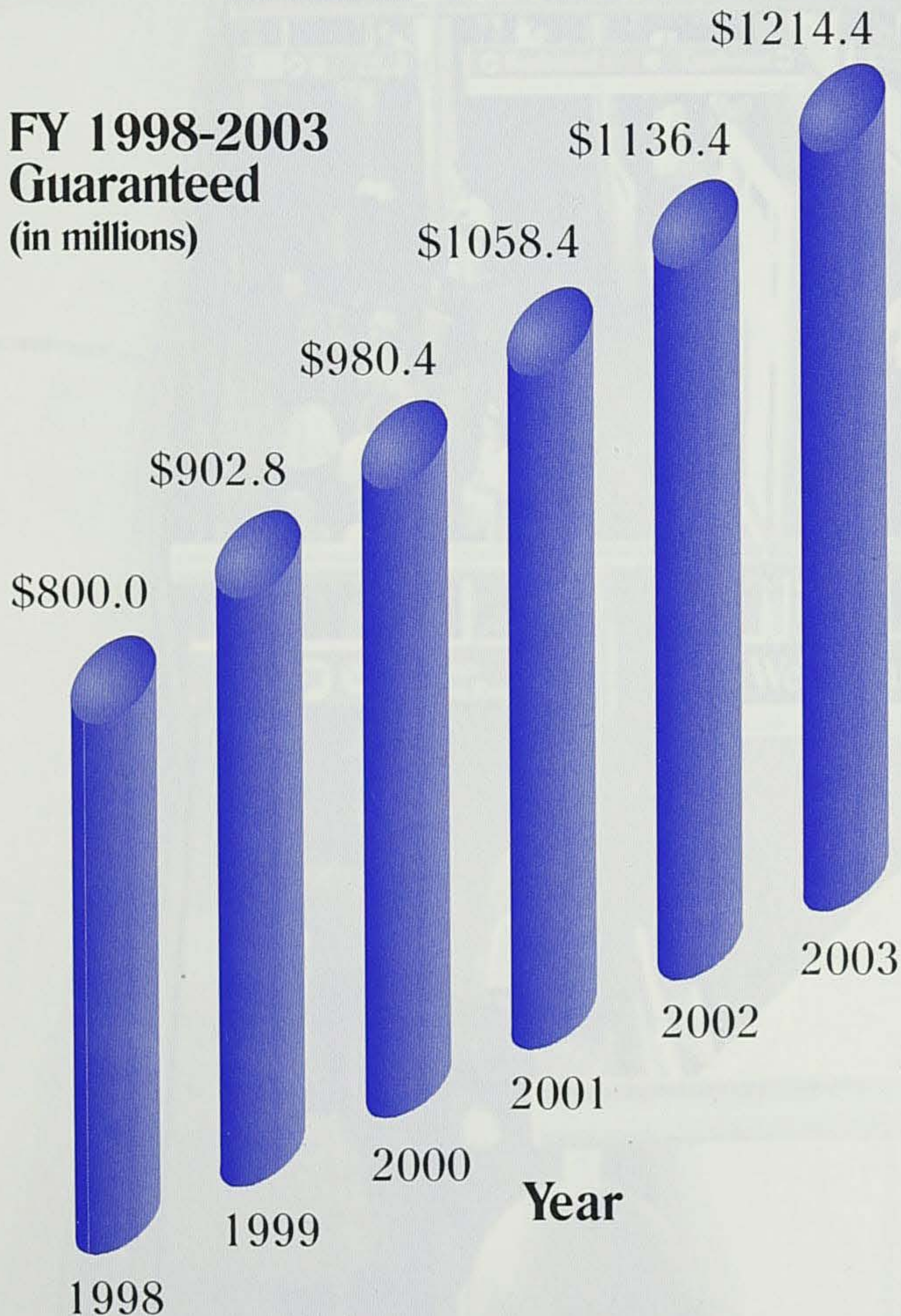
The following general principles are applied when determining annual funding allocations among proposed New Starts projects:

- ◆ *The New Starts program is a capital program.* FTA budget recommendations will be limited primarily to providing capital assistance. Funding for alternatives analysis may be provided through FTA's §5303 Metropolitan Planning or §5307 Urbanized Area Formula Grants programs, or through local sources. New Starts funds should not be used for planning activities in support of alternatives analysis.
- ◆ TEA-21 requires that no less than 92% of annual New Starts funding be made available for final design and construction.
- ◆ Firm funding commitments, embodied in FFGAs, are not made until the final design process has progressed to the point where costs, benefits, and impacts are most accurately known. FTA will not enter into FFGAs with projects in the preliminary engineering stage of development.
- ◆ Existing FFGA commitments are to be honored before any additional funding recommendations are made. As a consequence, the amount of New Starts funding available for entering into new FFGAs in any given year is limited to the balance of funding remaining after fulfilling existing FFGA commitments.
- ◆ The FFGA defines the terms of the Federal commitment to a specific project. Upon completion of an FFGA, the Federal funding commitment has been fulfilled; additional project funding will not be recommended. Any additional costs beyond the scope of the Federal commitment are the responsibility of the grantee.

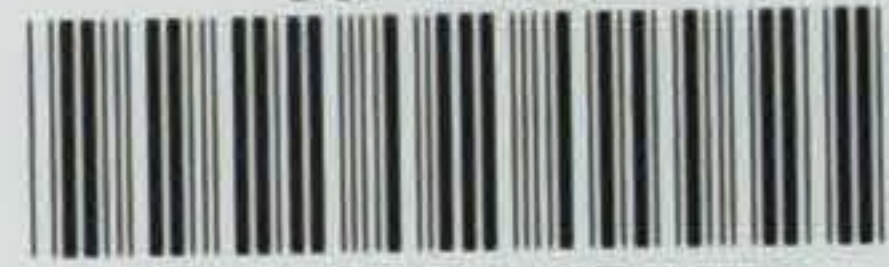
***H**ow much money is available under the program?*

TEA-21 authorizes \$6.09 billion in guaranteed funding for New Starts through FY 2003. An additional \$2.35 billion in “contingent” or “bridge” authority is authorized, increasing the total guaranteed commitment authority to \$8.44 billion. TEA-21 also authorizes \$2.1 billion in non-guaranteed funding, but only if Congress finds offsets in other domestic programs.

**FY 1998-2003
Guaranteed
(in millions)**



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For more information on
FTA's New Starts Program, please
contact your FTA Regional Office or
visit FTA on the world wide web at
<http://www.fta.dot.gov>

DEPARTMENT OF
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