



**BOARD OF DIRECTORS
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**AGENDA ITEM NO. 09-05-16A
ACTION REQUESTED - INFORMATION**

**MID-COAST CORRIDOR TRANSIT PROJECT UPDATE:
FEDERAL TRANSIT ADMINISTRATION NEW STARTS
PROGRAM OVERVIEW AND STATUS UPDATE**

File Number 1041501

Introduction

In January 2005, the Board of Directors included the Mid-Coast Corridor Transit Project in the *TransNet* Early Action Program. Implementation of the Mid-Coast Corridor Transit Project would rely in part on receipt of federal funding as specified in the *TransNet* Ordinance and Expenditure Plan. The Federal Transit Administration (FTA) New Starts program provides approximately \$1.5 billion annually for new fixed-guideway transit projects and extensions to existing fixed-guideway transit systems. SANDAG will be seeking federal funds through the New Starts Program to match local *TransNet* funds. An overview of the FTA New Starts program is provided in this report.

Discussion

Section 5309 New Starts Program

The Section 5309 New Starts program provides financial assistance for major capital investments in new fixed-guideway transit projects and extensions to existing fixed-guideway transit systems. Fixed-guideway transit projects and systems include light rail transit, bus rapid transit, and commuter rail transit. Funds are allocated on a discretionary basis and national competition for funding is high.

Federal financial commitments to a project are made through a Full Funding Grant Agreement (FFGA) signed by FTA and the grantee late in project development. The FFGA establishes the scope of the project, the maximum amount of New Starts funding to be provided, and a schedule for federal funding. Any cost overruns subsequent to the FFGA are the grantee's responsibility, and actual funding amounts from FTA are subject to annual appropriations by Congress.

Project sponsors seeking New Starts financial assistance are required to develop fixed-guideway transit projects in accordance with federal laws and FTA regulations for the New Starts program. The New Starts program is based on a defined set of project development phases including Alternatives Analysis (AA), Preliminary Engineering (PE), Final Design, and Construction. FTA must approve a project's entry into PE and into Final Design.

New Starts evaluation criteria are established in Safe, Accountable, Flexible, Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU) and used by FTA to evaluate and rate a wide variety of proposed projects. In order to ensure that projects are evaluated on a "level playing field," project information in support of New Starts funding applications must be developed according to FTA regulations and technical assistance. FTA closely reviews the technical analysis, especially with regard to travel demand forecasting, cost estimating, and financial plans.

FTA rates New Starts applications, or submittals, according to an established rating system. An initial New Starts application is submitted to FTA in conjunction with the PE application. After a project has advanced into PE, New Starts application updates must be submitted to FTA annually during the project development process.

Each year FTA reviews and evaluates all New Starts applications and prepares the *Annual Report on Funding Recommendations* for Congress. The Annual Report contains ratings for all projects in the New Starts "pipeline" meaning projects that are in PE or Final Design. The Annual Report additionally contains FTA recommendations for project funding for review by Congress.

To summarize, FTA reviews and evaluates the New Starts applications and uses this information to:

- decide whether proposed New Starts projects may advance into the PE or Final Design phases of project development;
- assign ratings to proposed New Starts projects for the *Annual Report on Funding Recommendations* in support of funding recommendations for the Administration's annual budget request; and
- determine final ratings for the New Starts projects prior to the execution of a FFGA.

Further information on the New Starts evaluation criteria and ratings system is discussed below.

New Starts Evaluation Criteria and Rating System

There are two main categories of project evaluation criteria used by FTA to evaluate New Starts projects. These include project justification criteria and local financial commitment criteria. In addition, FTA will consider other factors that contribute to the overall success of a project and may not have been captured through the project justification or local financial commitment criteria. Each of these criteria is described below.

Project Justification Criteria

The project justification criteria as specified in SAFETEA-LU and FTA regulations appear below:

- mobility improvements
- environmental benefits
- cost-effectiveness
- operating efficiencies
- economic development effects
- public transit supportive land use policies and future patterns

The SAFETEA-LU Technical Corrections Act of 2008 specifies that the criteria should be given comparable but not necessarily equal weighting by FTA in its evaluation process, but as of the last rating cycle, FTA had not implemented this requirement. FTA has based 50 percent of the project justification criteria on cost-effectiveness and 50 percent of the rating on public transit supportive land use policies and future patterns.

Cost-effectiveness is a project justification criterion of significance. Since FY 2006, FTA has recommended funding for only those projects that achieved a "Medium" or higher rating for cost-effectiveness. A chart providing cost-effectiveness ratings for projects in FY 2010 and a description of the calculation of cost-effectiveness is included in Attachment 1. A description of the other project justification criteria also is included in Attachment 1.

The other project justification criteria listed above (i.e., mobility improvements, environmental benefits, operating efficiencies, and economic development effects) are not used by FTA in its evaluation of New Starts projects, except as possible "tie breakers," in large part because FTA has not identified measures that adequately differentiate among competing projects.

In addition to the project justification criteria, FTA requires that project sponsors prepare an approximately five-page summary narrative, "Case for the Project," describing the merits of the proposed transit improvements and the reasons why the improvements represent the best possible solution to locally identified transportation problems. The intent of this narrative is to "make the case" for the New Starts project. The Case for the Project is formally evaluated and rated and incorporated into the project's justification rating.

Local Financial Commitment Criteria

SAFETEA-LU requires that proposed projects be supported by an acceptable degree of local financial commitment, including evidence of stable and dependable financing sources to construct, maintain and operate the project, and to maintain and operate the entire public transit system without requiring a reduction in existing public transportation services or level of service to operate the proposed project. The criteria used by FTA in making this determination are listed below.

- the proposed share of total project costs from sources other than Section 5309 New Starts funding;
- the strength of the proposed capital funding plan; and
- the strength of the proposed operating funding plan.

A detailed listing of the measures used by FTA to evaluate the local financial commitment is included in Attachment 1.

The weighting that FTA attributes to each of the local financial commitment criteria is as follows: 20 percent of the rating is based on the proposed non-New Starts share; 50 percent of the rating is based on the strength of the proposed capital funding plan; and 30 percent of the rating is based on the strength of the proposed operating plan.

Other Factors

Other Factors is an additional evaluation category that provides the project sponsor an opportunity to document other factors that may contribute to the overall success of the proposed project. FTA may consider these factors if they are well documented and convincingly demonstrate benefits not otherwise captured by other project evaluation criteria. Examples of other factors include:

- environmental justice considerations and equity issues;
- opportunities for increased access to employment for low-income persons, and welfare to work initiatives;
- consideration of innovative financing, procurement and construction techniques, including design-build turnkey applications; and
- any other factor that articulates the benefits of the proposed project but is not captured within the project evaluation criteria.

SAFETEA-LU intends that economic development be a factor for evaluation and rating, however, specific measures have not been developed. FTA encourages the submittal of information that best demonstrates the anticipated economic development impacts of the proposed New Starts investment. This information can be reported in the Other Factors section of the New Starts application.

Overall Project Rating

FTA will assign each New Starts project three primary ratings. These include an overall project rating, a project justification rating, and a local financial commitment rating.

FTA uses the project justification rating and local financial commitment rating to determine an overall project rating of "High," "Medium-High," "Medium," "Medium-Low," or "Low" for each proposed New Starts project. The overall project rating is the average of the rating for project justification and local financial commitment, which follows the same "High" to "Low" rating scale. When the average between the project justification and local financial commitment rating is not clear, the overall rating is determined by rounding up the average rating. In addition, the following rules apply to the determination of a project's overall rating:

- a "Medium" overall project rating requires a rating of at least "Medium" for project justification and for local financial commitment, and
- if a project receives a "Low" rating for either project justification or local financial commitment, it will receive a "Low" overall rating.

A project must receive an overall rating of at least "Medium" to be admitted into PE or Final Design. FTA will recommend an FFGA for New Starts projects as follows:

- are rated overall as "Medium" or higher;
- are rated "Medium" or higher for cost-effectiveness;
- are in the Final Design phase of project development and demonstrate "readiness" to utilize the funds based on a reasonable implementation schedule; and
- can be completed with Section 5309 New Starts funding that is within available program resources.

Mid-Coast Alternatives, Cost-Effectiveness Status and Schedule

As previously reported to the Transportation Committee and Board of Directors, the development and evaluation of alternatives for potential inclusion in the draft environmental document is proceeding. The alternatives under development include: a no-build alternative; a transportation systems management (TSM) alternative; various light rail transit (LRT) alternatives, including a revised locally preferred alternative (LPA); various bus rapid transit (BRT) alternatives; and a commuter rail shuttle alternative. The no-build alternative is based on the Revenue Constrained Plan included in the 2030 San Diego Regional Transportation Plan (RTP). The TSM alternative uses the no-build alternative as a base and adds the highest level of transit improvements possible in the Mid-Coast Corridor with only a minimal capital investment. With FTA approval, the TSM alternative also may serve as the baseline alternative for the purposes of calculating cost-effectiveness.

The LRT alternatives include the current LPA (shown in Attachment 2), which has been modified based on changed conditions in the corridor, a Genesee tunnel alternative, and other alternatives. The BRT alternatives include a high level capital investment BRT alternative, which uses exclusive guideway. Other BRT alternatives are based on a mid-range of capital investment. These alternatives utilize facilities such as the I-5 high-occupancy vehicle lanes included in the RTP to minimize overall capital investment, while including stations and capital improvements to enhance route speed and performance. The commuter rail shuttle alternative utilizes the existing Los Angeles-San Diego-San Luis Obispo (LOSSAN) tracks as well as the LOSSAN tunnel included in the RTP. An underground station would be included at University Towne Centre.

Ridership and user benefit forecasts for the Mid-Coast Corridor Transit Project conceptual alternatives, critical components of calculating cost-effectiveness, are nearing completion. As previously reported to the Transportation Committee, the mode choice model calibration and model runs have taken longer than initially expected. As a result, completion of the development and evaluation of alternatives is behind schedule. Once complete, the results of the evaluation will be documented in a *Draft Comparative Evaluation Report*, which will be presented to the Transportation Committee and Board in summer/fall 2009. The report will provide a basis for Board of Directors approval of the build alternatives, or a new or modified LPA, to be presented to the public and agencies during the public scoping period, which is scheduled to begin in summer/fall 2009.

While modeling efforts associated with alternatives development and evaluation are behind schedule, the overall project schedule is not anticipated to be impacted. As previously reported to the Transportation Committee and the Board, the preliminary project schedule shows completion of the draft environmental document in August 2010. Portions of the environmental work can be advanced and initiated prior to the completion of public scoping. The environmental work can be expedited during the August 2009 to August 2010 timeframe. Staff is proceeding in this manner to help ensure the current project development phase remains on schedule.

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Executive Director

Attachments: 1. FTA New Starts Criteria
2. Mid-Coast Corridor Transit Project – Locally Preferred Alternative Map

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**FTA New Starts Criteria
Project Justification Criteria – Cost-Effectiveness**

The measure used by FTA in its evaluation of candidate New Starts projects is the incremental project cost between the New Starts baseline alternative and build alternatives divided by the incremental user benefit between the New Starts baseline and build alternatives. Costs are computed by adding the project's annualized capital costs to the estimated operating and maintenance (O&M) costs for the transit system in the forecast year. Project benefits, termed "user benefits," include travel time and cost saving benefits for those who would use the transit system. Both costs and benefits are measured in relation to a "baseline alternative," used to represent the best that one can do to improve transit service without building a new transit guideway.

The FTA has specific rules and guidelines for the estimation of costs and benefits, as well as for the baseline. FTA has developed a software tool called "Summit" that uses the results of a local area's travel demand modeling to calculate user benefits. This tool can also be used to check the reasonableness of the forecast. For costing, FTA prescribes the use of certain Standardized Cost Categories (SCC) for developing the capital cost estimate, as well as the factors to be used for annualizing costs. Project sponsor submittals are reviewed very closely by FTA so that competing projects can be evaluated in a consistent manner.

The FTA has established cost-effectiveness thresholds or benchmarks, which are adjusted each year. The current thresholds are shown in Table 1.

Table 1: Cost-Effectiveness Thresholds for FY 2010

| Cost-Effectiveness Rating | Cost-Effectiveness Value |
|----------------------------------|----------------------------------|
| High | Less than or equal to \$11.99 |
| Medium-High | Between \$12.00 and \$15.99 |
| Medium | Between \$16.00 and \$24.49 |
| Medium-Low | Between \$24.50 and \$30.49 |
| Low | Greater than or equal to \$30.51 |

Source: U.S. Department of Transportation, Federal Transit Administration, *Reporting Instructions for the Section 5309 New Starts Criteria*, July 2008.

**FTA New Starts Criteria
Project Justification Criteria – Mobility Improvements**

The five measures listed below are applied to estimate mobility improvements. The measures are combined into a general mobility improvements rating.

Number of Transit Trips Using the Project

The number of transit trips on the project indicates whether or not the project provides benefits for a large number of users. All else being equal, project that benefit more trips are more effective mobility improvements.

User Benefits per Passenger Mile on the Project

User benefits quantify traveler mobility benefits for all users of the transit system, expressed in terms of travel time savings. These benefits are divided by the annual passenger miles traveled on the proposed New Starts project.

Number of Trips by Transit Dependents Using the Project

The number of trips by transit dependent riders indicates whether or not the project provides benefits for a large number of transit dependent people. All else being equal, projects that benefits more transit dependent people are more effective mobility improvements for transit dependents than project that benefit fewer transit dependent people.

Transit Dependent User Benefits per Passenger Miles

This measure indicates whether the New Starts project would result in significant benefits for the average transit dependent passenger.

Share of User Benefits Received by Transit Dependents Compared to the Share of Transit Dependents in the Region

This measure indicates whether or not a project is in a relatively transit dependent corridor for the particular metropolitan area.

Source: U.S. Department of Transportation, Federal Transit Administration, *Reporting Instructions for the Section 5309 New Starts Criteria*, July 2008.

FTA New Starts Criteria
Project Justification Criteria – Environmental Benefits

This measure is defined for each of the transportation-related pollutants (ozone, CO, and PM-10) as the current air quality designation by EPA for the metropolitan region in which the proposed project is located, indicating the severity of the metropolitan area's noncompliance with the health-based EPA standard (NAAQS) for the pollutant, or its compliance with that standard. While FTA reports the information submitted by project sponsors on environmental benefits to Congress and other stakeholders, FTA does not formally incorporate this measure in its evaluation of New Starts projects.

Source: U.S. Department of Transportation, Federal Transit Administration, *Annual Report on Funding Recommendations Proposed Allocations of Funds for Fiscal Year 2009 New Starts, Small Starts, Alternative Transportation in Parks and Public Lands*, Appendix B, FY 2009 Evaluation and Rating Process.

FTA New Starts Criteria
Project Justification Criteria – Operating Efficiencies

This measure is defined as the change in systemwide operating costs per passenger mile in the forecast year, comparing the Section 5309 New Start investment to the baseline alternative. FTA assigns a rating of "Medium" to all projects that have information submitted for this measure. Like the environmental benefits measure, FTA has found that information submitted in support of the operating efficiencies criterion does not distinguish with any meaning the merits of competing New Starts projects. While FTA reports the information submitted by project sponsors on operating efficiencies to Congress and other stakeholders, it does not formally incorporate this measure into its evaluation.

Source: U.S. Department of Transportation, Federal Transit Administration, *Annual Report on Funding Recommendations Proposed Allocations of Funds for Fiscal Year 2009 New Starts, Small Starts, Alternative Transportation in Parks and Public Lands*, Appendix B, FY 2009 Evaluation and Rating Process.

FTA New Starts Criteria Case for the Project

The Case for the Project is described by FTA as an approximately five-page narrative developed by the sponsoring agency, that succinctly describes the benefits of the proposed investment, particularly in comparison to the New Starts Baseline (and other lower cost) alternative(s). The intent of this narrative is to "make the case" for the New Starts project. Reasons for benefits should be explained, and evidence for such conclusions provided. The analysis should extend beyond a justification for why a given corridor is in need of improvement to why the proposed New Starts project is better than any other reasonable transportation investment in the corridor.

In summary, the document should strive to:

- Provide quantitative evidence of transportation and other problems in the project corridor, and how the proposed project will address these problems.
- Describe the markets (trip purposes, socioeconomic, geographic) that the project benefits, and how and why they benefit. These benefits should be quantitative.
- Provide evidence that this investment is better than all other strategies for meeting the identified corridor transportation problems. A comparison of how the proposed project performs against the Baseline and other alternatives in serving key travel markets and meeting identified needs should be included.
- Provide real evidence of non-transportation benefits and impacts, if such benefits are part of the purpose and need of the project.

Source: U.S. Department of Transportation, Federal Transit Administration, *Reporting Instructions for the Section 5309 New Starts Criteria*, July 2008.

**FTA New Starts Criteria
Ratings Applied in Assessment of Land Use Criterion**

| I. EXISTING LAND USE | | |
|--|-----------------------------|--|
| <i>Existing Land Use</i> | | |
| Phase of Project Development | Land Use Assessment Ratings | |
| Preliminary Engineering and Final Design | HIGH (5) | Current levels of population, employment, and other trip generators in station areas are sufficient to support a major transit investment. Most station areas are pedestrian-friendly and fully accessible. |
| | MEDIUM (3) | Current levels of population, employment, and other trip generators in station areas marginally support a major transit investment. Some station areas are pedestrian-friendly and accessible. Significant growth must be realized. |
| | LOW (1) | Current levels of population, employment, and other trip generators in station areas are inadequate to support a major transit investment. Station areas are not pedestrian-friendly. |
| Ratings based on assessment of the following: <ul style="list-style-type: none"> • Existing corridor and station area development; • Existing corridor and station area development character; • Existing station area pedestrian facilities, including access for persons with disabilities; and • Existing corridor and station area parking supply. | | |
| II. TRANSIT-SUPPORTIVE PLANS AND POLICIES | | |
| <i>Growth Management (DOES NOT APPLY TO SMALL STARTS)</i> | | |
| Phase of Project Development | Land Use Assessment Ratings | |
| Preliminary Engineering and Final Design | HIGH (5) | Adopted and enforceable growth management and land conservation policies are in place throughout the region. Existing and planned densities, along with market trends in the region and corridor are strongly compatible with transit. |
| | MEDIUM (3) | Significant progress has been made toward implementing growth management and land conservation policies. Strong policies may be adopted in some jurisdictions but not others, or only moderately enforceable policies (e.g., incentive-based) may be adopted regionwide. Existing and/or planned densities and market trends are moderately compatible with transit. |
| | LOW (1) | Limited consideration has been given to implementing growth management and land conservation policies; adopted policies may be weak and apply to only a limited area. Existing and/or planned densities and market trends are minimally or not supportive of transit. |
| Ratings based on assessment of the following: <ul style="list-style-type: none"> • Concentration of development around established activity centers and regional transit; and • Land conservation and management. | | |

**FTA New Starts Criteria
Ratings Applied in Assessment of Land Use Criterion (continued)**

| II. TRANSIT-SUPPORTIVE PLANS AND POLICIES | | |
|---|------------|--|
| <i>Transit-Supportive Corridor Policies</i> | | |
| Final Design | HIGH (5) | Conceptual plans for the corridor and station areas have been developed. Local jurisdictions have adopted or drafted revisions to comprehensive and/or small area plans in most or all station areas. Land use patterns proposed in conceptual plans and local and institutional plan revisions are strongly supportive of a major transit investment. |
| | MEDIUM (3) | Conceptual plans for the corridor and station areas have been developed. Local jurisdictions have initiated the process of revising comprehensive and/or small area plans. Land use patterns proposed in conceptual plans and local and institutional plan revisions are at least moderately supportive of a major transit investment. |
| | LOW (1) | Limited progress, to date, has been made toward developing station area conceptual plans or revising local comprehensive or small area plans. Existing station area land uses identified in local comprehensive plans are marginally or not transit-supportive. |
| Preliminary Engineering | HIGH (5) | Conceptual plans for the corridor and station areas have been developed. Discussions have been undertaken with local jurisdictions about revising comprehensive plans. Land use patterns proposed in conceptual plans for station areas (or in existing comprehensive plans and institutional master plans throughout the corridor) are strongly supportive of a major transit investment. |
| | MEDIUM (3) | Conceptual plans for the corridor and station areas are being developed. Discussions have been undertaken with local jurisdictions about revising comprehensive plans. Land use patterns proposed in conceptual plans for station areas (or existing in local comprehensive plans and institutional master plans) are at least moderately supportive of a major transit investment. |
| | LOW (1) | Limited progress, to date, has been made toward developing station area conceptual plans or working with local jurisdictions to revise comprehensive plans. Existing station area land uses identified in local comprehensive plans are marginally or not transit-supportive. |
| Ratings based on assessment of the following: <ul style="list-style-type: none"> • Plans and policies to increase corridor and station area development; • Plans and policies to enhance transit-friendly character of corridor and station area development; • Plans to improve pedestrian facilities, including facilities for persons with disabilities; and • Parking policies. | | |

FTA New Starts Criteria
Ratings Applied in Assessment of Land Use Criterion (continued)

| II. TRANSIT-SUPPORTIVE PLANS AND POLICIES | | |
|---|------------|--|
| <i>Supportive Zoning Regulations Near Transit Stations</i> | | |
| Final Design | HIGH (5) | Local jurisdictions have adopted zoning changes that strongly support a major transit investment in most or all transit station areas. |
| | MEDIUM (3) | Local jurisdictions are in the process of adopting zoning changes that moderately or strongly support a major transit investment in most or all transit station areas. Alternatively: strongly transit-supportive zoning has been adopted in some station areas but not in others. |
| | LOW (1) | No more than initial efforts have begun to prepare station area plans and related zoning. Existing station area zoning is marginally or not transit-supportive. |
| Preliminary Engineering | HIGH (5) | A conceptual planning process is underway to recommend zoning changes for station areas. Conceptual plans and policies for station areas are recommending transit-supportive densities and design characteristics. Local jurisdictions have committed to examining and changing zoning regulations where necessary. Alternatively, a "high" rating can be assigned if existing zoning in most or all transit station areas is already strongly transit-supportive. |
| | MEDIUM (3) | A conceptual planning process is underway to recommend zoning changes for station areas. Local jurisdictions are in the process of committing to examining and changing zoning regulations where necessary. Alternatively, a "medium" rating can be assigned if existing zoning in most or all transit station areas is already moderately transit-supportive. |
| | LOW (1) | Limited consideration has been given to preparing station area plans and related zoning. Existing station area zoning is marginally or not transit-supportive. |
| Ratings based on assessment of the following: <ul style="list-style-type: none"> • Zoning ordinances that support increased development density in transit station areas; • Zoning ordinances that enhance transit-oriented character of station area development and pedestrian access; and • Zoning allowances for reduced parking and traffic mitigation. | | |

**FTA New Starts Criteria
Ratings Applied in Assessment of Land Use Criterion (continued)**

| II. TRANSIT-SUPPORTIVE PLANS AND POLICIES | | |
|--|------------|---|
| <i>Tools to Implement Land Use Policies</i> | | |
| Final Design | HIGH (5) | Transit agencies and/or regional agencies are working proactively with local jurisdictions, developers, and the public to promote transit-supportive land use planning and station area development. The transit agency has established a joint development program and identified development opportunities. Agencies have adopted effective regulatory and financial incentives to promote transit-oriented development. Public and private capital improvements are being programmed in the corridor and station areas which implement the local land use policies and which leverage the Federal investment in the proposed corridor. |
| | MEDIUM (3) | Transit agencies and/or regional agencies have conducted some outreach to promote transit-supportive land use planning and station area development. Regulatory and financial incentives to promote transit-oriented development are being developed, or have been adopted but are only moderately effective. Capital improvements are being identified that support station area land use plans and leverage the Federal investment in the proposed major transit corridor. |
| | LOW (1) | Limited effort has been made to reach out to jurisdictions, developers, or the public to promote transit-supportive land use planning; to identify regulatory and financial incentives to promote development; or to identify capital improvements. |
| Preliminary Engineering | HIGH (5) | Transit agencies and/or regional agencies are working proactively with local jurisdictions, developers, and the public to promote transit-supportive land use planning and station area development. Local agencies are making recommendations for effective regulatory and financial incentives to promote transit-oriented development. Capital improvement programs are being developed that support station area land use plans and leverage the Federal investment in the proposed major transit corridor. |
| | MEDIUM (3) | Transit agencies and/or regional agencies have conducted some outreach to promote transit-supportive land use planning and station area development. Agencies are investigating regulatory and financial incentives to promote transit-oriented development. Capital improvements are being identified that support station area land use plans and leverage the Federal investment in the proposed major transit corridor. |
| | LOW (1) | Limited effort has been made to reach out to jurisdictions, developers, or the public to promote transit-supportive land use planning; to identify regulatory and financial incentives to promote development; or to identify capital improvements. |
| Ratings based on assessment of the following: <ul style="list-style-type: none"> • Outreach to government agencies and the community in support of land use planning; • Regulatory and financial incentives to promote transit-supportive development; and • Efforts to engage the development community in station area planning and transit-supportive development. | | |

**FTA New Starts Criteria
Ratings Applied in Assessment of Land Use Criterion (continued)**

| III. PERFORMANCE AND IMPACTS OF LAND USE POLICIES | | |
|--|------------|--|
| <i>Performance of Land Use Policies</i> | | |
| Final Design | HIGH (5) | A significant number of development proposals are being received for transit-supportive housing and employment in station areas. Significant amounts of transit-supportive development have occurred in other, existing transit corridors and station areas in the region. |
| | MEDIUM (3) | Some development proposals are being received for transit-supportive housing and employment in station areas. Moderate amounts of transit-supportive development have occurred in other existing transit corridors and station areas in the region. |
| | LOW (1) | A limited number of proposals for transit-supportive housing and employment development in the corridor are being received. Other existing transit corridors and station areas in the region lack significant examples of transit-supportive housing and employment development. |
| Preliminary Engineering | HIGH (5) | Transit-supportive housing and employment development is occurring in the corridor. Significant amounts of transit-supportive development have occurred in other, existing transit corridors and station areas in the region. |
| | MEDIUM (3) | Station locations have not been established with finality, and therefore, development would not be expected. Moderate amounts of transit-supportive housing and employment development have occurred in other, existing transit corridors and station areas in the region. |
| | LOW (1) | Other existing transit corridors and station areas in the region lack significant examples of transit-supportive housing and employment development. |
| Ratings based on assessment of the following: <ul style="list-style-type: none"> • Demonstrated cases of development affected by transit-oriented policies; and • Station area development proposals and status. | | |
| III. PERFORMANCE AND IMPACTS OF LAND USE POLICIES | | |
| <i>Potential Impact of Transit Project on Regional Land Use</i> | | |
| Preliminary Engineering and Final Design | HIGH (5) | A significant amount of land in station areas is available for new development or redevelopment at transit-supportive densities. Local plans, policies, and development programs, as well as real estate market conditions, strongly support such development. |
| | MEDIUM (3) | A moderate amount of land in station areas is available for new development or redevelopment at transit-supportive densities. Local plans, policies, and development programs, as well as real estate market conditions, moderately support such development. |
| | LOW (1) | Only a modest amount of land in station areas is available for new development or redevelopment. Local plans, policies, and development programs, as well as real estate market conditions, provide marginal support for new development in station areas. |
| Ratings based on assessment of the following: <ul style="list-style-type: none"> • Adaptability of station area land for development; and • Corridor economic environment. | | |

Source: U.S. Department of Transportation, Federal Transit Administration, *Reporting Instructions for the Section 5309 New Starts Criteria*, July 2008.

**FTA New Starts Criteria
Financial Commitment: Capital Plan Rating Standards**

| | High | Medium-High | Medium | Medium-Low | Low |
|--|---|--|--|---|---|
| Current capital condition | - Average bus fleet age under 6 years. - Bond ratings less than 2 years old (if any) of AAA (Fitch/S&P) or Aaa (Moody's) or better | - Average bus fleet age under 6 years. - Bond ratings less than 2 years old (if any) of A (Fitch/S&P) or A2 (Moody's) or better | - Average bus fleet age under 8 years. - Bond ratings less than 2 years old (if any) of A - (Fitch/S&P) or A3 (Moody's) or better | - Average bus fleet age under 12. - Bond ratings less than 2 years old (if any) of BBB+ (Fitch/S&P) or Baa (Moody's) or better | - Average bus fleet age 12 years or more. - Bond ratings less than 2 years old (if any) of BBB (Fitch/S&P) or Baa3 (Moody's) or below |
| Commitment of capital funds | For final design – 100% of Non-Section 5309 New Starts funds are committed or budgeted. For PE – Over 50% of Non-Section 5309 New Starts funds are committed or budgeted. The remaining funds are planned. | For final design - Over 75% of Non-Section 5309 New Starts funds are committed or budgeted. For PE – Over 25% of Non-Section 5309 New Starts funds are committed or budgeted. The remaining funds are planned. | For final design - Over 50% of Non-Section 5309 New Starts funds are committed or budgeted. For PE - No Non-Section 5309 New Starts funds are committed or budgeted, but the sponsor has a reasonable plan to secure all needed funding. | For final design – Between 25% and 50% of Non-Section 5309 New Starts funds are committed or budgeted. For PE - No Non-Section 5309 New Starts funds are committed. The sponsor has no reasonable plan to secure the necessary funding. | For final design - Under 25% of Non-Section 5309 New Starts funds are committed or budgeted. For PE - The sponsor has not identified any reasonable funding sources for the Non-Section 5309 New Starts funding share. |
| Capital cost estimates and planning assumptions/ Capital funding capacity | Financial plan contains very conservative capital planning assumptions and cost estimates when compared with recent historical experience. The applicant has access to funds via additional debt capacity, cash reserves, or other committed funds to cover cost increases or funding shortfalls equal to at least 50% of estimated project costs. | Financial plan contains conservative capital planning assumptions and cost estimates when compared with recent historical experience. The applicant has available cash reserves, debt capacity, or additional funding commitments to cover cost increases or funding shortfalls equal to at least 25% of estimated project costs. | Financial plan contains capital planning assumptions and cost estimates that are in line with historical experience. For final design - The applicant has available cash reserves, debt capacity, or additional committed funds to cover cost increases or funding shortfalls equal to at least 10% of estimated project costs. For PE - The applicant has a reasonable plan to cover cost increases or funding shortfalls equal to at least 25% of estimated project costs. | Financial plan contains optimistic capital planning assumptions and cost estimates. The applicant has a reasonable plan to cover only minor (under 10%) cost increases or funding shortfalls. For PE –The applicant has a reasonable plan to cover cost increases or funding shortfalls equal to at least 10% of estimated project costs. | Financial plan contains capital planning assumptions and cost estimates that are far more optimistic than recent history suggests. |

FTA New Starts Criteria
Financial Commitment: Operating Plan Rating Standards (continued)

| | High | Medium-High | Medium | Medium-Low | Low |
|--|--|---|--|---|--|
| Current Operating Financial Condition | <ul style="list-style-type: none"> - Historical and actual positive cash flow. No cash flow shortfalls. - Current operating ratio exceeding 2.0 - No service cutbacks in recent years. | <ul style="list-style-type: none"> - Historical and actual balanced budgets. Any annual cash flow shortfalls paid from cash reserves or other committed sources. - Current operating ratio is at least 1.5 - No service cutbacks in recent years. | <ul style="list-style-type: none"> - Historical and actual balanced budgets. Any annual cash flow shortfalls paid from cash reserves or annual appropriations. - Current operating ratio is at least 1.2 - No service cutbacks or only minor service cutbacks in recent years | <ul style="list-style-type: none"> - Historical and actual cash flow show several years of revenue shortfalls. Any annual cash flow shortfalls paid from short term borrowing. - Current operating ratio is at least 1.0 - Major Service cutbacks in recent years | <ul style="list-style-type: none"> - Historical and actual cash flow show several years of revenue shortfalls, or historical information not provided. - Current operating ratio is less than 1.0 - Major service cutbacks in recent years |
| Commitment of O&M Funds | <p>For final design - 100% of the funds needed to operate and maintain the proposed transit system are committed or budgeted.</p> <p>For PE – Over 75% of the funds needed to operate and maintain the proposed transit system are committed or budgeted. The remaining funds are planned.</p> | <p>For final design - Over 75% of the funds needed to operate and maintain the proposed transit system are committed or budgeted.</p> <p>For PE - Over 50% of the funds needed to operate and maintain the proposed transit system are committed or budgeted. The remaining funds are planned.</p> | <p>For final design – Over 50% of the funds needed to operate and maintain the proposed transit system are committed or budgeted.</p> <p>For PE – While no additional O&M funding has been committed, a reasonable plan to secure funding commitments has been presented.</p> | <p>For final design - Sponsor has identified reasonable potential funding sources, but has received less than 50% commitments to fund transit operations and maintenance.</p> <p>For PE - Sponsor does not have a reasonable plan to secure O&M funding. No unspecified sources.</p> | <p>For final design - Sponsor has not yet received any funding commitments to fund transit operations and maintenance and has not identified any reasonable plan for securing funding commitments.</p> <p>For PE - Sponsor has not identified any reasonable funding sources for the operation and maintenance of the proposed transit system.</p> |
| Operating Cost Estimates and Planning Assumptions/ O&M Funding Capacity | <p>The assumptions supporting the operating and maintenance cost estimates and revenue forecasts are very conservative relative to historical experience.</p> <p>Projected cash balances, reserve accounts, or access to a line of credit exceeding 50 percent (6 months) of annual systemwide operating expenses.</p> | <p>The assumptions supporting the operating and maintenance cost estimates and revenue forecasts are conservative relative to historical experience.</p> <p>Projected cash balances, reserve accounts, or access to a line of credit exceeding 25 percent (3 months) of annual systemwide operating expenses.</p> | <p>The assumptions supporting the operating and maintenance cost estimates and revenue forecasts are consistent with historical experience.</p> <p>Projected cash balances, reserve accounts, or access to a line of credit exceeding 12 percent (1.5 months) of annual systemwide operating expenses.</p> | <p>The assumptions supporting the operating and maintenance cost estimates and revenue forecasts are optimistic relative to historical experience.</p> <p>Projected cash balances, reserve accounts, or access to a line of credit are less than 8 percent (1 month) of annual systemwide operating expenses.</p> | <p>The assumptions supporting the operating and maintenance cost estimates and revenue forecasts are far more optimistic than historical experience suggests is reasonable.</p> <p>Projected cash balances are insufficient to maintain balanced budgets.</p> |

Source: U.S. Department of Transportation, Federal Transit Administration, *Annual Report on Funding Recommendations Proposed Allocations of Funds for Fiscal Year 2009 New Starts, Small Starts, Alternative Transportation in Parks and Public Lands*, Appendix B, FY 2009 Evaluation and Rating Process.

