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Report to Congressional Committees

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# MASS TRANSIT

# FTA's New Starts Commitments for Fiscal Year 2003

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# Contents

## Abbreviations

| | |
|---|---|
| BRT | Bus Rapid Transit |
| DOT | Department of Transportation |
| FFGA | Full funding grant agreement |
| FTA | Federal Transit Administration |
| ISTEA | Intermodal Surface Transportation Efficiency Act of 1991 |
| LRT | Light Rail Transit |
| MOS | Minimal Operating Segment |
| MPO | Metropolitan Planning Organization |
| P.L. | Public Law |
| TEA-21 | Transportation Equity Act for the 21$^{st}$ Century |
| TSM | Transportation System Management |

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

April 30, 2002

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

The Honorable Don Young
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.[1] The maximum amount of federal funds available to a project cannot exceed 80 percent of the estimated net cost. In the last 9 years, this program has provided state and local agencies with over $7 billion to help design and construct transit projects throughout the country.

The Transportation Equity Act for the 21st Century (TEA-21),[2] enacted in 1998, authorized about $6 billion in "guaranteed" funding for the New Starts program through fiscal year 2003. Although the level of New Starts funding is higher than it has ever been, the demand for these resources is also extremely high. TEA-21 identified over 190 projects nationwide as eligible to compete for New Starts funding. FTA was directed to prioritize projects for funding by evaluating, rating, and recommending potential projects on

[1]A full funding grant agreement establishes the terms and conditions of federal financial participation in the project and the maximum amount of federal New Starts financial assistance for the project. FTA considers projects for full funding grant agreements after they have progressed from the initial planning and preliminary engineering phases to the final design and construction phases.

[2]Public Law 105-178 (June 9, 1998).

the basis of specific financial and project justification criteria. Furthermore, TEA-21 required FTA to issue regulations for the evaluation and rating process. The final rule became effective in 2001.

In addition, TEA-21 requires us to report 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.[3] In light of what we saw as an impending "budget crunch," we recommended in March 2000 that the Department of Transportation (DOT) further prioritize among the projects it rates as "highly recommended" and "recommended" for funding purposes.[4] DOT has not fully implemented this recommendation. This report discusses (1) FTA's evaluation and rating process, including its implementation of the final rule; (2) FTA's fiscal year 2003 New Starts report and budget proposal, including new projects that FTA is proposing for grant agreements; (3) FTA's remaining New Starts commitment authority, and (4) the impact of imposing a cap of 50 or 60 percent of project costs on New Starts funding for transit projects.

## Results in Brief

FTA's finalized New Starts evaluation process assigns candidate projects individual ratings for project justification and local financial commitment criteria contained in TEA-21. The process also assigns an overall rating that is intended to reflect the project's overall merit. FTA considers these overall ratings to decide which projects will proceed to the preliminary engineering and final design phases, be recommended for funding, and receive full funding grant agreements. Although FTA's New Starts project evaluation and rating process for fiscal year 2003 was very similar to that of fiscal year 2002, the agency made a number of refinements to the process. For instance, for fiscal year 2003, potential grantees were more strictly assessed on their ability to build and operate proposed projects 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 full funding grant agreement is signed.

[3]See *Mass Transit: FTA's Progress in Developing and Implementing a New Starts Evaluation Process* (GAO/RCED-99-113, Apr. 26, 1999), *Mass Transit: Implementation of FTA's New Starts Evaluation Process and FY 2001 Funding Proposals* (GAO/RCED-00-149, Apr. 28, 2000), and *Mass Transit: FTA Could Relieve New Starts Program Funding Constraints* (GAO/GAO-01-987, Aug. 15, 2001).

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

In addition, FTA made a number of technical changes in its evaluation of proposed projects based on the final rule for the New Starts evaluation process, which became effective in 2001. For example, FTA has replaced the "cost per new rider" measure of cost effectiveness with a new measure of "transportation system user benefits," which emphasizes the potential reduction in the amount of travel time and out-of-pocket costs that people would incur taking a trip. FTA is currently in the process of phasing in this measure.

FTA's evaluation process led it to recommend four projects for funding commitments for fiscal year 2003 in its New Starts report and budget proposal. FTA evaluated 50 proposed projects for fiscal year 2003 and developed ratings for 31 of them.[5] Twenty-seven of these projects were rated as highly recommended or recommended. FTA proposed grant agreements for two of these projects because they met its "readiness"[6] and technical capacity criteria. The remaining 25 highly recommended or recommended projects were not proposed for grant agreements for several reasons. According to FTA, the majority of these projects did not meet tests for readiness and technical capacity. FTA is recommending two additional projects for funding commitments in fiscal year 2003 that were rated last year and proposed for grant agreements. FTA considers these "pending federal commitments."

Although FTA has been faced with an impending transit budget crunch for several years, the agency will end the TEA-21 authorization period with $310 million in unused commitment authority for several reasons. First, in fiscal year 2001, the Congress substantially increased FTA's authority to make contingent commitments, subject to future authorizations and appropriations. Second, to preserve commitment authority for future projects, FTA did not request any funding for preliminary engineering activities in the fiscal year 2002 and 2003 budget proposals—a routine practice in prior years. Third, in determining which projects are ready for

[5]Seventeen projects were not rated because projects with anticipated New Starts funding of less than $25 million are exempt from the evaluation and rating process. FTA strongly encourages sponsors who believe their projects to be exempt to nonetheless submit information for evaluation. Two other projects were not rated because they submitted insufficient information for a complete evaluation.

[6]In determining which projects can be expected to be ready for grant agreements and thus be recommended for funding, FTA applies tests for readiness and technical capacity. FTA ensures that no outstanding project scope or cost issues remain and that there are no outstanding local financial commitment issues.

grant agreements, FTA has applied strict tests for readiness and technical capacity. As a result, fewer projects than expected were recommended for New Starts funding for fiscal years 2002 and 2003. For instance, only 2 of the 14 projects that FTA officials estimated last year would be ready for grant agreements are being proposed for funding commitments in fiscal year 2003. We note, however, that the timing and magnitude of New Starts projects dictates how much commitment authority is available for future projects. Finally, about half of the unused commitment authority ($157 million) results from FTA's response to the recommendation in our August 2001 report to "release" the commitment authority reserved for a Los Angeles subway project for which the federal funding commitment had been withdrawn.

Proposals to limit the amount of New Starts funds that could be applied to projects would allow more projects to receive such funding, but could negatively affect specific projects being developed and the local transportation planning process. For example, based on current estimates of project costs, limiting New Starts funds to 60 percent of a project's cost for the 49 projects[7] currently in final design or preliminary engineering would "free up" about $500 million for additional projects. However, only 20 percent of these projects currently being developed plan to use New Starts funds for over 60 percent of project costs and would be affected by such a cap. While some project officials indicated that they may be able to make up for the reduced New Starts commitment with other federal or local funds, others would not be able to tap into any other funding sources and therefore would have to modify their scope or schedule or even terminate the project. Furthermore, any decision to make up the difference with additional federal or local funds could affect other transportation projects. For example, one project official indicated that redirecting funds from highway or other transit projects would indefinitely delay these projects until additional funding is available. Finally, officials from several Metropolitan Planning Organizations (MPO) stated that a cap on New Starts funds could influence their selection of highway over transit projects since the decisions are often affected by the availability of funds from various federal programs and which projects will receive the highest federal share.

[7]Alaska Marine Highway System has already received its federal funding and therefore was not included in our analysis.

## Background

TEA-21 authorized a total of $36 billion in "guaranteed" funding[8] 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 transit providers for constructing or extending certain types of mass transit systems.[9] A full funding grant agreement (FFGA) establishes the terms and conditions for federal participation, including the maximum amount of federal funds available for the project, which by statute cannot exceed 80 percent of its estimated net cost. The grant agreement also defines a project's scope, including the length of the system and the number of stations; its schedule, including the date when the system is expected to open for service; and its cost. To obtain a grant agreement, a project must first progress through a local or regional review of alternatives, develop preliminary engineering plans, and obtain FTA's approval for final design.[10]

[8]"Guaranteed" funds are subject to a procedural mechanism designed to ensure that minimum amounts of funding are available each year.

[9]Other federal funds available through DOT highway and transit programs can be used to develop, plan, or construct these projects.

[10]The alternatives analysis stage provides information on the benefits, costs, and impacts of alternative strategies leading to the selection of a locally preferred solution to the community's mobility needs. During the preliminary engineering phase, project sponsors refine the design of the proposal, taking into consideration all reasonable design alternatives—which results in estimates of costs, benefits, and impacts. Final design is the last phase of project development before construction and may include right-of-way acquisition, utility relocation, and the preparation of final construction plans and cost estimates.

TEA-21 requires that FTA evaluate projects against "project justification" and "local financial commitment" criteria contained in the act. FTA assesses the project justification or technical merits of a project proposal 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 incorporates reasonable contingency amounts 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.[11]

Although these evaluation requirements existed prior to the enactment of the act, TEA-21 requires FTA to (1) develop a rating for each criterion as well as an overall rating of highly recommended, recommended, or not recommended and use these evaluations and ratings in approving projects' advancement to the preliminary engineering and final design phases and approving grant agreements; and (2) issue regulations on the evaluation and rating process. TEA-21 also directs FTA to use these evaluations and ratings to decide which projects to recommend to the Congress for funding in a report due each February.[12] 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.

[11]FTA's fiscal year 2003 evaluations were supported by reviews conducted by FTA contractors.

[12]In the annual appropriations act for DOT, the Congress specifies amounts of funding for individual New Starts projects.

## FTA's Evaluation and Rating Process for New Starts Proposals Finalized

In April 2000, 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.[13] Before TEA-21 was enacted, FTA had already taken steps to revise its evaluation process of the New Starts program because most of the evaluation requirements contained in the act were introduced by the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). FTA uses the results to approve projects for the preliminary engineering and final design phases, to execute grant agreements, and to make annual funding recommendations to the Congress. FTA's final rule, issued in December 2000, formalized the evaluation and rating process.[14] This year's process used most of the procedures set forth in the final rule.

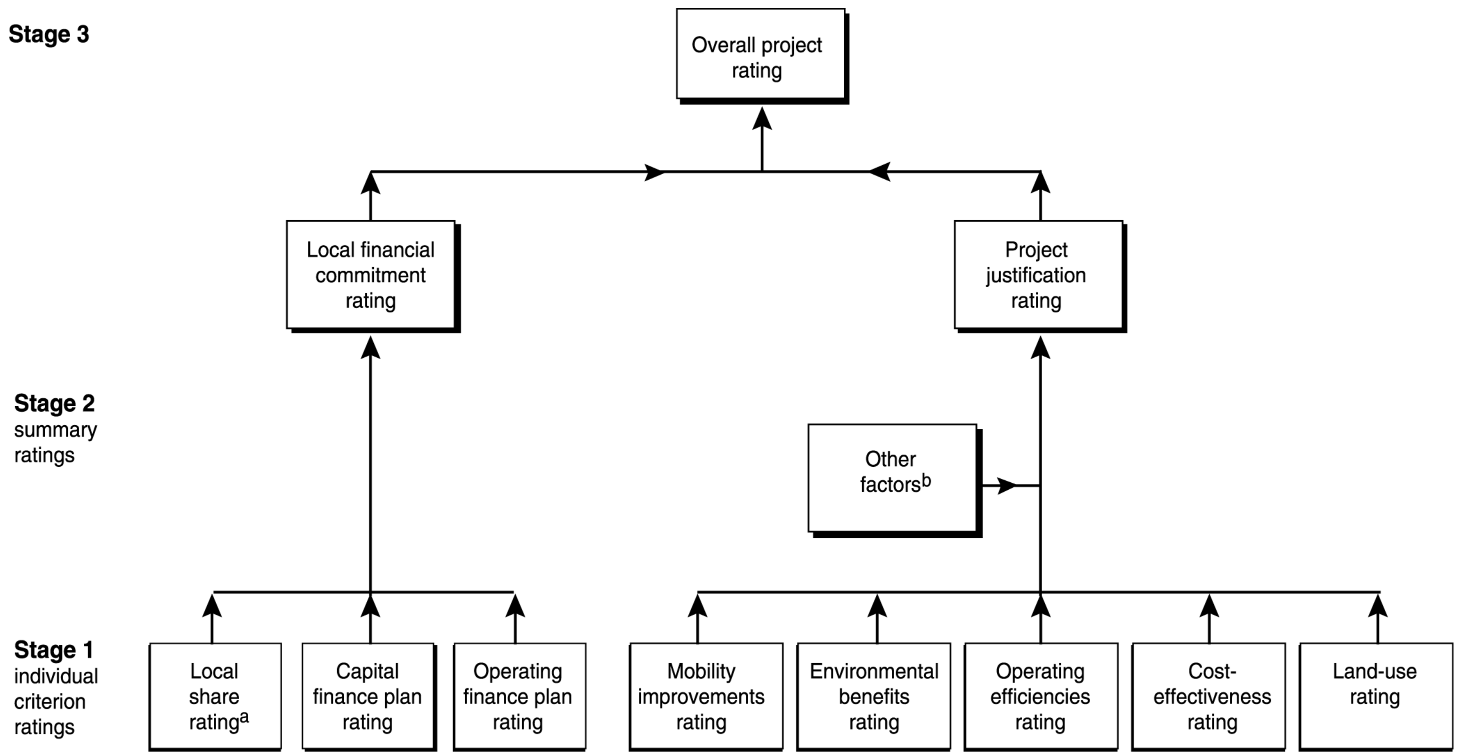
### New Starts Evaluation and Rating Process Assesses Project's Justification and Local Financial Commitment

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

[13]See *Mass Transit: Implementation of FTA's New Starts Evaluation Process and FY 2001 Funding Proposals* (GAO/RCED-00-149, Apr. 28, 2000).

[14]Most provisions of the final rule became effective in April 2001. Provisions regarding the measurement of transportation system user benefits took effect on September 1, 2001.

Figure 1: FTA's 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 add confidence of the project's overall success.

Source: FTA.

A project's overall rating is a combination of the project's justification and local financial commitment ratings. With respect to project justification, FTA provides individual ratings for the four criteria identified by TEA-21—mobility improvements, environmental benefits, operating efficiencies, and cost-effectiveness—as well as the degree to which existing development patterns and local land-use policies are likely to foster transit-supportive land use. 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. 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.[15] Due to the competitive nature of the New Starts program, FTA is continuing to encourage project sponsors to lower the requested New Starts funding.

After analyzing 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 project justification and local financial commitment criteria. 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.[16] The summary local financial commitment ratings, the measures for the proposed local share of capital costs and the strength of the capital and operating financial plans are given equal consideration. FTA combines the summary project justification and local financial commitment ratings to create an overall rating for the project of highly recommended, recommended, or not recommended. To receive a 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

[15] In addition to the local share proposed to satisfy federal requirements, FTA considers additional commitments of local funds because they indicate a strong local commitment to the project. Previous nonfederal support for other significant fixed guideway systems implemented in the area is also considered.

[16] According to FTA, it attempts to reflect the unique characteristics and objectives of each New Starts project in consideration of the project justification criteria and other factors.

recommended when either summary rating is lower than medium. FTA has also added one-letter indicators to the not recommended rating that explain where an improvement is needed—“j” for project justification, “o” for the operating finance plan, and “c” for the capital finance plan.

In preparing its New Starts funding proposal each year, FTA first accounts for projects with existing grant agreements. Consideration is then 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. A project passes the readiness test when there is a minimum of risk associated with the project being constructed on time and within budget. FTA uses a number of milestones to make this determination. 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. In addition, FTA considers the following issues in evaluating grantees:

- 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 a current system;
- compliance with the Americans with Disabilities Act of 1990, including obtaining 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.

For its New Starts report for fiscal year 2003, FTA evaluated a total of 50 projects and provided overall ratings for 31 of these projects.[17] Of the 31 projects that were rated, 25 were rated as recommended, 2 projects were rated as highly recommended, and 4 projects received not recommended ratings. According to FTA, few projects received highly recommended

[17]Seventeen projects were not rated because projects with anticipated New Starts funding of less than $25 million are exempt from the evaluation and rating process. FTA strongly encourages sponsors who believe their projects to be exempt to nonetheless submit information for evaluation. Two other projects were not rated because they submitted insufficient information for a complete evaluation.

ratings because FTA has set the bar high for such ratings.[18] Projects must have a good strong rating for justification (i.e., at least a medium) and a strong local financial commitment rating (i.e., at least a medium-high) to receive such ratings. FTA believes that few projects received a not recommended rating because project officials have a better understanding of the evaluation and rating process and criteria being used to assess a project's justification and local financial commitment.

In assigning overall project ratings, FTA emphasized the continuous nature of project evaluation. Throughout the New Starts report, FTA underscored the fact that as candidate projects proceed through the final design stage, 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 recommended in the fiscal year 2003 report could receive a higher or lower rating in the fiscal year 2004 report to reflect changes in the project. For example, in the fiscal year 2002 report, the Charlotte (South Corridor Light Rail Transit) project received a recommended rating. However, this year the project received a highly recommended rating. FTA attributed the project's improved rating to strong transit-supportive land-use policies in place to support the proposed light rail project and an improved finance plan.

## Final Rule Refines New Starts Evaluation Process

Although the criteria and measures in the New Starts evaluation and rating process have not changed, FTA's final rule, issued in December 2000, made a number of refinements to the process. The final rule was used as FTA considered its New Starts proposals for fiscal year 2003. The most significant changes to FTA's evaluation process focus on four key issues:

- the measure of cost-effectiveness,
- the use of a no-build and Transportation System Management (TSM) alternative for evaluation purposes,
- the overall project rating, and
- the measure for mobility improvements.

[18] In its fiscal year 2002 New Starts report, FTA rated 2 projects as highly recommended, 21 projects as recommended, and 3 projects as not recommended.

Historically, FTA used a cost per new rider measure to indicate the cost-effectiveness of a proposed project. The consensus of commenters on the proposed rule 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. In response to comments on the proposed rule, FTA replaced the cost per new rider measure with a new measure of transportation system user benefits. According to FTA, this measure is based on the basic goals of any major transportation investment—to reduce the amount of travel time and out-of-pocket costs that people incur for taking a trip (i.e., the cost of mobility). This approach deemphasizes the number of new riders by measuring not only the benefits to people who change transportation modes (e.g., highways to transit) but also benefits to existing riders and highway users.

FTA no longer evaluates a proposed project (such as light rail) against both a separate no-build and TSM alternatives. For fiscal year 2003, FTA evaluated proposed New Starts projects against a single “baseline alternative” agreed upon by project sponsors and FTA. The baseline alternative involves transit improvements that are lower in cost than the proposed New Start project, which result in improved transit mobility compared to the no-build alternative. The purpose of the baseline comparison is to isolate the costs and benefits of the proposed major transit investment.

FTA has also added one-letter indicators to the not recommended rating to explain where improvement is needed—j for project justification, o for the operating funding plan, and c for the capital finance plan. For example, in the fiscal year 2003 New Starts report, the Cincinnati (Interstate 71 Corridor Light Rail) project was found to need improvement in the capital finance plan and was rated as not recommended (c).

Finally, FTA refined the measure for mobility improvements. In the past, this measure was based on (1) projected savings in travel time and (2) the number of low-income households within a half-mile of the proposed stations. In response to concerns about the scope of this measure, FTA added a new factor for destinations of jobs within a half-mile of boarding points on the new systems. This new factor complements the existing factor of low-income households within a half-mile of boarding points.

## FTA Proposes Four Projects for New Starts Funding in Fiscal Year 2003

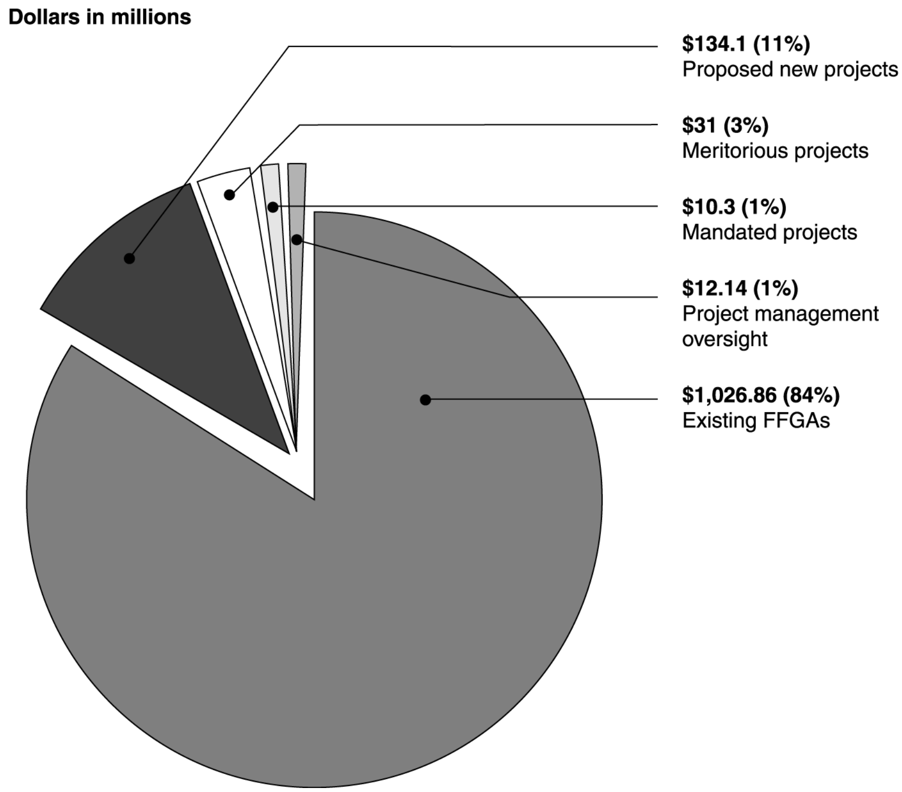
FTA's New Starts report and budget for fiscal year 2003 requests that $1.21 billion be made available for the construction of four new transit systems and expansions of existing systems through the New Starts program (see app. I for FTA's 2003 budget proposal and project ratings). After amounts for FTA oversight activities and for other purposes specified by TEA-21[19] are subtracted, a total of $1.19 billion would remain available for projects in fiscal year 2003. Of this amount, a total of $1.03 billion would be allocated among 25 projects with existing grant agreements. An additional $134.1 million would be allocated to the four projects proposed for grant agreements.[20] The remaining $31 million would be allocated to five "meritorious" projects to continue project development.[21] (See fig. 2.)

[19]The Department of Transportation and Related Agencies Appropriations Act for fiscal year 2002 authorized FTA to use up to 1 percent of amounts made available for the New Starts program for project management oversight activities rather than .75 percent as under prior law. TEA-21 requires that specified amounts of New Starts funds be set aside annually for projects in Alaska and Hawaii, for new fixed guideway systems and extensions to existing systems that are ferry boats or ferry terminal facilities, or that are approaches to ferry terminal facilities.

[20]About $79.10 million would be allocated between two projects for which funding commitments are currently pending, and $55 million would be allocated between the two projects that are expected to be ready for funding commitments before the end of fiscal year 2003.

[21]These five projects were selected to receive 1 year of funding because they are located in a highly congested or rapidly growing area, have a high level of local financial commitment, and are expected to progress to final design and construction by the end of fiscal year 2003.

Figure 2: New Starts Funding Proposals, Fiscal Year 2003




Source: GAO's analysis of FTA data.

For fiscal year 2003, FTA evaluated 50 projects and prepared ratings for 31 of them. Of the 31 projects that received ratings, FTA rated 27 projects as highly recommended or recommended, and proposed executing new grant agreements for 2 projects that are expected to meet the readiness criteria by the end of fiscal year 2003. In addition, FTA is proposing two other projects for grant agreements for fiscal year 2003. These two projects—New Orleans (Canal Street Spine) and San Diego (Oceanside-Escondido Rail Corridor) were not rated this year. Although they were proposed for funding commitments last year, the grant agreements were not executed, and FTA characterizes the projects as pending federal commitments. According to FTA, the ratings for these two projects from last year are still valid.[22] (Table 1 shows the ratings for the four projects recommended for New Starts funding in fiscal year 2003.)

**Table 1: Projects Recommended for New Starts Funding in Fiscal Year 2003**

| Project | Overall project rating | Financial rating | Financial rating criteria | | Project justification rating | Project justification criteria | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Capital finance rating | Operating finance rating | | Mobility improvement rating | Environment benefits rating | Operating efficiency rating | Cost-effectiveness rating | Land use rating |
| Los Angeles (Eastside Corridor LRT) | Recommended | Medium | Medium-high | Medium | Medium | Medium | High | Medium | Low | Medium-high |
| New Orleans (Canal Street Spine) | Recommended | Medium | Medium-high | Medium | Medium-high | Medium | Medium | Not rated | High | Medium |
| Salt Lake City (Medical Center Extension LRT) | Recommended | Medium-high | Medium-high | Medium-high | Medium | Low-medium | Medium | Medium | Medium | Medium |
| San Diego (Oceanside - Escondido Rail Corridor) | Highly recommended | Medium-high | Medium-high | Medium-high | Medium-high | Medium-high | Medium | Medium | Medium-high | Medium |

Source: FTA's New Starts report for fiscal years 2002 and 2003.

[22]The New Orleans (Canal Street Spine) project received an overall rating of recommended; the San Diego (Oceanside-Escondido Rail Corridor) project was rated as highly recommended. FTA is proposing these projects again for fiscal year 2003.

As table 1 shows, one of the four proposed projects received a highly recommended rating on the basis of its strong cost-effectiveness rating, good mobility improvement rating, and a demonstrated local financial commitment to build and operate the project. The proposed San Diego (Oceanside-Escondido Rail Corridor) project received a medium-high rating in mobility improvement because it is expected to serve 15,100 average weekday boardings in 2015, and 8,600 new daily riders. According to FTA, it will also help to eliminate the heavy congestion of northern San Diego County along the Route 78 corridor, saving 700,000 hours of travel time a year compared to the TSM alternative. In addition, according to FTA, 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 sufficient projected revenue growth and contingencies.

The other three projects proposed for grant agreements received overall ratings of recommended. All were rated medium or medium-high on the project justification and local financial commitment criteria. For instance, the New Orleans (Canal Street Spine) project's recommended rating was based on its strong cost-effectiveness rating and demonstrated local financial commitment. According to FTA's New Starts report, the transit agency has committed 100 percent of its local capital and operating funds through funding sources such as a loan that would be paid back by a new sales tax on hotels and motels. In contrast, the sponsor of another project that was not recommended for funding in 2003 has been unable to designate specific capital funds or identify specific revenue sources for operating the proposed project. The New Orleans (Canal Street Spine) project's strong financial rating also reflects FTA's favorable assessment of the transit agency's action to reduce recent deficits through fare increases, tax increases, and use of leases for new buses.

Twenty-five other New Starts projects received highly recommended or recommended ratings but were not proposed for grant agreements. Two of these projects, San Diego (Mid-Coast Corridor) and Charlotte (South Corridor LRT), received highly recommended ratings based on their strong cost-effectiveness, transit-supportive land-use, and local financial commitment ratings but were not proposed for funding. Charlotte did not meet FTA's "readiness" test. FTA officials told us that the San Diego (Mid-Coast) project met FTA's evaluation and rating criteria as well as its readiness test but was not selected because completing the San Diego (Mission Valley East LRT) extension (an ongoing project) is the transit authority's top priority, and FTA officials believe that the authority may not have the financial capacity to fund both projects at this time. The other 23 projects were rated overall as recommended. Many of these projects were not proposed for grant agreements in fiscal year 2003 because they are in the early stages of development and are not ready for final design or construction.

Finally, FTA rated four proposed projects as not recommended primarily because of low local financial commitment summary ratings due to the lack of committed local funding to build and operate the systems or the lack of clearly defined cost estimates and contingencies. For instance, one of the four projects received low ratings for the stability and reliability of its capital and operating finance plans, reflecting FTA's concern about the large share of uncommitted and/or unidentified local funding, and the absence of an operating plan. Other reasons for receiving a not recommended rating include a lack of demonstrated progress since last year's rating, the relatively high level of New Starts funding proposed, and the reliance on the passage of a sales tax referendum for a portion of the local share.

## FTA Ends TEA-21 Authorization Period with Unused Commitment Authority

Implementing FTA's New Starts report and budget proposal for fiscal year 2003 would leave FTA with about $310 million in unused commitment authority. Although FTA has been faced with an impending transit budget crunch for several years, the agency would end the TEA-21 authorization period with unused commitment authority for several reasons. First, the Congress in fiscal year 2001 substantially increased FTA's authority to make contingent commitments, subject to future authorizations and appropriations. Second, to preserve commitment authority for future projects, FTA did not request any funding for preliminary engineering activities in the fiscal year 2002 and 2003 budget proposals—a routine practice in prior years. Third, in determining which projects are ready for a grant agreement, FTA has applied stricter tests for readiness and technical capacity. As a result, fewer projects than expected were recommended for New Starts funding for 2002 and 2003. For instance, only 2 of the 14 projects that FTA estimated last year would be ready for grant agreements in fiscal year 2003 are being proposed for funding commitments. Finally, about half of the unused commitment authority results from FTA's response to the recommendation in our August 2001 report to release $157 million in commitment authority reserved for a Los Angeles subway project for which the federal funding commitment had been withdrawn.

## Record Amounts Provided for New Starts Program

FTA was authorized to make a record level of funding commitments—about $10 billion—for the New Starts program from 1998 through 2003. TEA-21 provided the majority of FTA's commitment authority, authorizing $6.09 billion in "guaranteed" funding for the New Starts program. In addition, TEA-21 and the Department of Transportation's Appropriation Act for fiscal year 2001 authorized FTA to make an additional $3.4 billion in contingent commitments, subject to future authorizations and appropriations. Contingent commitment authority is designed to allow FTA to execute grant agreements that extend beyond the 6-year period of TEA-21. TEA-21 authorized contingent commitments in an amount equivalent to the last two years of "guaranteed" funding authorized by the act. The fiscal year 2001 appropriations act increased FTA's contingent commitment authority to an amount equivalent to the last 3 fiscal years of funding. According to FTA officials, after accounting for required projects for Dulles, Chicago, and Minneapolis, this "extra year" of contingent commitment authority provided FTA with about $500 million beyond that provided by TEA-21 that could be used to fund additional projects.

According to FTA, it has already committed approximately $8.9 billion for New Starts projects and program activities. Specifically, about $7.2 billion is committed to the 25[23] projects with existing grant agreements.[24] After accounting for other requirements (such as the cost of project management oversight), which are expected to total about $1.7 billion, about $1.1 billion remains for new grant agreements in fiscal year 2003. (Table 2 summarizes FTA's commitment authority and funding commitments, as of March 2002.)

[23]As of November 2001.

[24]FTA will enter the period covered by the next authorization legislation with significant outstanding commitments (about $2.6 billion), as at the beginning of the 6-year period covered by TEA-21.

Table 2: FTA's New Starts Commitment Authority and Funding Commitments, March 2002

Dollars in millions

| Commitment authority | Amount |
| --- | ---: |
| TEA-21 | $6,092.40 |
| Contingent commitment authority | 3,409.20 |
| Commitment authority for Bay Area Rapid Transit (BART) [a] | 453.56 |
| Other[b] | 35.99 |
| **Total commitment authority** | **$9,991.15** |
| **Funding commitments** | |
| ISTEA FFGAs | ($3,086.50) |
| TEA-21 FFGAs | (4,150.92) |
| Project management oversight | (48.15) |
| Mandated projects[c] | (468.42) |
| Other [d] | (1,141.83) |
| **Total funding commitments** | **($8,895.82)** |
| **Remaining commitment authority** | **$1,095.33** |

Note: Numbers do not add due to rounding.

[a]ISTEA provided $272.95 million of commitment authority for BART and the fiscal year 2001 DOT appropriations act provided an additional $180.61 million.

[b]Includes reallocated funds from unobligated balances of fiscal year 2000 appropriations ($26.99 million), $4 million in appropriations beyond the "guaranteed" authorization in fiscal year 2001, and $5 million in appropriations from P.L. 106-246.

[c]Includes congressionally mandated capital projects for Alaska, Hawaii, Chicago, and Dulles.

[d]Includes all project costs not covered by grant agreements, such as preliminary engineering costs.

Source: FTA.

Implementing FTA's New Starts report and budget proposal for fiscal year 2003 would leave FTA with about $310 million in unused commitment authority. The budget proposes $55 million for two new projects and $79.1 million for the two projects with pending grant agreements for fiscal year 2003. However, the $134.1 million requested for these projects for 2003 will only be a "down payment" on what would amount to a total federal commitment of $785 million[25] for these four projects over the next several years, if no changes were made to the current project proposals. This amount also includes $27 million for four meritorious projects without

[25]Of this amount, $785 million, $36.15 million was provided to several of the projects in this category in fiscal years 2001 and 2002.

grant agreements, as well as a fifth project that was mandated by the Congress in fiscal year 2001 with funding of $4 million. Therefore, FTA ends the TEA-21 authorization period with $310 million in unused commitment authority.

To preserve commitment authority, FTA did not request any funding for preliminary engineering activities in the fiscal year 2002 and 2003 budgets.[26] According to FTA, it has provided an average of $150 million a year from fiscal year 1998 through fiscal year 2001 for projects' preliminary engineering activities. However, FTA did not recommend any funds for preliminary engineering activities in fiscal years 2002 and 2003. According to a senior FTA official, this approach allowed the agency to conserve funds for existing and new grant agreements and ensured that funds were only provided to projects that were ready to move forward. The official further noted that projects may use other federal funding for preliminary engineering activities and no project should be negatively impacted if New Starts funding was not provided for these activities in 2002 and 2003. Officials from several transit projects in the preliminary engineering phase that we contacted in 2001 indicated that they would use other federal funds and/or state and local funds to pay for their preliminary engineering work.

## Fewer Projects Than Anticipated Receive Grant Agreements

More state and local transit agencies than ever are competing for New Starts funds. However, FTA's stricter tests for readiness and technical capacity resulted in fewer projects that were ready for a grant agreement and thus recommended for funding for 2002 and 2003. As mentioned earlier, 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 instance, only 2 of the 14 projects that FTA estimated last year would be in or ready to enter the final design phase at the end of fiscal year 2002—signaling that they were ready to execute a grant agreement—are being proposed for funding commitments in fiscal year 2003. Several of these projects have not yet been approved to enter the final design phase. Like the approval to enter preliminary engineering, FTA reviews the project's

[26]Under TEA-21, no more than 8 percent of the amounts made available each year for New Starts projects shall be available for activities other than final design and construction.

costs, benefits, and impacts under the project evaluation criteria to determine when a project is ready to enter the final design phase.

FTA identified five meritorious projects that it is recommending for $31 million in funding in fiscal year 2003 to continue their development.[27] These projects have met the planning requirements of the New Starts program and have strong local financial commitments. However, they all have outstanding issues, such as environmental and financing concerns, which prevented them from passing FTA's readiness test. For instance, one project must resolve technology issues that relate to bus rapid transit buses—60-foot hybrid-electric buses with left and right side doors for access. Another project is addressing historic preservation issues related to several stations that would be reconstructed as part of the project. Finally, the scale of one project requires further work before a federal commitment can be made. The project is too large (estimated total project cost of $4.4 billion) for the normal minimum operable segment concept on which a grant agreement is based to work and is expected to require funding over several authorization periods. According to a senior FTA official, the project's sponsors and FTA need to determine how to resolve this issue and proceed forward.

In addition, the timing and magnitude of individual New Starts projects dictates how much commitment authority is available for future projects. For example, the total New Starts share for the five meritorious projects is about $2.8 billion. If one or two of these projects had matured faster and been ready for a grant agreement, FTA would have essentially exhausted its commitment authority. A senior FTA official acknowledged that it would have been "a very different ball game" if more projects had been ready for a grant agreement this year or if one large project, such as New York (Long Island Railroad East Side Access)—with a New Starts share of $2.2 billion—had matured faster.

[27]These projects may be ready to progress to final design and construction by the end of fiscal year 2003.

Finally, FTA recently increased its available commitment authority by $157 million by releasing amounts associated with a project for which the federal funding commitment had been withdrawn. As of August 2001, FTA had reserved $647 million in commitment authority for a New Starts project in Los Angeles. At that time, we reported that two segments of that project had been suspended for over 3 years and that FTA had informed the project sponsors that it no longer had funding commitments for these segments. We also stated that releasing the commitment authority attributable to projects for which the federal funding commitment had been withdrawn would significantly increase FTA's flexibility to execute grant agreements for additional projects. Therefore, we recommended that FTA adopt the practice of releasing such commitment authority and, specifically, that it release the $647 million reserved for the two segments of the Los Angeles project.[28] In its New Starts report and budget proposal for fiscal year 2003, FTA has proposed a funding commitment for one of the previously suspended segments (Eastside); however, because the other suspended segment (Mid-City) is not a candidate for a funding commitment at this time, FTA has released the associated commitment authority, increasing its available commitment authority by $157 million.[29]

## Proposals to Cap New Starts Funding May Bring Mixed Results

Since the potential demand for New Starts funding is extremely high, the administration and others have proposed limiting the amount of New Starts funds to less than the authorized 80 percent share. A cap on New Starts funds would allow more projects to receive funding but could have an effect on specific projects that are currently being developed. For example, based on current project cost estimates, a 60-percent cap on New Starts funds for the 49 projects currently in final design or preliminary engineering would result in about $500 million that could be used to fund additional projects.[30] Two projects that currently have a New Starts share

[28]We acknowledged that this action would not preclude projects for which the funding commitment had been withdrawn from securing New Starts funding in the future, competing with other projects eligible for such commitments.

[29]According to FTA officials, FTA believes that grantees should be allowed a reasonable amount of time to correct problems with projects before it releases the associated commitment authority and that the amount of time allowed for any particular project would depend on the number of other projects "ready" for grant agreements. FTA has not released the $409 million committed to the Seattle (Central Link) project.

[30]Alaska Marine Highway System has already received its federal funding and therefore was not included in our analysis.

at 80 percent, account for the majority of funds that could be redirected. According to officials from several transit agencies, the impact of a proposed cap on individual projects would vary. Some projects would be able to make up for the reduced New Starts funding while others would not be able to tap into any other funding sources and would have to modify their projects' scope or schedule or even terminate them. Finally, several officials from MPOs pointed out that limiting the New Starts funding share to 50 or 60 percent could have an affect on the transportation decisionmaking process. Specifically, officials from several MPOs stated that a cap on New Starts funds could influence their selection of highway over transit projects since the decisions are often affected by the availability of funds from various federal programs and which projects will receive the highest federal share.

## Several Proposals Would Limit New Starts Funding

In order to manage the increasing demand for New Starts funding, there have been several proposals to limit the amount of New Starts funds that could be applied to a project. For instance, the president's fiscal year 2002 budget recommended that New Starts funding be limited to 50 percent of project costs starting in fiscal year 2004.[31] (Currently, New Starts funding—and all federal funding—is capped at 80 percent.)

In addition, the conference report that accompanied the fiscal year 2002 Department of Transportation appropriations act directs FTA not to sign any new full funding grant agreement after September 30, 2002, that has a maximum federal share higher than 60 percent. According to FTA, these proposals are consistent with its recent practice of seeking a local share of more than 20 percent in order to manage the increasing demand for New Starts funding.[32]

FTA officials told us that limiting the New Starts funding to 50 or 60 percent would ensure that local governments play a major role in funding New

[31]According to FTA, total federal participation in any given transit project would remain capped at 80 percent. The proposed cap would limit only the percentage of New Starts funds available for projects. Transit projects could use other federal funds available (e.g., flexible highway funding) to secure total federal support for up to 80 percent of the project's costs.

[32]FTA's 2003 New Starts report notes that projects' financial plans should include a maximum New Starts share of 50 percent by fiscal year 2004 to remain competitive with other projects in the New Starts pipeline and to meet lower federal share requirements proposed for the reauthorization of TEA-21.

Starts projects. Under such a cap, local governments will need to decide to apply either other federal funds or local funds to proposed New Starts projects based on their priorities. An FTA official also pointed out that a 50 or 60 percent cap would allow more projects to receive New Starts funding; however, the official acknowledged that limiting New Starts funding may prevent some projects from being developed or moving forward because of limited local funding.

## Additional Projects Could Be Funded with A Cap

Lowering the share to 50 or 60 percent may provide an opportunity to spread available New Starts funds more widely. In the last 10 years, the New Starts share for projects with a grant agreement has averaged around 50 percent and has been trending lower. For the 18 grant agreements signed between October 1999 and November 2001, the overall New Starts share was 46 percent, somewhat below the 56 percent average share of grant agreements signed in 1992-1997.[33] For individual projects, the New Starts share has varied considerably from the mean—from a low of 19 percent to a high of 80 percent. If the 18 grant agreements signed in the 1999-2002 timeframe had been capped at 60 percent, $4.05 billion of New Starts funding would have been committed to these projects instead of $4.30 billion (a difference of about $250 million). With a 50-percent cap, the New Starts commitment would have totaled $3.65 billion (a difference of about $650 million).

A cap on New Starts funds for the 49 projects currently in final design or preliminary engineering would have a much greater effect. These 49 projects are currently proposing $20.59 billion in New Starts funding. A 60-percent cap would result in about $500 million that could be used to fund additional projects; a 50-percent cap would result in slightly over $1 billion that could be allocated to other projects. Two projects (Philadelphia Schuylkill Valley MetroRail and San Juan Tren Urbano Minillas Extension), that currently have a New Starts share at 80 percent, account for the majority of funds that could be redirected—85 percent of the $500 million and 61 percent of the $1 billion. According to FTA officials, the proposed projects' local share and percentage of New Starts funds could change as the projects proceed through the final design stage.

[33]No FFGAs were signed in 1998.

Many of the project sponsors that initially proposed a New Starts share of over 50 percent have responded to FTA's suggestion to lower their planned New Starts funding in order to be competitive with other projects. For example, several projects have adjusted their financial plans for fiscal year 2003 to reflect a decrease in the New Starts share of their total cost. Seven projects that initially proposed New Starts shares from 63 percent to 80 percent in fiscal year 2002 lowered them this year to between 32 percent and 60 percent. Several project officials told us that they lowered their New Starts proposals to become more competitive in response to FTA's suggestions.

## A Cap on New Starts Funds Could Affect Specific Projects and the Planning Process

The proposed caps could affect a number of projects currently being developed. For example, 10 of the 49 projects that are currently in the final design or preliminary engineering stages plan to use New Starts funds to pay for over 60 percent of their total costs; an additional 9 projects plan to use over 50 percent (app. II provides a list of the 19 projects). The projected use of New Starts funds for these 19 projects ranges from 51 percent for Little Rock (River Rail Project) to 80 percent for Galveston (Trolley Extension), Nashville (East Corridor Commuter Rail Project), Alaska (Knik River to Wasilla Track Improvements), Philadelphia (Schuylkill Valley MetroRail) and San Juan (Tren Urbano Minillas Extension). According to officials from several of these transit agencies, the impact of a proposed cap would vary. For example, officials from several projects stated that their projects' scope or schedule would have to be modified or even terminated because they may not be able to tap into any other funding sources to account for lower than planned New Starts funding. An official from one project added that a change in the project's scope would also have a negative impact on service, ridership, and overall cost-effectiveness. In contrast, officials from several projects indicated that their projects would continue as planned because they would seek other federal or local funds to make up for reduced New Starts funding. For example, an official from one project stated that, if necessary, it would issue bonds to offset any shortfall in New Starts funding.

Any decision to make up the difference with additional federal or local funds could affect other local transportation projects. For example, officials from several projects stated that providing additional funds to their New Starts projects would most likely result in other projects in the area receiving less funds, being delayed, or terminated. An official from one project stated that redirecting funds from highway or other transit projects would indefinitely delay these projects until additional funding is available. However, according to several project officials, obtaining additional funding could be difficult since many states and localities are currently facing significant budget deficits or funding shortfalls. Several project officials noted that a cap could mean that localities would have to reevaluate the priority of transportation projects, including New Starts projects, in the area and make difficult decisions such as delaying or even terminating projects until the local share is raised. Finally, officials from several projects noted that the cap would have a greater impact on areas trying to develop a first time, fixed-guideway or bus rapid transit system where the benefits of the system have not yet been proven.

Finally, a cap could also affect the transportation decisionmaking process. For example, several of the MPOs we contacted told us that they are concerned that having a New Starts match for transit capital projects that is lower than the match for highway capital projects could affect balanced transportation decisionmaking and create a bias towards highway projects. In addition, according to some MPOs, a cap on the New Starts share could also influence the planning and selection of transportation projects in their city or state's long-range plan. For example, one official indicated that his area's long-range plan would probably move towards more highway investments. Another official pointed out that a cap could severely hamper the region's ability to construct the new transit projects in its long-range plan, thus endangering its air quality conformity status. In contrast, some MPOs indicated that their regions prefer a multi-modal system and the types of projects selected for such plans may not be impacted by a cap on New Starts funds.

## Concluding Observations

Although FTA has been faced with an impending transit budget crunch for several years, the agency will end the TEA-21 authorization period with unused commitment authority impart because fewer projects than expected were ready for grant agreements. FTA proposes projects for funding after they have met its readiness test. However, in the last several years only nine projects were determined to be ready and were proposed for New Starts funding commitments. Given the tremendous pipeline, if more projects (or a few large ones) had matured faster FTA would have been forced to make difficult funding decisions. If this were to occur in the future, FTA may have a difficult time making these decisions because it has not adopted our recommendation made in 2000[34] to develop a process for further prioritizing among the projects it rates as recommended or higher. Such a process would ensure that the "best" projects receive New Starts funding and allow for a better understanding of why certain projects with similar ratings may receive funding while others do not. Finally, if many projects are ready at the same time for a grant agreement, FTA may also have to adopt an ongoing practice of releasing the funding set aside for projects when the federal funding commitments have been withdrawn.

A cap on New Starts funds could allow more projects to receive funding if a significant number of projects are ready for a grant agreement at the same time. Since FTA is ending the TEA-21 authorization period with unused commitment authority, a cap imposed over the last several years would not have resulted in funding additional projects. In addition, a cap could have a negative impact on specific projects that are currently being developed as well as the transportation decisionmaking process.

## Agency Comments

We provided the Department of Transportation with a draft of this report for review and comment. FTA provided some technical comments on the draft, which we have incorporated where appropriate.

## 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 years 2002 and 2003, the new regulations for New Starts transit

[34]See *Mass Transit: Implementation of FTA's New Starts Evaluation Process and FY 2001 Funding Proposals* (GAO/RCED-00-149, Apr. 28, 2000).

projects, and documents related to New Starts funding. We also interviewed appropriate FTA headquarters officials, 22 officials from transit agencies with New Starts projects currently in the final design or preliminary engineering phases, and officials from selected MPOs (see app. III for a complete list of projects and MPOs contacted). We performed our work in accordance with generally accepted government auditing standards from February through April 2002.

We are sending copies of this report to the secretary of Transportation, the administrator of the Federal Transit Administration, the director of the Office of Management and Budget, and other interested parties. We will make copies available to others upon request.

If you have questions regarding this report, please contact me or Susan Fleming on (202) 512-4431 or at flemings@gao.gov. Key contributors to this report were Heather Balent, Helen Desaulniers, Susan Fleming, and Rod Moore.

JayEtta Z. Hecker
Director, Physical Infrastructure Issues

# FTA's Fiscal Year 2003 New Starts Ratings and Funding Recommendations

Dollars in millions

| Location/project | Overall project rating | FY 2003 recommended funding |
|---|---|---|
| **Existing full funding grant agreements**[a] | | |
| Atlanta – North Springs | FFGA | $16.11 |
| Baltimore – Central LRT Double-Tracking | FFGA | 24.25 |
| Boston – South Boston Piers Transitway (Phase I) | FFGA | 0.68 |
| Chicago – Douglas Branch Reconstruction | FFGA | 55.00 |
| Chicago – Metra North Central Commuter Rail | FFGA | 20.00 |
| Chicago – Metra South West Corridor Commuter Rail | FFGA | 20.00 |
| Chicago – Metra Union Pacific West Line Extension | FFGA | 12.00 |
| Dallas – North Central LRT Extension | FFGA | 70.00 |
| Denver – Southeast Corridor LRT | FFGA | 70.00 |
| Ft. Lauderdale – Tri-Rail Commuter Rail Upgrades | FFGA | 39.69 |
| Los Angeles – MOS-3 North Hollywood | FFGA | 40.49 |
| Memphis – Medical Center Extension | FFGA | 15.61 |
| Minneapolis – Hiawatha Corridor LRT | FFGA | 60.00 |
| Northern New Jersey – Hudson-Bergen LRT (MOS-1) | FFGA | 19.20 |
| Northern New Jersey – Hudson-Bergen (MOS-2) | FFGA | 50.00 |
| Northern New Jersey – Newark Rail Link (MOS-1) | FFGA | 60.00 |
| Pittsburgh – Stage II LRT Reconstruction | FFGA | 26.25 |
| Portland – Interstate MAX LRT Extension | FFGA | 70.00 |
| St. Louis – Metrolink St. Clair Extension | FFGA | 3.37 |
| Salt Lake City – CBD to University LRT | FFGA | 68.76 |
| Salt Lake City – North-South LRT | FFGA | 0.72 |
| San Diego – Mission Valley East LRT Extension | FFGA | 65.00 |
| San Francisco – BART Extension to Airport | FFGA | 100.00 |
| San Juan – Tren Urbano | FFGA | 59.74 |
| Washington, DC/MD – Largo Extension | FFGA | 60.00 |
| **Subtotal** | | **$1,026.87** |
| **Proposed full funding grant agreements** | | |
| Los Angeles – Eastside Corridor LRT | Recommended | $35.00 |
| New Orleans – Canal Street[b] | Recommended | 37.10 |
| San Diego – Oceanside-Escondido Rail Corridor[b] | Highly recommended | 42.00 |
| Salt Lake City – Medical Center Extension LRT | Recommended | 20.00 |
| **Subtotal** | | **$134.10** |

*(Continued From Previous Page)*

Dollars in millions

| Location/project | Overall project rating | FY 2003 recommended funding |
|---|---|---|
| **Proposed other project funding commitments** | | |
| Chicago – Ravenswood Line Expansion | Recommended | $4.00 |
| Cleveland – Euclid Corridor Transportation Project | Recommended | 4.00 |
| Las Vegas – Resort Corridor Fixed Guideway | Recommended | 4.00 |
| Minneapolis – Northstar Commuter Rail | Recommended | 4.00 |
| New York – Long Island Railroad East Side Access | Recommended | 15.00 |
| **Subtotal** | | **$31.00** |
| **Projects in final design** | | |
| Alaska Marine Highway System | Exempt[c] | $0.00 |
| Alaska Railroad – South Anchorage Double Track | Exempt[c] | 0.00 |
| Alaska Railroad – Knik River to Wasilla Track Improvements | Exempt[c] | 0.00 |
| Galveston – Trolley Extension | Exempt[c] | 0.00 |
| Little Rock – River Rail Project | Exempt[c] | 0.00 |
| Los Angeles – San Diego – LOSSAN Rail Corridor Improvement | Exempt[c] | 0.00 |
| Nashville – East Corridor Commuter Rail | Exempt[c] | 0.00 |
| Pawtucket, RI – Commuter Rail Improvement Program | Exempt[c] | 0.00 |
| San Francisco – Third Street Light Rail (Phase I) | Exempt[c] | 0.00 |
| Seattle – Central Link Initial Segment | Recommended | 0.00 |
| **Subtotal** | | **$ 0.00** |
| **Projects in preliminary engineering** | | |
| Austin – Austin Area LRT System[d] | Not rated | $0.00 |
| Bridgeport, CT – Intermodal Center | Exempt[c] | 0.00 |
| Charlotte – South Corridor LRT | Highly recommended | 0.00 |
| Cincinnati – I-71 Corridor | Not recommended | 0.00 |
| Columbus – North Corridor | Recommended | 0.00 |
| Dallas – Northwest-Southeast Corridor LRT MOS | Recommended | 0.00 |
| Denver – West Corrido LRT | Recommended | 0.00 |
| Fort Collins, CO – Mason Street Transportation Corridor | Recommended | 0.00 |
| Hartford – New Britain-Hartford Busway | Recommended | 0.00 |
| Honolulu – Primary Transportation Corridor Project | Recommended | 0.00 |
| Kansas City, Johnson County–I-35 Commuter Rail | Exempt[c] | 0.00 |
| Los Angeles – Mid-City Exposition LRT | Recommended | 0.00 |
| Los Angeles – San Fernando Valley East-West Transit Corridor | Recommended | 0.00 |
| Louisville – South Central Corridor LRT | Recommended | 0.00 |
| Lowell, MA-Nashua, NH – Commuter Rail | Exempt[c] | 0.00 |

*(Continued From Previous Page)*

Dollars in millions

| Location/project | Overall project rating | FY 2003 recommended funding |
|---|---|---|
| Maryland – MARC Commuter Rail Improvements | Exempt[c] | 0.00 |
| Miami – North 27th Avenue | Not recommended | 0.00 |
| New Orleans – Desire Corridor Streetcar | Recommended | 0.00 |
| New York – Second Avenue Subway | Recommended | 0.00 |
| Orange County, CA – Centerline LRT Project | Recommended | 0.00 |
| Philadelphia – Schuylkill Valley Metrorail | Recommended | 0.00 |
| Phoenix /Central Phoenix – East Valley Corridor | Recommended | 0.00 |
| Pittsburgh – North Shore Connector LRT | Recommended | 0.00 |
| Raleigh – Regional Transit Plan (Phase I) | Recommended | 0.00 |
| San Diego – Mid-Coast Corridor | Highly recommended | 0.00 |
| San Juan – Tren Urbano Minillas Extension | Not recommended | 0.00 |
| Seattle – Everett to Seattle Commuter Rail | Exempt[c] | 0.00 |
| Seattle – Link Extension and North Link | Not rated[d] | 0.00 |
| Seattle-Tacoma – Lakewood to Tacoma Commuter Rail | Exempt[c] | 0.00 |
| Stamford, CT – Urban Transitway and Intermodal Transportation Center Improvements | Exempt[c] | 0.00 |
| Tampa – Tampa Bay Regional Rail System | Not recommended | 0.00 |
| Washington County, OR – Wilsonville-Beaverton Commuter Rail | Exempt[c] | 0.00 |
| Washington, D.C. – Dulles Corridor Bus Rapid Transit | Recommended | 0.00 |
| **Subtotal** | | **$0.00** |
| **Other** | | |
| Ferry Capital Projects in Alaska or Hawaii | | $10.30 |
| Project management oversight | | 12.14 |
| **Subtotal** | | **$22.44** |
| **Grand total** | | **$1,214.41** |

Note: Figures may not add to totals because of rounding.

[a]Projects with FFGAs were not rated because FTA had found the projects to be justified and to have adequate local financial commitments at the time the FFGAs were issued. These projects are being recommended to receive the fiscal year 2003 amount committed by the FFGA.

[b]The ratings for New Orleans (Canal Street Spine) and San Diego (Oceanside-Escondido Rail Corridor) are the ratings they received for fiscal year 2002. According to FTA, these ratings are still valid.

[c]Projects rated "exempt" (17) were not rated because an exemption is granted to projects when the anticipated New Starts share of the total estimated capital cost is $25 million or less.

[d]Projects rated "not rated" (2) were not rated because insufficient information precluded a complete evaluation of these projects.

Source: FTA's New Starts report for fiscal years 2002 and 2003.

# Projects Proposing a New Starts Share of Over 50 Percent

Dollars in millions

| Project | Total cost | New Starts share | New Starts share of total cost |
|---|---|---|---|
| **Final design** | | | |
| Alaska Railroad (Knik River to Wasilla Track Improvements) | $11.3 | $9.0 | 80% |
| Galveston ( Trolley Extension) | 10.1 | 8.1 | 80 |
| Little Rock (River Rail Project) | 17.6 | 9.0 | 51 |
| Los Angeles-San Diego (LOSSAN Rail Corridor Improvements) | 35.7 | 24.1 | 68 |
| Nashville (East Corridor Commuter Rail) | 28.7 | 23.0 | 80 |
| Pawtucket, RI (Commuter Rail Improvement Program) | 18.5 | 10.0 | 54 |
| Salt Lake City (Medical Center Extension LRT) | 90.0 | 54.0 | 60 |
| **Preliminary engineering** | | | |
| Chicago (Ravenswood Line Expansion) | 476.0 | 245.6 | 52 |
| Cleveland (Euclid Corridor Transportation Project) | 220.4 | 135.0 | 61 |
| Denver (West Corridor LRT) | 624.3 | 366.3 | 59 |
| Fort Collins, CO (Mason Street Transportation Corridor) | 66.0 | 52.3 | 79 |
| Los Angeles (Eastside Corridor LRT) | 817.9 | 490.7 | 60 |
| Louisville (South Central Corridor LRT) | 671.2 | 380.2 | 57 |
| Miami (North 27th Avenue) | 87.9 | 61.5 | 70 |
| New Orleans (Desire Corridor Streetcar) | 93.5 | 56.1 | 60 |
| Philadelphia (Schuylkill Valley MetroRail) | 1,531.4 | 1,225.1 | 80 |
| Pittsburgh (North Shore Connector LRT) | 389.9 | 272.9 | 70 |
| San Juan (Tren Urbano Minillas Extension) | 560.0 | 448.0 | 80 |
| Washington, D.C. (Dulles Corridor Bus Rapid Transit) | 389.1 | 233.5 | 60 |

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

# Transit Agencies and Metropolitan Planning Organizations Contacted by GAO

| Project | Transit agency contacted |
|---|---|
| Alaska Marine Highway System | Alaska Marine Highway System |
| Alaska Railroad (Knik River to Wasilla Track Improvements) | Alaska Railroad Corporation |
| Chicago (Ravenswood Line Expansion) | Chicago Transit Authority |
| Cleveland (Euclid Corridor Transportation Project) | Greater Cleveland Regional Transit Authority |
| Denver (West Corridor LRT) | Regional Transportation District |
| Fort Collins, CO (Mason Street Transportation Corridor) | City of Fort Collins |
| Galveston (Trolley Extension) | City of Galveston, Texas |
| Kansas City, Johnson County (I-35 Commuter Rail) | Johnson County, Kansas |
| Little Rock (River Rail Project) | Central Arkansas Transit Authority |
| Los Angeles (Eastside Corridor LRT) | Los Angeles County Metropolitan Transportation Authority |
| Los Angeles-San Diego (LOSSAN Rail Corridor Improvements) | Los Angeles-San Diego Rail Corridor Agency |
| Louisville (South Central Corridor LRT) | Transit Authority of River City |
| Miami (North 27th Avenue) | Miami-Dade Transit Agency |
| Nashville (East Corridor Commuter Rail) | Regional Transportation Authority of Nashville, Tennessee |
| New Orleans (Desire Corridor Streetcar) | Regional Transit Agency |
| Pawtucket, RI (Commuter Rail Improvement Program) | Rhode Island Department of Transportation |
| Philadelphia (Schuylkill Valley MetroRail) | Southeastern Pennsylvania Transportation Authority |
| Pittsburgh (North Shore Connector LRT) | Port Authority of Allegheny County |
| Salt Lake City (Medical Center Extension LRT) | Utah Transit Authority |
| San Juan (Tren Urbano Minillas Extension) | Puerto Rico Department of Transportation and Public Works |
| Stanford, CT (Urban Transitway and Intermodal Transportation Center Improvements) | City of Stamford, Connecticut |
| Washington, D.C. (Dulles Corridor Bus Rapid Transit) | Virginia Department of Rail and Public Transportation |
| **Geographic location** | **Metropolitan Planning Organizations contacted** |
| Albany, New York | Capital District Transportation Committee |
| Albuquerque, New Mexico | Middle Rio Grande Council of Governments |
| Atlanta, Georgia | Atlanta Regional Commission |
| Beaumont, Texas | South East Texas Regional Planning Commission |
| Boise, Idaho | Community Planning Association of Southwest Idaho |
| Charlotte, North Carolina | Charlotte Area Transit System[a] |
| Cheyenne, Wyoming | Cheyenne Area Metropolitan Planning Organization |
| Cleveland, Ohio | Northeast Ohio Areawide Coordinating Agency |
| Detroit, Michigan | South East Michigan Council of Governments |
| Fargo, North Dakota | Fargo-Moorhead Metro Council of Governments |
| Honolulu, Hawaii | Oahu Metropolitan Planning Organization |

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| Project | Transit agency contacted |
| --- | --- |
| Indianapolis, Indiana | Indianapolis Metropolitan Planning Organization |
| Las Vegas, Nevada | Regional Transportation Commission of Clark County |
| Portland, Oregon | Metro |
| Richmond, Virginia | Richmond Regional Planning District Commission |
| San Joaquin, California | San Joaquin Council of Governments |
| Spokane, Washington | Spokane Regional Transportation Council |
| St. Louis, Missouri | East-West Gateway Coordinating Council |
| Tucson, Arizona | City of Tucson Transportation Planning Division[b] |

[a]The Mecklenburg-Union MPO referred us to the Charlotte Area Transit System.

[b]Pima Association of Governments referred us to the City of Tucson Transportation Planning Division.

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