



U.S. Department
Of Transportation
**Federal Transit
Administration**

Headquarters

January 13, 2010

1200 New Jersey Avenue S.E.
Washington DC 20590

Today, the Federal Transit Administration (FTA) announced a change to the process for recommending New Starts and Small Starts projects for discretionary Federal funding assistance and described additional steps FTA would be taking to further improve the process for rating and evaluating such projects.

Please see:

- Press Release http://www.fta.dot.gov/news/news_events_11036.html

Below are questions and answers about this change in process. If you have further questions, please contact Susan Borinsky or Beth Day in the FTA Office of Planning and Environment at 202-366-4033.

QUESTIONS AND ANSWERS

Q: How will FTA now determine which projects to recommend in the annual President's budget for Full Funding Grant Agreements (FFGAs) and Project Construction Grant Agreements (PCGAs)?

A: The Administration will no longer target its funding recommendations only to projects that receive a Medium or better cost-effectiveness rating. Instead, FTA will rely on the statutory framework contained in Sections 5309(d) and (e) of Title 49, United States Code, as amended. Thus, in order to be eligible for a funding recommendation, a project must receive an overall rating of at least Medium and be expected to be ready for an FFGA or PCGA in the fiscal year for which the President's Budget is being developed. To receive an overall project rating of Medium or better, a project's justification and the local financial commitment ratings both must be Medium or better. Cost-effectiveness will continue to be evaluated as one of the six statutory project justification criteria.

Q: Will FTA be changing how cost-effectiveness is calculated?

A: In the near term, the New and Small Starts evaluation and rating process, including the calculation of cost-effectiveness, will remain as it is. However, FTA will soon put out a rulemaking for public comment that will propose ideas for better measuring and quantifying the benefits provided by transit projects including environmental, economic development, congestion relief, and other social benefits.

FTA will propose a revised cost-effectiveness calculation that more fully takes into account this wider range of benefits. FTA encourages active participation by the transit industry on this rulemaking and looks forward to hearing input from our grantees and stakeholders.

Q: When will these changes take effect?

A: The rescission of the budget decision principle requiring at least a Medium rating on cost-effectiveness for a funding recommendation takes effect immediately. Changes to the New and Small Starts evaluation and rating process will take effect upon completion of the rulemaking process.

Q: How will the rescission of the requirement for at least a Medium cost-effectiveness rating for a funding recommendation affect projects already in the New/Small Starts pipeline?

A: Most of the projects currently in the New Starts pipeline have a cost-effectiveness rating of Medium or better. The few that do not could be affected favorably by this change, as long as an overall project rating of at least Medium is maintained. The change also benefits those projects close to the threshold between a Medium and Medium-low cost-effectiveness rating since projects in this situation in the past sometimes have had to select sub-optimal design options to remain at a Medium rating for cost-effectiveness.

Q: How does this affect FTA's New and Small Starts approval process for entry into preliminary engineering, final design, or project development?

A: Previously, FTA did not prohibit new projects from entering into New Starts preliminary engineering or Small Starts project development if they had a cost-effectiveness rating less than Medium as long as the overall project rating was at least Medium. However, FTA did previously prohibit New Starts projects from moving into final design if they had a cost-effectiveness rating of less than Medium. With this new change, all projects will be allowed to advance through the various phases of project development as long as they receive a Medium or better overall rating and have met the other readiness requirements associated with advancement into that stage.

Q: How does this change affect National Environmental Policy Act (NEPA) approvals of New and Small Starts projects?

A: Existing FTA New and Small Starts policy guidance related to NEPA approvals does not address the previous cost effectiveness policy specifically. Instead, it

states that the environmental decision document for a New or Small Starts project with an overall project rating of less than Medium must include a statement as to how the New or Small Starts process may affect the ability of the project to advance to implementation. This does not change.

Q: Will this alter FTA’s process for reviewing ridership estimations, calculation of transportation system user benefits, or comparison of the proposed project with a baseline alternative?

A: In the near term, the evaluation and rating process will remain as is, including FTA’s review of ridership estimations, calculation of user benefits, and comparison with a baseline alternative. Changes in one or more of these areas may occur as a result of regulatory changes.

Q: Does this change affect the projects considered eligible for funding under the Urban Circulator notice of funding availability?

A: This change does not affect the Urban Circulator program in any way. Because they will receive less than \$25 million in Section 5309 Major Capital Investment funds, Urban Circulator projects will be exempt from the evaluation criteria and rating process pursuant to Section 5309(e)(1)(B). As stated in the notice of funding availability, Urban Circulator projects will be evaluated solely on the livability criteria listed in the Federal Register notice. The Federal Register notice does not mention cost-effectiveness as a criterion.

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