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Resources, Community, and
Economic Development Division

B-279960

May 20, 1998

The Honorable John R. Kasich
Chairman, Committee on the Budget
House of Representatives

Subject: Mass Transit: FTA's New Starts Funding Criteria

Dear Mr. Chairman:

Since the early 1970s, the federal government has provided a large share of the nation's capital investment in urban mass transportation. This has been particularly true for the Federal Transit Administration's (FTA) "new starts" program, which funds major new fixed-guideway systems and extensions to existing fixed-guideway systems.¹ In the last 5 years, this program has provided state and local transit agencies with about \$3.7 billion to help design and construct such projects throughout the country.

On April 1, 1998, the House of Representatives passed H.R. 2400, the Building Efficient Surface Transportation and Equity Act of 1998 (BESTEA), which would authorize about \$6 billion for 170 new starts projects through 2003. Because of your concerns about the cost of this program, you asked us to (1) describe the process and criteria that FTA uses to identify and recommend new starts projects, (2) identify which of the BESTEA new starts projects meet FTA's criteria for funding, and (3) comment on the impact that funding additional projects would have on existing new starts projects.

FTA'S PROCESS FOR NEW STARTS PROJECTS

FTA uses several guiding principles to identify those projects that it recommends to the Congress for new starts funding. Most important, according to FTA, is that the projects have full funding grant agreements and that they are

¹The term "fixed guideway" includes transit projects (e.g., rail, bus, trolley, etc.) that use separate and exclusive rights-of-way.

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capable of obligating funds in the coming fiscal year.² In awarding a full funding grant agreement, FTA follows a comprehensive set of statutory and administrative criteria. Specifically, to receive a full funding grant agreement (and therefore to be eligible for new starts funding, in FTA's view) a project must be (1) based on the results of an analysis of alternative proposals and preliminary engineering; (2) justified by a comprehensive review of projected mobility improvements, environmental benefits, cost-effectiveness, and operating efficiencies; and (3) supported by local financial commitment, including evidence of stable and dependable funding sources to construct, maintain, and operate the system or extension. In addition, FTA expects that most new start proposals will be supported by a major investment study, that is, a comprehensive analysis of all reasonable alternatives for addressing a transportation problem.

Each year, FTA prepares a "Report on Funding Levels and Allocations of Funds for Transit Major Capital Investments" (informally known as the 3j report), which profiles the major new starts projects that FTA has identified. Past 3j reports contained descriptive profiles on all projects, as well as ratings on whether each project without a full funding grant agreement met FTA's criteria for the project's justification and a financial commitment from local sources.³ However, the fiscal year 1999 report, issued in May 1998, contains profiles on only those projects with full funding grant agreements and those in the pipeline for agreements. Projects in the planning phase are not rated or included in the pipeline, since FTA believes that these projects are not yet far enough along to provide sufficient information to warrant an assessment of their justification for federal new starts funding.

PROJECTS MEETING FTA'S CRITERIA

Of the 170 projects that BESTEA would authorize for funding under the new starts program, 14 (about 8 percent) currently meet the principles that FTA uses to recommend projects for new starts funding. These 14 projects were recommended by FTA for about \$870 million in new starts funding for fiscal year 1999. (See enc. I.) Of the remaining 156 BESTEA projects, 33 are included in FTA's pipeline—projects that are in the final design or the preliminary

²A full funding grant agreement establishes the terms and conditions of federal financial participation in a project and the maximum amounts of federal new starts financial assistance for the project.

³FTA does not report the ratings for projects that have already been awarded full funding grant agreements because the determination of those projects' justification for funding has been made.

engineering phase and, therefore, in FTA's view, may be recommended for new starts funding in the near future. The other 123 BESTEA projects are not included in FTA's pipeline because they are in the early stages of development and the information available to assess their potential for full funding grant agreements has not been fully developed. Enclosure II compares the 170 BESTEA projects, showing (1) the projects that meet FTA's criteria and were recommended by FTA for new starts funding for fiscal year 1999 and (2) those projects that are in FTA's pipeline.

IMPACT ON FUNDING FUTURE PROJECTS

Twelve of the 14 projects recommended by FTA for new starts funding have federal financial commitments of almost \$2.3 billion beyond fiscal year 1999 (federal funding commitments for the other 2 projects will be completed in fiscal year 1999). If FTA's recommendations are followed and the amount made available to new starts projects through the annual appropriations process remains at about \$800 million, it will take almost 3 more years to fulfill these commitments before any other new start transit projects could receive significant funding. In short, the projects currently recommended by FTA would essentially use most of the federal new starts funds until 2003.⁴ If annual amounts are less than \$800 million or the projects without full funding grant agreements—such as the additional 156 projects authorized by BESTEA—are funded, the time to complete the 14 projects with existing full funding grant agreements could be extended. Furthermore, total project costs could increase because of the extended construction time.

BESTEA proposes to limit the amount of new starts funds that can be given to projects that are not in final design or under construction. This restriction—8 percent of the total new starts funds made available to FTA in each fiscal year—would limit the potential impact that funding projects in their early development stages could have on projects with full funding grant agreements. FTA officials indicated to us that projects in the early planning stages should be funded with planning funds or with flexible highway funds rather than with new starts funds. This would allow amounts authorized for new starts projects to be applied to projects that have full funding grant agreements and help ensure that they are completed as soon as possible.

⁴According to FTA officials, because some existing commitments for projects extend beyond 2003 and other projects may be completed before then, there may be some limited opportunities to provide some initial funding to a small number of additional projects before 2003.

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AGENCY COMMENTS

We provided the Department of Transportation with a draft of this report for review and comment. We met with FTA's Director for Policy Development and other officials from the offices of Budget and Policy, of Planning, and of Program Management. FTA agreed with the report's information but provided some minor clarifications. We have incorporated the comments where appropriate.

SCOPE AND METHODOLOGY

Our analysis is based on a review of FTA's documentation for the new starts program and interviews with officials from FTA's Office of Budget and Policy. We did not verify FTA's financial data systems. We performed our work in accordance with generally accepted government auditing standards in April and May 1998.

We are sending copies of this report to the appropriate congressional committees; the Secretary of Transportation; the Administrator, FTA; and other interested parties. We are also making copies available to others on request.

Please call me at (202) 512-3650 if you have any questions. Major contributors to this report were Ron Stouffer, Paul Bollea, and Carol Ruchala.

Sincerely yours,



Phyllis F. Scheinberg
Associate Director,
Transportation Issues

Enclosures - 2

FTA'S RECOMMENDED NEW STARTS PROJECTS.
FISCAL YEAR 1999

Dollars in millions

Project	Recommended funding
Atlanta--North Line Extension	\$59.76
Boston--Piers Transitway, Phase I	88.46
Denver--Southwest LRT	47.24
Houston--Regional Bus Plan	68.97
Los Angeles--MOS 3	100.00
Maryland--MARC Extension to Frederick	17.62
New Jersey/Urban Core-Hudson-- Bergen LRT	74.19
Portland--Westside LRT	36.59
Sacramento--South Corridor LRT	24.13
Salt Lake City--South LRT	70.00
San Francisco--BART Airport Extension	100.59
San Jose--Tasman LRT	38.67
San Juan--Tren Urbano	78.99
St. Louis--St. Claire County (IL) LRT	64.32
Total	\$869.54

Note: The names of projects are as they appear in FTA's "Report on Funding Levels and Allocations of Funds for Transit Major Capital Investments" (May 1998).

Source: FTA's Office of Budget and Policy.

COMPARISON OF THE 170 NEW STARTS PROJECTS AUTHORIZED BY BESTEA,
SHOWING THOSE RECOMMENDED BY FTA AND IN FTA'S PIPELINE

BESTEA projects	FTA-recommended project ^b	In FTA's pipeline ^c
Final design and construction^a		
Atlanta--Athens Commuter Rail		
Atlanta--Griffin Commuter Rail		
Atlanta--North Line Extension	X	
Austin--N.W./North Central/S.E. Airport LRT		X
Baltimore--Central LRT Extension to Glen Burnie		
Boston-Massport Airport Intermodal Connector		
Boston--North Shore Blue Line Extension to Beverly		
Charlotte--South Corridor Transitway		
Chicago--Navy Pier-McCormick Pl. Busway		
Chicago--N. Central Upgrade Commuter Rail		
Chicago--Ravenswood Line Extension		
Chicago--Southwest Extension		
Chicago--West Line Expansion		
Cleveland--Akron-Canton Commuter Rail		
Cleveland--Berea Metroline Extension		
Cleveland--Blue Line Extension		
Cleveland--Euclid Corridor Extension		X
Cleveland--I-90 Corridor to Ashtabula County		
Cleveland--Waterfront Line Extension		
Dallas--North Central Extension		X
Dallas--Ft. Worth RAILTRAN (Phase II)		X

BESTEAs projects	FTA-recommended project ^b	In FTA's pipeline ^c
Denver--East Corridor (Airport)		
Denver--Southeast LRT (I-25 between 6th & Lincoln)		X
Denver--Southwest LRT	X	
Denver--West Corridor LRT		
E. St. Louis--Mid-America Airport Corridor	X	
Ft. Lauderdale--Tri-County Commuter Rail		X
Galveston--Trolley Extension		
Hartford--Griffin Line		
Hollis--Ketchikan Ferry		
Houston--Regional Bus Plan--Phase I	X	
Kansas City--I-35 Commuter Rail		
Kansas City--Southtown Corridor		X
Las Vegas Corridor		X
Little Rock--River Rail		X
Los Angeles--Metrolink San Bernadino Line		
Los Angeles--MOS-3	X	
Los Angeles--Metrolink (Union Station-Fullerton)		
Louisville--Jefferson County Corridor		
MARC--Commuter Rail Improvements	X	
Maryland Light Rail Double Track		
Memphis--Medical Center Extension		X
Miami--East-West Intermodal Corridor		X
Miami--North 27th Avenue Corridor		X
Miami--South Busway Extension		
Milwaukee--East-West Corridor		
Monterey County Commuter Rail		

BESTEA projects	FTA-recommended project ^b	In FTA's pipeline ^c
Nashua, NH--Lowell, MA, Commuter Rail		
Nashville Commuter Rail		
New Orleans--Canal Streetcar		X
New York--8th Avenue Subway Connector		
New York--Brooklyn-Staten Island Ferry		
New York--Long Island RR East Side Access		X
New York--Staten Island Ferry-Whitehall Terminal		
New York--Susquehanna & Western Commuter Rail		
New Jersey Urban Core ^d	X	X
Norfolk--Virginia Beach Corridor		X
Orange County--Fullerton-Irvine Corridor		X
Orlando--I-4 Central Florida Light Rail System		X
Philadelphia--Schuylkill Valley Metro		
Phoenix--Fixed Guideway		
Colorado--Roaring Fork Valley Rail		
Pittsburgh Airborne Shuttle System		
Pittsburgh--MLK Busway Extension		X
Portland--South-North Corridor		X
Portland--Westside-Hillsboro Corridor	X	
Raleigh-Durham--Regional Transit Plan		X
Sacramento--Folsom Extension		
Sacramento--Placer County Extension		
Sacramento--South Corridor	X	
Salt Lake City--Light Rail (Airport-Univ. of Utah)		X

BESTEA projects	FTA-recommended project ^b	In FTA's pipeline ^c
Salt Lake City--Ogden-Provo Commuter Rail		
Salt Lake City--South LRT	X	
San Diego--Mid-Coast LRT Corridor		X
San Diego--Mission Valley East Corridor		X
San Diego--Oceanside-Escondido Corridor		X
San Francisco--BART-San Francisco Airport Extension	X	
San Francisco--Bayshore Corridor		X
San Jose--Tasman Corridor Light Rail	X	
San Juan--Tren Urbano	X	
San Juan--Tren Urbano-Minellas		X
Santa Cruz--Fixed Guideway		
Seattle--Southworth High Speed Ferry		
Seattle--Sound Move Corridor		X
South Boston--Piers Transitway ^d	X	X
St. Louis--Cross County Corridor		
Stockton--Altamont Commuter Rail		
Tampa Bay--Regional Rail		
Twin Cities--Northstar Corridor		
Twin Cities--Transitways Corridors		
Washington D.C.--Richmond Rail Corridor Improvements		
Washington, D.C.--Dulles Corridor Extension		
Washington, D.C.--Largo Extension		X
West Trenton Line (W. Trenton-Newark)		
Westlake--Commuter Rail Link		

BESTEA projects	FTA-recommended project ^b	In FTA's pipeline ^c
Pittsburgh North Shore-Central Business District Corridor		
Pittsburgh--Stage II Light Rail		X
Boston--North-South Rail Link		
Spokane--South Valley Corridor Light Rail		
Miami--Palmetto Metrorail		
Subtotal	14	31
Alternatives analysis and preliminary engineering^e		
Albuquerque--High Capacity Corridor		
Atlanta--Georgia 400 Multimodal Corridor		
Atlanta--MARTA Extension (S. DeKalb-Lindbergh)		
Atlanta--MARTA I-285 Transit Corridor		
Atlanta--MARTA Marietta-Lawrenceville Corridor		
Atlanta--MARTA S. DeKalb Comprehensive Program		
Baltimore--Metropolitan Rail Corridor		
Baltimore--People Mover		
Bergen County-Cross County Light Rail		
Birmingham Transit Corridor		
Boston--Urban Ring		
Charleston--Monobeam		
Chicago--Cominsky Park Station		
Chicago--Inner Circumferential Commuter Rail		
Cumberland/Dauphin County Commuter Rail		
Dallas--DART LRT Extensions		

BESTEAs projects	FTA-recommended project ^b	In FTA's pipeline ^c
Dallas--Las Colinas Corridor		
Dayton--Regional Riverfront Corridor		
El Paso--International Fixed Guideway (El Paso-Juarez)		
Fremont--South Bay Corridor		
Georgetown Branch (Bethesda-Silver Spring)		
Houston--Advanced Transit Program		
Jacksonville--Fixed Guideway Corridor		
Kenosha-Racine--Milwaukee Rail Extension		
Knoxville--Electric Transit		
Lorain--Cleveland Commuter Rail		
Los Angeles--MOS-4 East Side Extension (II)		X
Los Angeles--MOS-4 San Fernando Valley		
Los Angeles--LOSSAN (Del Mar-San Diego)		X
Maine High Speed Ferry Service		
Maryland Route 5 Corridor		
Memphis--Regional Rail Plan		
Miami--Kendall Corridor		
Miami--Northeast Corridor		
New Jersey Trans-Hudson Midtown Corridor		
New Orleans--Airport--CBD Commuter Rail		
New Orleans--Desire Streetcar		
New York--Astoria-East Elmhurst Extension		
New York--Broadway-Lafayette & Bleecker St		
New York--Brooklyn-Manhattan Access		

BESTEA projects	FTA-recommended project ^b	In FTA's pipeline ^c
New York--Lower Manhattan Access		
New York--Manhattan East Side Link		
New York--Midtown West Intermodal Terminal		
New York--Nassau Hub		
New York--North Shore Railroad		
New York--Queens West Light Rail Link		
New York--St. George's Ferry Intermodal Terminal		
Newburgh--LRT System		
North Front Range Corridor		
Northeast Indianapolis Corridor		
Oakland Airport--BART Connector		
Philadelphia--Broad Street Line Extension		
Philadelphia--Cross County Metro		
Philadelphia--Lower Marion Township		
Pinellas County--Mobility Initiative Project		
Redlands--San Bernardino Transportation Corridor		
Riverside--Perris Rail Passenger Service		
Salt Lake City--Draper Light Rail Extension		
Salt Lake City--West Jordan Light Rail Extension		
San Francisco--CalTrain Extension to Hollister		
Scranton--Laurel Line Intermodal Corridor		
SEATAC--Personal Rapid Transit		
Toledo--CBD to Zoo		

BESTEAs projects	FTA-recommended project ^b	In FTA's pipeline ^c
Union Township Station (Raritan Valley Line)		
Washington County Corridor (Hastings-St. Paul)		
Washington, D.C.--Georgetown-Ft. Lincoln		
Williamsburg--Newport News-Hampton LRT		
Cincinnati/N. Kentucky--Northeast Corridor		
Northeast Ohio--Commuter Rail		
California--North Bay Commuter Rail		
Subtotal	0	2
Total	14	33

Note: The names of projects are as they appear in BESTEA.

^aBESTEAs authorized these projects for final design and construction funding for fiscal years 1998 through 2003.

^bThese projects have been recommended by FTA for new starts funding for fiscal year 1999.

^cFTA has identified these projects in its pipeline (i.e., projects that are in the final design or the preliminary engineering phase) for future new starts funding. One other project--Oklahoma City-MAPS Link--is included in FTA's pipeline but is not authorized by BESTEA.

^dFTA recognizes this project by separate segments; one segment of the project has a full funding grant agreement and the remaining segment is recognized as being in the pipeline.

^eBESTEAs authorized these projects to receive funding for the analysis of alternatives and preliminary engineering for fiscal years 1998 through 2003.

Sources: H.R. 2400, Building Efficient Surface Transportation and Equity Act of 1998; FTA's Office of Budget and Policy.

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