

Federal Transit Administration's New Starts and Small Starts Programs: Transportation, Livability, and Economic Development in a Changing World

By Thornton J. Williams, Williams McMillian Schloss, P.A.

From street cars to subways, bus rapid transit systems to commuter rail, and light to heavy rail, the Federal Transit Administration's (FTA's) New Starts and Small Starts programs have helped to make possible hundreds of new or extended transit fixed guideway systems across the country. Codified in 49 USC § 5309, the New Starts and Small Starts Programs are the federal government's primary financial resource programs for supporting locally-planned, implemented, and operated transit "guideway" capital investments for the construction of new transit systems and extensions to existing systems. These programs have improved the mobility of millions of Americans. Additionally, the transit systems have increased economic development, helped to reduce congestion, improve air quality in the areas they serve and fostered the development of viable, safer, and more livable communities.



Program criteria at 49 USC § 5309 (e). The Small Starts Program is designed for a simpler FTA review process than the New Starts Program, with fewer criteria and grant requirements.

Additionally, if the assistance provided with respect to a new fixed guideway capital project is less than \$25,000,000, the requirements of subsection (e) of 49 USC § 5309 shall not apply to the project until such date as the final regulation to be issued under paragraph (9) takes effect

. Thus, until the passage of SAFETEA-LU, transit projects seeking less than \$25,000,000 in Federal New Starts or Small Starts funds were exempt from FTA evaluation altogether. This exemption will remain until FTA issues regulations establishing an evaluation and rating process for the Small Starts Program. Until such rule is finalized, the very small scale projects can still receive and obligate federal funds without a formal FTA evaluation process.

The New Starts Program

The New Starts Program was created by Congress in the Urban Mass Transportation Act of 1964 ("UMTA") to fund major investments in transit infrastructure for urbanized areas. Transit project sponsors seeking more than \$75,000,000 in Federal New Starts funds must apply to FTA under the New Starts Program criteria at 49 USC § 5309 (d). The Section 5309 program provides funding for the establishment of new rail or busway projects (new starts), the improvement and maintenance of existing rail and other fixed guideway systems that are more than seven years old, and the upgrading of bus systems. Capital assistance grants made to states and local agencies are funded up to 80% of the net project costs, unless the grant recipient requests a lower Federal grant percentage.

The FTA writes recommendations to Congress for new starts funding in the annual New Starts Report after an extensive project development and evaluation process has taken place. FTA is required to evaluate each proposed new starts project according to a series of criteria for project justification and local financial commitment. As projects proceed through the stages of the planning and project development process, they are evaluated against the full range of statutory criteria. The evaluation will result in a rating of "highly recommended", "recommended", or "not recommended" for each project.

The Small Starts Program

Likewise, the Small Starts Program was created in 2005 by the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for USERS ("SAFETEA-LU"). Transit projects seeking less than \$75,000,000 in Federal funds for a project with a total estimated net capital cost of less than \$250,000,000 may apply to FTA under the Small Starts

New Starts and Small Starts Program Criteria

The New Starts and Small Starts projects may be approved for federal funding only if they meet 3 basic criteria rated on a five-point scale including high, medium-high, medium, medium-low, and low designations.

For a New Starts Project, the Secretary may approve a grant under this section for a major new fixed guideway capital project only if the Secretary, based upon evaluations and considerations set forth in paragraph (3) of 49 USC § 5309, determines that the project is:

- (A) Based on the results of an alternatives analysis and preliminary engineering;
- (B) Justified based on a comprehensive review of its mobility improvements, environmental benefits, cost effectiveness, operating efficiencies, economic development effects, and public transportation supportive land use policies and future patterns; and
- (C) Supported by an acceptable degree of local financial commitment (including evidence of stable and dependable financing sources) to construct, maintain, and operate the system or extension, and maintain and operate the entire public transportation system without requiring a reduction in existing public transportation services or level of service to operate the proposed project.

For the Small Starts Program, the Secretary may provide Federal assistance with respect to a proposed project only if the Secretary finds that the project is:

- (A) Based on the results of planning and alternatives analysis;
- (B) Justified based on a review of its public transportation supportive land use policies, cost effectiveness, and effect

on local economic development; and
(C) Supported by an acceptable degree of local financial commitment.

In both the New Starts and Small Starts Program project justification criteria evaluated by the FTA, cost effectiveness of the project and time saved are the major determining factors for the funding of projects.

Looking Ahead

In remarks at the 2010 Transportation Research Board annual meeting, U.S. Transportation Secretary Ray LaHood announced the Obama Administration's plans to change how projects are selected to receive federal financial assistance in the FTA's New Starts and Small Starts Programs. The change will apply to how the FTA evaluates major transit projects going forward. In making funding decisions, the FTA will promote livability and now evaluate the environmental, community and economic development benefits as well as congestion relief benefits provided by transit projects, in addition to cost and time saved, which as stated above, are currently the primary criteria.

As part of this initiative, the FTA will immediately rescind budget restrictions issued by the previous Administration in March of 2005 that focused primarily on how much a project shortened commute times in comparison to its cost. In addition, the FTA will initiate a separate rulemaking process and inviting public comment on ways to appropriately measure all the benefits that result from such investments. 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.

As Florida looks toward passenger rail—both through commuter and high speed rail initiatives—as an important investment in Florida's infrastructure future, one which provides innovative and green transportation options for commuters and visitors, while creating jobs and helping recharge our state's economy, the New Starts and Small Starts Program will be critical to helping Florida achieve its goals.

Appropriations for transit systems in the Obama Administration's Federal Stimulus Package included \$750 million for the New Starts program. SAFETEA-LU has authorized \$6.6 billion in New Starts funding through fiscal year 2009. Moreover, in fiscal year 2010, SAFETEA-LU was extended and Congress appropriated \$2 billion in New Starts funding. Annually, \$200 million of this funding is set-aside for Small Starts Programs (i.e., major transit capital projects costing less than \$250 million, and requiring less than \$75 million in Small Starts resources).

While the level of New Starts funding has never been higher, neither has the demand for it. SAFETEA-LU authorized over 330 projects nationwide to compete for these discretionary federal dollars. Many of these projects are currently in FTA's New Starts pipeline (that is, projects pursuing New Starts funding which are in the preliminary or final design stages of development, or Small Starts projects approved into the single "project development" phase). Nationally, Florida's SunRail project, a joint federal-state-local partnership for 61 miles of commuter rail, with the federal government funding 50% of

the total cost of the project, is next in line for final approval and federal funding from the FTA as part of the New Starts Program.

Additionally, even though it is not a part of the New Starts and Small Starts Program, in January 28, 2010, President Obama announced Florida was awarded \$1.25 billion in American Recovery and Reinvestment Act funds to start construction of the Tampa-Orlando leg of the federally designated Tampa-Orlando-Miami High Speed Rail (HSR) corridor. In turn, the federal government further announced on June 28, 2010, a new round of competition for \$2.1 billion for HSR systems. Florida applied for \$1.12 billion of these funds, which would largely complete the capital funding program for the Tampa-Orlando HSR project. The federal government expects to announce these awards later in 2010. FDOT's financial plan for HSR assumes approximately \$2.2 billion of the projected \$2.7 billion cost will come from federal funding, with the balance coming from a combination of state and private sources.

In conclusion, even though this is a technical area, federal transit funding programs such as the FTA's New Starts and Small Starts Programs are rapidly changing the transportation, mobility, livability, economic development, and infrastructure of our world.

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