

Annual Report on New Starts

Proposed Allocations of Funds for Fiscal Year 2007

Report of the Secretary of Transportation
to the United States Congress
Pursuant to 49 U.S.C. 5309(k)(1)

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New Britain – Hartford Busway

Hartford, Connecticut

(November 2005)

The Connecticut Department of Transportation (ConnDOT) is proposing to construct the New Britain-Hartford Busway, an 11-station, 9.4-mile exclusive bus rapid transit (BRT) system operating primarily in an existing and abandoned railroad right-of-way on a new two-way roadway between downtown New Britain and downtown Hartford's Union Station. The busway would run parallel to Interstate 84 (I-84), the primary transportation link between New Britain, West Hartford, and downtown Hartford. The project's operating plan calls for a number of bus routes to operate on the Busway, including services that enter and exit the facility to reach destinations well outside of the immediate corridor without the need for a transfer. The project scope includes the procurement of 30 new buses and construction of six small park-and-ride lots along the alignment.

I-84 is currently, and is forecast to remain, the region's most congested highway. In addition, the combined population of New Britain and Hartford account for just under 50 percent of the entire metropolitan area's zero-car households. The proposed busway project is intended to provide faster transit travel times between major activity centers throughout the corridor, improve mobility and accessibility for the corridor's relatively large transit-dependent population, and promote redevelopment opportunities in older urban centers along the project alignment.

Summary Description	
Proposed Project:	Bus Rapid Transit 9.4 Miles 11 Stations
Total Capital Cost (\$YOE):	\$335.5 Million
Section 5309 New Starts Share (\$YOE):	\$167.8 Million (50.0%)
Annual Forecast Year Operating Cost:	\$9.6 Million
Ridership Forecast (2030):	18,000 Average Weekday Boardings 4,500 Daily New Riders
Opening Year Ridership Forecast (2011):	16,400 Average Weekday Boardings
FY 2007 Finance Rating:	Medium
FY 2007 Project Justification Rating:	Medium
FY 2007 Overall Project Rating:	Medium

In the *FY 2006 Annual Report on New Starts*, FTA rated the New Britain – Hartford Busway project as *Not Recommended*, based on concerns related to the project's capital cost estimate and ConnDOT's financial capacity to implement the project in a timely manner. Since that time, ConnDOT has provided FTA improved information on the agency's capital condition and financial capacity, resulting in this year's *Medium* rating. However, FTA continues to note concerns with the project's cost estimate and the slow progress achieved by ConnDOT in advancing the project beyond preliminary engineering (PE), which was approved by FTA nearly six years ago. ConnDOT must finalize the scope, schedule, and right-of-way costs, and take any necessary local legislative action to secure adequate financial commitments to support a final design approval by September 30, 2006 or be removed from PE status.

Project Development History and Current Status

The 1994 regional transportation plan prepared by the Capitol Region Council of Governments identified the I-84 corridor west of Hartford as one of the metropolitan area’s high priority corridors in need of improvement. A major investment study in the corridor was completed in 1999; it resulted in the selection of a BRT system between New Britain and Hartford as the locally preferred alternative. FTA approved the New Britain - Hartford Busway’s entrance into PE in January 2000. The project received a NEPA Record of Decision (ROD) in March 2002. In order to address changes in project scope since issuance of the ROD, ConnDOT is preparing supplementary environmental documentation for FTA approval.

Significant Changes Since FY 2006 Evaluation (November 2004)

ConnDOT prepared and submitted an enhanced cash flow reflecting anticipated sources and uses of capital and operating funds for transit. Updated capital cost estimates reflect a revised project implementation schedule (including the delay of revenue operations from December 2010 to 2011) and a slight decrease in total capital costs due to the elimination of one station. Updated travel forecasts reflect the revised scope and a 2030 design year.

Project Justification Rating: Medium

The project is rated *Medium* based on the *Medium* rating for cost effectiveness and the *Medium* rating for transit-supportive land use.

Cost Effectiveness Rating: Medium

The *Medium* cost effectiveness rating reflects the level of travel time-benefits (4,000 weekday hours) relative to the project’s annualized costs. Given the uncertainties of the project’s capital costs, ConnDOT’s current estimate of cost effectiveness carries some risk.

Cost Effectiveness	
	<u>New Start vs. Baseline</u>
Cost per Hour of Transportation System User Benefit	\$19.03*
Incremental Cost per Incremental Trip	\$17.07

* Indicates that measure is a component of Cost Effectiveness rating.

The New Britain-Hartford Busway project is anticipated to result in travel-time benefits not only to residents living within the corridor, but to suburban commuters who take advantage of the flexibility of BRT service. Specifically, ConnDOT’s operating plan for the Busway allows several routes to exit the facility and circulate through neighborhoods to reach destinations far removed from the alignment. This reduces the number of transfers required, allows more riders access to more trip origins and destinations with a single-seat ride, and contributes to higher ridership levels. Approximately 40 percent of travel-time benefits accrue to suburban travel markets, with Hartford and New Britain residents splitting the remainder of time savings. In addition, zero-car households generate nearly 40 percent of the project’s travel-time benefits.

ConnDOT’s updated cost estimate reflects the project’s still early design, despite the fact that it has been in PE for nearly six years. FTA believes that additional costs may accrue when ConnDOT finalizes necessary right-of-way agreements with Amtrak; clarifies the extent (and cost) of needed real estate acquisition; improves the sufficiency of the project’s cost contingency fund and inflation assumptions; and further compensates for a four-year schedule extension to achieve revenue operations by 2011.

Transit-Supportive Land Use Rating: Medium

The *Medium* rating is based upon the *Medium* ratings assigned to existing land use and transit supportive plans and policies and the performance and impacts of land use plans and policies.

Existing Land Use: Medium

- The busway corridor includes portions of four communities with varying levels of development. Beyond the New Britain and Hartford downtowns, the corridor is dominated by medium density residential uses, with some commercial, light industrial, open space, and mixed-use developments.
- Existing population and employment densities around station areas are 6,000 persons and 8,700 employees per square mile, respectively. Total station area population is approximately 42,100, while total station area employment is approximately 64,800 employees.
- Surface parking is plentiful near many proposed stations. Monthly market rates for parking in the downtown Hartford core reach \$100 per month.

Transit-Supportive Plans and Policies: Medium

- The State of Connecticut established a number of Transportation Investment Areas, including the area of this project, to focus development in areas of intense transportation system development. In addition, a statewide document, *Conservation and Development: Policies Plan for Connecticut (1998-2003)*, updated in 2004 as *Recommended Conservation and Development Policies Plan for Connecticut (2004-2009)*, continues to provide general policies for communities and counties on transportation, infrastructure, housing, and growth management issues.
- The New Britain/Hartford Station Area Planning Project has developed detailed transit-oriented station area plans citing area resources and design and development opportunities for six key stations.
- All municipalities are in the process of adopting transit-oriented overlay zoning to respond to the project. The town of West Hartford and the city of Hartford have adopted overlay zones that remove restrictions on residential density, height, and lot occupancy. Additional overlay zones are under consideration in these municipalities, and New Britain and Newington are in the process of adopting transit-oriented overlay zones.
- Municipal Advisory Committees have been developed to guide the linkage between the busway project and land uses. The Transit Oriented Development (TOD) Station Area Planning Project involves the development of a primer on TOD for local governments and other stakeholders.

Performance and Impacts of Policies: Medium

- The development / redevelopment in the corridor is increasing. One of many projects in downtown Hartford, Adriaen's Landing, includes development of the Connecticut Convention Center, the Hartford Marriott Downtown, an entertainment district with 200 residences and 150,000 square feet of retail and entertainment, and the Connecticut Center for Science and Exploration. Redevelopment of industrial space (former warehouses and factories) and commercial districts (New Britain) throughout the corridor suggests that the development community is focusing increasingly on busway stations.
- Redevelopment potential is evident in locations such as downtown New Britain and downtown Hartford. Some stations have space available for joint/co-development at ground level and above stations; others are located adjacent to vacant properties that would be available for development. Some of the vacant land in the corridor lies in floodplains and wetlands with limited development potential.

Other Project Justification Criteria

Mobility Improvements Rating: Medium-High		
<p><u>Within 1/2-mile radius of boarding areas:</u> Existing Employment Projected Employment (2030) Low Income Households (% of total HH)</p> <p><u>Average Per Station:</u> Employment Low Income Households</p> <p>Transportation System User Benefit Per Project Passenger Mile (Minutes)</p>	<p>64,800 80,900 4,500 (26)%</p> <p>5,890* 409*</p> <p style="text-align: center;"><u>New Start vs. Baseline</u></p> <p>3.60*</p>	
Environmental Benefits Rating: High		
<p><u>Criteria Pollutant (Reduction in tons)</u> Carbon Monoxide (CO) Nitrogen Oxide (NO_x) Volatile Organic Compounds (VOC) Particulate Matter (PM₁₀) Carbon Dioxide (CO₂)</p> <p><u>Criteria Pollutant Status</u> 8-Hour Ozone (O₃) Particulate Matter (PM₁₀)</p> <p>Annual Energy Savings (million British Thermal Units)</p>	<p style="text-align: center;"><u>New Start vs. Baseline</u></p> <p>257 5 5 N/A 14,305</p> <p style="text-align: center;"><u>EPA Designation</u> Moderate Non-Attainment* Moderate Non-Attainment*</p> <p>184,922</p>	
Operating Efficiencies Rating: Medium		
<p>System Operating Cost per Passenger Mile (current year dollars)</p>	<p><u>Baseline</u></p> <p>\$0.632*</p>	<p><u>New Start</u></p> <p>\$0.581*</p>

* Indicates that measure is a component of rating for each criterion.
 N/A indicates information was not available for this entry.

Local Financial Commitment Rating: Medium

The *Medium* local financial commitment rating is based on the *Medium* ratings for the New Starts share of project costs and for both the operating and capital finance plans.

Section 5309 New Starts Share of Total Project Costs: 50%

Rating: Medium

ConnDOT is requesting a 50 percent New Starts share of total project costs, which equates to a *Medium* rating for this measure.

Locally Proposed Financial Plan		
<u>Source of Funds</u>	<u>Total Funds (\$million)</u>	<u>Percent of Total</u>
Federal:		
Section 5309 New Starts	\$167.8	50.0%
Section 5307 Urbanized Area Formula Funds	\$12.1	3.6%
Section 5309 Fixed Guideway Modernization Funds	\$10.7	3.2%
Section 5309 Bus Discretionary Flexible Funds (CMAQ and STP)	\$20.9	6.2%
FHWA NHS Funds	\$35.3	10.5%
	\$6.0	1.8%
State:		
Transportation Strategy Board	\$19.5	5.8%
Special Transportation Fund	\$63.2	18.8%
Total:	\$335.5	100.0%

NOTE: The financial plan reflected in this table has been developed by the project sponsor and does not reflect a commitment by DOT or FTA. The sum of the figures may differ from the total as listed due to rounding.

Capital Finance Plan Rating: Medium

The capital finance plan is rated *Medium*. The agency capital condition subfactor received a *High* rating; the commitment of capital funds and capital funding capacity subfactors received *Medium-High* ratings; the plan completeness subfactor received a *Medium* rating; and the capital cost estimate and planning assumptions subfactor received a *Medium-Low* rating. These ratings average to a *Medium-High*, but the rating was lowered to *Medium* due to the *Medium-Low* rating for the capital cost estimate and planning assumptions subfactor.

Agency Capital Condition: High

- The average age of ConnDOT's Statewide bus fleet is 5.2 years, while the average age of the Hartford Division's bus fleet is 5.6 years, which is younger than the industry average.
- ConnDOT's excellent Special Tax Obligation bond ratings, which were issued in November 2004, are as follows: Moody's Investors Service Aaa; Standard & Poor's Corporation AAA; and Fitch AAA.

Completeness of Capital Plan: Medium

- ConnDOT's submission was improved over previous years. The submittal included cash flows specifying the sources and uses of capital funds for transit and highway projects Statewide. While the submission included a sensitivity analysis examining the potential for project cost increases, there was no accompanying analysis demonstrating how ConnDOT would address such

cost increases. The plan included a discussion of inflation for project capital costs but only limited discussion of assumed growth in capital funding sources.

Commitment of Capital Funds: Medium-High

- Over 25 percent of non-New Starts funding is committed or budgeted. Federal funding sources include Section 5307 Formula funds, Section 5309 Fixed Guideway Modernization funds, Section 5309 Bus Discretionary funds, flexible funds including CMAQ and STP, and FHWA National Highway System funds. State funding sources include revenues from the State Transportation Fund and the Transportation Strategy Board.

Capital Funding Capacity: Medium-High

- The project's financial plan shows projected cash balances, reserve accounts, and/or access to credit based on the State Transportation Fund that would allow ConnDOT to cover cost increases or funding shortfalls equal to approximately 37 percent of project costs. It is not clear what proportion of the State Transportation Fund could be available to cover project cost overruns.

Capital Cost Estimate and Planning Assumptions: Medium-Low

- ConnDOT's financial plan assumes a significant increase in supplemental Special Tax Obligation bonding to fund the project. This increase is approximately four times the level of supplemental bonding received in recent years.
- The capital cost estimate of the project has quadrupled since the project entered preliminary engineering. Cost uncertainty remains related to scope, schedule, and third party agreements.

Operating Finance Plan Rating: Medium

The operating finance plan is rated *Medium*, based upon the average of the ratings of the five subfactors listed below. The operating condition subfactor received a *Medium-High* rating; the operating cost estimates and planning assumptions subfactor received a *Medium-Low* rating; and the remaining subfactors received *Medium* ratings.

Agency Operating Condition: Medium-High

- ConnDOT is in good condition with no bus service cutbacks in recent years and a history of being able to draw funds as required from the State Transportation Fund.
- ConnDOT did not provide an audited financial statement for FY 2004, but a June 2004 Statement of Financial Information indicates a high current ratio of assets to liabilities of 7.0.

Completeness of Operating Plan: Medium

- ConnDOT's submission was improved over previous years. The plan included a 20-year cash flow of the sources and uses of operating funds for the project, the Hartford Bus Division and for transportation Statewide. However, the submission lacked a complete sensitivity analysis addressing how ConnDOT would cover unexpected cost increases and detail on how busway operating costs were estimated.

Commitment of Operating Funds: Medium

- Less than 25 percent of operating funding is committed. Planned sources of funds include the State Transportation Fund and farebox revenues.

Operating Funding Capacity: Medium

- The project's financial plan shows access to the State Transportation Fund in an amount equal to approximately 16 percent of annual operating expenses for the Hartford Bus Division.

Operating Cost Estimates and Planning Assumptions: Medium-Low

- Assumptions regarding the sources of funds tend to be conservative, while the assumptions regarding operating costs, uses of funds, and subsidy needs appear optimistic.

New Britain - Hartford Busway

Hartford, Connecticut

