



**Metro**

Los Angeles County  
Metropolitan Transportation Authority

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**REGULAR BOARD MEETING  
JULY 23, 2009**

**SUBJECT: FEDERAL NEW STARTS PROGRAM**

**ACTION: AUTHORIZE CEO TO PURSUE FEDERAL FULL FUNDING  
GRANT AGREEMENT FOR WESTSIDE SUBWAY EXTENSION  
AND REGIONAL CONNECTOR**

**RECOMMENDATION**

Authorize the CEO to pursue a long-term federal funding agreement through the U.S. Department of Transportation to construct and link the Regional Connector and the Westside Subway projects in order to secure Los Angeles County's fair share of federal rail funding through the New Starts program. This recommendation is consistent with the proposed Long Range Transportation Plan and Measure R Project Delivery Committee discussions.

**ISSUE**

In federal Fiscal Year 2011 our agency could, for the first time in six years, not be a recipient of federal New Starts funding for a major rail capital project. Over the past six years we have received, on average, \$80 million per year in federal rail funding through the New Starts program.

The final appropriation of federal funds for the Metro Gold Line Eastside Extension will be made in this fiscal year (Federal FY 2010). The project was apportioned \$66.7 million in stimulus funds made available in the American Recovery and Reinvestment Act of 2009 earlier this year and is expected to be the recipient of an appropriation of \$9.6 million in the Fiscal Year 2010 Transportation, Housing and Urban Development spending bill. These funds will complete the federal funding commitment for the Metro Gold Line Eastside Extension, which was awarded a Federal Full Funding Grant Agreement (FFGA) in June of 2004 in the amount of \$491 million.

The Regional Connector and Westside Subway will, given current federal New Starts requirements, score highly in the rankings necessary to secure either an Early System Work Agreement<sup>1</sup> (ESWA) or FFGA. These projects will operate in some of the most

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<sup>1</sup> An Early Systems Work Agreement (ESWA) is a statutory mechanism available to FTA to make a commitment to a transit project and provide funding, after a Record of Decision but prior to the negotiation and execution of a Full Funding Grant Agreement. An ESWA does not have to undergo a congressional notification and review process.

densely populated and commercially significant areas of Los Angeles County and will provide critically needed transit linkages for existing subway and light rail transit systems. These projects will not only result in significantly greater connectivity in the Metro subway and light rail systems, but will also result in a dramatic increase in overall system ridership and user benefits, and bring to realization the full transportation and economic benefits of the significant local and federal investments we have made to date in our transit system.

The supporting documentation for the Regional Transportation Plan (RTP) has to be amended to properly reflect the revised scope and schedule of both the Westside Subway Extension and the Regional Connector. Similarly, the construction funding and schedules for both projects are not in the Regional Transportation Improvement Program (RTIP). Without timely RTP and RTIP amendments, both projects will not qualify for federal environmental clearances or federal construction funding. Since timely adoption of the LRTP is the first step in a process that would culminate with SCAG's approval of the RTIP in June of 2010, as shown in Attachment A, Los Angeles County now has a strong financial interest in prompt action on the LRTP. For example, the U.S. Senate's Environment and Public Works Committee, chaired by Senator Barbara Boxer (D-CA), is currently working on an 18 month extension to the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). While Senator Boxer anticipates a clean extension of SAFETEA-LU, she would like to be prepared for all possibilities. In order to reduce the number of projects under consideration, California's Senators are considering inclusion in the RTIP as a requirement for projects that their offices will consider for federal funding in any prospective SAFETEA-LU extension bill.

## **POLICY IMPLICATIONS**

We currently have no project that is ready to be considered for substantial New Starts funding in federal Fiscal Year 2011. The failure to select a local rail project or package of rail projects and successfully advance that project(s) in the New Starts program will result in the loss of a funding stream that has, over the past six years, delivered approximately \$80 million annually for our agency. Over a 24 year period (FY84-03), during the construction of the Metro Red/Purple line, our agency secured an average of approximately \$90 million in New Starts funding annually.

## **OPTIONS**

Our agency could decide to forgo the federal New Starts process and use exclusively local funds to build the heavy and light rail projects that will be part of our anticipated Long Range Transportation Plan.

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## **FINANCIAL IMPACT**

The failure to have a major rail project in Los Angeles County enter into the federal New Starts program, either through an FFGA or an ESWA will result in the loss of at least \$80 million and as much as \$200 million annually in federal funds for our agency. The successful execution of either an ESWA or FFGA for a rail project or package of rail projects in Los Angeles County holds the promise of significantly increasing the amount of funding our agency has received from the New Starts program over the past several decades. A number of recent agreements in support of new rail projects by the U.S. Department of Transportation have involved multi-billion federal commitments. For example, two projects have been approved for FFGA's in New York City: New York Long Island Rail Road East Side Access (\$2.6 billion) and the Second Avenue Subway Phase I (\$1.3 billion) and an ESWA was approved earlier this year for the Northern New Jersey Access to the Region's Core (\$3 billion).

## **BACKGROUND**

The Federal Transit Administration's (FTA) discretionary Major Capital Investment Grant (MCIG) Program is the federal government's primary discretionary financial resource for supporting locally planned, implemented, and operated major transit capital projects. The FTA's New Starts and Small Starts programs are part of the MCIG program and were most recently reauthorized by SAFETEA-LU in August of 2005.

Specifically, New Starts projects are those that require more than \$75 million in federal funding and that have a total capital cost of more than \$250 million. The significant benefit of the New Starts program funding mechanism, which is an FFGA (Attachment C), is that it offers a reliable stream of federal funding for a given project, often over a period of five or six years. An FFGA normally includes a schedule of annual new starts funding amounts, and these amounts have historically been honored by the Administration in its annual budget and by the congressional appropriations committees in the annual transportation appropriations bill. More broadly, FFGA's serve to define a project, including cost, scope and schedule, while at the same time limiting the exposure of the federal government should a given project exceed its projected cost.

Late last year the FTA issued an Annual Report on Funding Recommendations for the New and Small Starts Program (Attachment B) for Fiscal Year 2010. That report documented over \$1.5 billion for over a dozen major rail projects nationwide, including over \$400 million for two major rail projects currently being constructed in New York City. There is no demonstrable reason that our agency cannot, with the approval of the Board, seek to accelerate the entry of a given project(s) into the New Starts program and begin securing a share of the funding stream that is commensurate with the enormous mobility challenges faced by our county.

Last month, a major rail capital project in New Jersey was approved by the FTA for an ESWA in the amount of \$200 million allocated for federal Fiscal Year 2010. The FTA has announced that the full federal commitment to this project, under a future FFGA, will amount to \$3 billion.

## **NEXT STEPS**

Given the passage of Measure R last year, our agency is well positioned to leverage our robust local funding stream for rail projects in order to secure a large federal commitment for our next rail project(s). In order to achieve the worthwhile goal of dramatically increasing the amount of New Starts funding received by our agency annually, the CEO will pursue, consistent with the proposed Long Range Transportation Plan and Measure R Project Delivery Committee discussions, a long-term federal funding agreement through the U.S. Department of Transportation to construct and link the Regional Connector and the Westside Subway projects in order to secure Los Angeles County's fair share of federal rail funding through the New Starts program.

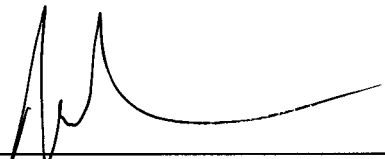
Generally, the process to secure a FFGA consists of a series of project development steps, with FTA approval required to advance from one stage of project development to the next. The FTA approvals are based on its review and evaluation of the proposed project under the New Starts criteria. The key initial step is the selection by the agency of a locally preferred alternative (LPA), which normally occurs after completion of alternatives analysis and development of the Draft Environmental Impact Statement (DEIS). Our agency would then, subject to the approval of FTA, begin preliminary engineering (PE) and prepare a Final Environmental Impact Statement (FEIS). FTA would then complete the environmental review process through the issuance of a Record of Decision (ROD). At this point, we would then add the project to the Transportation Improvement Program. On or before issuance of the ROD, we would request FTA approval to enter final design and begin the negotiation of a FFGA. It is also at this point that we would attempt to secure an ESWA from FTA, in order to be able to initiate final design and construction activities.

Upon completion of the FFGA negotiation process, the U.S. Secretary of Transportation must inform Congress at least 60 days prior to granting an FFGA for the project. Provided the committees of jurisdiction (House Transportation & Infrastructure Committee and Senate Banking, Housing and Urban Affairs Committee) do not object to the FFGA, the FTA would then proceed to issue an FFGA. The FFGA process, from the agency's selection of an LPA to the awarding of a FFGA, can take anywhere from 2 years to 3 years or more, depending on a number of factors including political support and the merits of the project.

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## **ATTACHMENT**

- A. Integrated RTP, RTIP and FFGA Schedule
- B. Fiscal Year 2010 FFGA Funding List Prepared by USDOT
- C. FFGA Fact Sheet



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Matthew Raymond  
Chief Communications Officer



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Arthur T. Leahy  
Chief Executive Officer

## Attachment A

### Integrated RTP, RTIP, FFGA and Federal Appropriation Request Accelerated Schedule

July 10, 2009

<u>Action Required</u>	<u>Target Date</u>
1. SCAG notification to counties of next RTP amendment	June 29, 2009
<b>2. Deadline for submitting RTP amendment projects to SCAG</b>	<b>July 31, 2009</b>
3. SCAG analyzes air quality conformity financial constraint of RTP	Aug/Sep 2009
4. Draft RTP Amendment released	October 2009
5. RTP Public Notice/Hearing/Comments and Response	Oct/Dec 2009
6. MTA Submits FFY 2011 New Starts Information to FTA	Nov 2009
7. Final FFY 2010 Appropriation Bill (Prelim. Eng. Requests)	Sep/Oct 2009
<b>8. Regional TIP Data Submittal Due to SCAG</b>	<b>Dec 2009</b>
9. SCAG Regional Council Adopts the RTP Amendment	Dec/Jan 09/10
10. Federal RTP review and air qual. Conf. determination/approval	Jan/Mar 2010
11. Submit FFY 2011 New Starts Design & Const. Appropriation Req.	Mar 2010
12. SCAG Starts of AB 1246 & 30-Day Public Review of RTIP	Apr 2010
<b>13. SCAG Regional Council Adopts Regional TIP</b>	<b>June 3, 2010</b>

#### Following Schedule Items are Contingent upon Accelerated Environmental & Funding Approvals

14. Selection of Locally Preferred Alternative(s) Aug 2010

- 15. Final FFY 2011 Appropriation Bill (Design & Const. Request) Sep/Oct 2010
- 16. State of California Approves Federal/State TIP Sep 2010
- 17. US DOT and EPA Approve Conformity of Federal TIP Oct 2010
- 18. MTA Submits FFY 2012 New Starts Information to FTA Nov 2010

<b>19. Record of Decision for Reg. Connector &amp; Subway Extension</b>	<b>Mar 2011</b>
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20. Submit FFY 2012 New Starts Construction Funding Request Mar 2011

<b>21. FTA Approves Early System Work Agreement</b>	<b>Apr 2011</b>
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22. Commence Tunnel Final Design May 1, 2011

22. Commence Station Design/Construction May 1, 2011

23. Final FFY 2012 Appropriation Bill (Construction Request) Sep/Oct 2012

24. MTA Submits FFY 2013 New Starts Information to FTA Nov 2012

<b>25. Full Funding Grant Agreement(s)</b>	<b>Jan 2012</b>
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Legend:

- = Critical Path Schedule Item
- EPA = Federal Environmental Protection Agency
- FFY = Federal Fiscal Year
- FTA = Federal Transit Administration
- RTIP = Regional Transportation Improvement Program
- RTP = Regional Transportation Plan
- SCAG = Southern California Association of Governments
- TIP = Transportation Improvement Program
- US DOT = United States Department of Transportation

Table 1 FY 2010 Funding for New Starts and Small Starts Projects

Project	Overall Rating	FY 2008 and Previous Funding	FY 2009	FY 2009	FY 2010 President's Budget	Remaining FFGA NS Funding	Total FFGA NS Funding
			Omnibus Appropriations Act	American Recovery Reinvestment			
<b>Totals by Phase</b>							
Existing New Starts Full Funding Grant Agreements		\$5,247,730,047	\$1,273,243,053	\$739,560,000	\$1,123,028,374		
Recommended Full Funding Grant Agreements and Early System Work Agreements		70,628,756	82,170,000	0	430,000,000		
Project Construction Grant Agreements		0	293,040	2,940,000	0		
Pending Project Construction Grant Agreements		30,450,000	44,550,000	0	0		
Small Starts Project Development		67,331,890	139,411,768	0	174,251,117		
Other New Starts/Small Starts Projects		0	0	0	81,790,079		
Oversight Activities		46,230,000	18,092,500	7,500,000	18,273,430		
Ferry Capitol Projects (AK or HI)		54,910,000	14,850,000	0	0		
Denali Commission		14,900,000	4,950,000	0	0		
<b>GRANDTOTAL</b>		<b>\$5,532,180,693</b>	<b>\$1,577,560,360</b>	<b>\$750,000,004</b>	<b>\$1,827,43,000</b>		
Existing New Starts Full Funding Grant Agreements							
AZ Phoenix, Central Phoenix/East Valley Light Rail	FFGA	\$399,068,097	\$90,882,000	\$36,000,000	\$61,249,903	\$0	\$587,200,000
CA Los Angeles, Metro Gold Line Eastside Extension	FFGA	333,593,449 (1)	80,784,000	66,740,000	9,582,551	0	490,700,000
CO Denver, Southeast Corridor LRT	FFGA	523,968,790	1,020,898	0	10,312	0	525,000,000
CO Denver, West Conidor LRT	FFGA	79,101,000	59,400,000	40,000,000	100,000,000	30,179,000	308,680,000
DC Washington DC Metropolitan Area, Largo Metrorail Extension	FFGA	329,300,000 (2)	34,353,000	0	347,000	0	364,000,000
IL Chicago, Ravenswood Line Extension	FFGA	215,045,596	30,169,660	0	304,744	0	245,520,000
MN Minneapolis-Big Lake, Northstar Corridor Rail	FFGA	85,643,940	70,454,399	0	711,661	0	156,810,000
NJ Northern New Jersey, Hudson-Bergen MOS-2	FFGA	498,896,140	1,092,821	0	11,039	0	500,000,000
NY New York, Long Island Rail Road East Side Access	FFGA	1,098,466,826	207,527,659	195,410,000	215,000,000	915,709,515	2,632,114,000
NY New York, Second Avenue Subway Phase I	FFGA	201,228,349	274,920,030	78,870,000	197,182,000	547,799,621	1,300,000,000
OR Portland, South Corridor I-205/Portland Mall LRT	FFGA	158,400,000	80,784,000	32,000,000	74,229,000	0	345,413,000
PA Pittsburgh, North Shore LRT Connector	FFGA	235,029,671 (3)	664,176	0	6,153	0	235,700,000
TX Dallas, Northwest/Southeast LET MOS	FFGA	185,716,000	87,094,969	78,390,000	86,249,717	262,549,314	700,000,000
UT Salt Lake City, Mid Jordan LET	FFGA	20,090,050	19,800,000	90,890,000	100,000,000	197,519,950	428,300,000
UT Salt Lake City, Weber County to Salt Lake City Commuter Rail	FFGA	180,014,510	80,784,000	0	80,000,000	148,547,490	489,346,000
VA Northern Virginia, Dulles Corridor Metrorail Project Extension to Wiehle Ave.	FFGA	213,414,364	28,809,000	77,260,000	85,000,000	495,516,636	900,000,000
WA Seattle, Central Link Initial Segment	FFGA	471,153,265	25,702,441	0	3,144,294	0	500,000,000
WA Seattle, Utuvsity Link LRT Extension	FFGA	19,600,000	99,000,000	44,000,000	110,000,001	540,400,000	813,000,000
<b>Total Existing New Starts Full Funding Grant Agreements</b>		<b>\$5,247,730,047</b>	<b>\$1,273,243,053</b>	<b>\$739,560,000</b>	<b>\$8,123,028,374</b>	<b>\$3,138,221,526</b>	<b>\$11,521,783,000</b>
Recommended Full Funding Grant Agreements and Early System Work Agreements							
CA Sacramento, South Corridor Phase 2 (FFGA)	Medium	\$4,410,000	\$6,930,000	0	\$40,000,000		
FL Orlando, Central Florida Commuter Rail Transit - Stilt Oper. Seg. (FFGA)	Medium	13,753,030	12,870,000	0	40,000,000		
NJ Northern New Jersey, Access to the Region's Core (ESWA)	Medium-High	32,865,726	47,520,000	0	200,000,000		
TX Houston, North Corridor LRT (FFGA)	Medium	\$9,800,000	7,425,000 (4)	0	75,000,000		
TX Houston, Southeast Corridor LRT (FFGA)	Medium	\$9,800,000	7,425,000 (4)	0	75,000,000		
<b>Total Recommended Full Funding Grant Agreements and Early System Work Agreements</b>		<b>\$70,628,756</b>	<b>\$82,170,000</b>	<b>\$0</b>	<b>\$430,000,000</b>		
Project Construction Grant Agreements							
OR Springfield, Pioneer Parkway EmX BRT	PCGA	0	\$293,040	\$2,940,000	0		
<b>Total Project Construction Grant Agreements</b>		<b>\$0</b>	<b>\$293,040</b>	<b>\$2,940,000</b>	<b>\$0</b>		
Pending Project Construction Grant Agreements							
OR Portland, Streetcar Loop	Medium	\$30,450,000 (5)	\$44,550,000	0	0		
<b>Total Project Construction Grant Agreements</b>		<b>\$30,450,000</b>	<b>\$44,550,000</b>	<b>\$0</b>	<b>\$0</b>		
Small Starts Projects							
AZ Flagstaff, Mountain Links BRT	Medium	0	\$5,558,058	0	\$681,942		
CA Livermore, Livermore-Amador Route 10 BRT	Medium	2,940,000	7,910,100	0	79,900		
CA Los Angeles, New Rapid Bn System Gap Closure	Medium-High	16,347,380	329,294	0	23,326		
CA Los Angeles, Wilshire Boulevard Bus-Only Lane	Medium	0	9,758,526	0	13,558,474		
CA Monterey, Monterey Bay Rapid Transit	Medium	0	0	0	2,830,042		
CA Riverside, Perris Valley Line	Medium-High	1,960,000	44,550,000 (6)	0	0		
CA San Bernardino, B Street Corridor sbX BRT	Medium	0	0	0	32,370,000		
CA San Diego, Mid-City Rapid	Medium-High	0	19,290,150	0	2,359,850		
CA San Joaquin, Metro Express - Airport Way Corridor BRT Project	Medium-High	0	0	0	2,808,825		
CO Fort Collins, Mason Corridor BRT	Medium	0	11,070,180	0	54,505,728		
CO Roaring Fork Valley, BRT Project	Medium-High	0	0	0	810,000		
MA Fitchburg, Commuter Rail Improvements	Medium-High	7,040,000	29,700,000	0	37,452,000		
MO Kansas City, Troost Corridor BRT	Medium	24,450,030	123,948	0	6,022		
TX Austin, MetroRapid BRT	Medium	0	0	0	17,390,000		
WA King County, Bellevue - Redmond BRT	Medium	0	10,842,800	0	9,368,193		
WA King County, Pacific Highway South BRT	Medium	13,794,480	278,705	0	6,815		
<b>Total Small Starts Projects</b>		<b>\$67,331,890</b>	<b>\$139,411,768</b>	<b>\$0</b>	<b>\$174,251,117</b>		
Other New Starts/Small Starts Projects							
<b>Total Other New Starts/Small Starts Projects</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$81,790,079</b>		

(1) Does not include \$3,873,958 in prior year funds not included in FFGA.  
 (2) Project completed original FFGA funding in PY 2005. The FFGA was amended on June 22, 2006 to include a total of \$104,000,000 over FYs 2007 through 2009.  
 (3) Does not include \$1,710,057 in prior year funds received for FEM.  
 (4) FY 2009 allocation for Houston Metropolitan Transit Authority Admitted Transit Program METRO Solutions-Phase 2 is shown evenly split between Houston North and Southeast Corridor projects.  
 (5) FY 2007 allocated funds in amount of \$30,450,000 will be allocated to the project.  
 (6) PCGA recommended, however, FY 2010 funding not needed.

# FTA Major Capital Transit Investment Fact Sheet

## Full Funding Grant Agreement

The full funding grant agreement (FFGA) is the final step of the New Starts planning and project development process. FTA and sponsors of New Starts projects enter into this multi-year contractual agreement that formally establishes the maximum level of Federal financial assistance and outlines the terms and conditions of Federal participation. For projects requiring \$75 million or more of New Starts funding, the requisite agreement is the FFGA. For projects requiring less than \$75 million in Small Starts funding with a total project cost of less than \$250 million, the agreement is the Project Construction Grant Agreement (PCGA). The FFGA/PCGA defines the project, including cost, scope, and schedule; commits to a maximum level of New Starts or Small Starts financial assistance (subject to appropriation); establishes the terms and conditions of Federal financial participation; defines the period of time for completion of the project; and helps FTA and the project sponsor manage the project in accordance with Federal law.

The FFGA/PCGA assures the grantee of predictable Federal financial support for the project (although the annual payout is subject to Congressional appropriations, Congress has consistently honored the payout schedule and amounts established by the FFGA), while placing a limitation on the amount of this support. Thus, an FFGA/PCGA limits the exposure of the Federal government if the project experiences any cost increases during construction, as it is the responsibility of project sponsors to properly manage, design, and construct New Starts. FTA utilizes its Project Management Oversight Program to obtain independent feedback on project status and progress, including the establishment of scope, budget, and schedule, as well as to provide guidance on management, construction, and quality assurance practices.

FTA typically considers an FFGA for a New Starts project shortly after it has been approved to enter the final design phase of the New Starts project development process (for Small Starts projects, a PCGA is contemplated late in project development). By the time of the execution of the agreement, the grantee has developed a final project scope, schedule, budget, and financial plan to build and operate the project. The project's rating against the New Starts project justification and local financial commitment criteria continues to meet SAFETEA-LU requirements for funding, and is considered final. In addition, FTA has reviewed the project sponsor's technical and financial capacity and has determined that both are sufficient to not only construct the project but provide for its operation and the continued operation of the entire existing (and planned) transit system. Reflecting the intense Federal interest in the project, both the FFGA and PCGA are subject to a Congressional 60-day review period before FTA may execute them.

### Guiding Principles for New Starts/Small Starts Funding Allocations

When recommending annual funding allocations among proposed New Starts and Small Starts projects, FTA applies the following general principles:

- Any project recommended for new funding commitments should meet SAFETEA-LU's New Starts project justification and local financial commitment criteria.
- Existing FFGA commitments are honored by FTA before new funding recommendations are made.
- The FFGA and PCGA define the terms of the Federal commitment to a specific project, including funding. Upon completion of an FFGA or PCGA, the Federal funding commitment has been fulfilled. Any additional costs beyond the scope of the Federal commitment are the responsibility of the grantee, although FTA works closely with project sponsors to identify and implement strategies for containing capital costs to those established in the FFGA/PCGA.
- Initial planning efforts such as alternatives analysis are not eligible for New Starts funding, but may be provided through grants under the Section 5303 Metropolitan Planning or Section 5307 Urbanized Area Formula programs, from Title 23 "flexible funding" sources, or from the newly created Section 5339 Alternatives Analysis program.
- Firm funding commitments, embodied in FFGAs or PCGAs, will not be made until projects demonstrate that they are ready for such an agreement, i.e. the project's development has progressed to the point where its scope, costs, benefits, and impacts are considered firm and final.
- Funding should be provided to the most worthy investments to allow them to proceed through the process on a reasonable schedule, to the extent that funds can be obligated to such projects in the upcoming fiscal year. Funding decisions will be based on the results of the project evaluation process and resulting project justification, local financial commitment, and overall project ratings.



