

New Starts Bi-Weekly Briefing – March 12, 2009

Notes: Bring scorecard to each meeting.

TRO-1, TRO-2, TRO-3, TRO-5, TRO-6, TRO-8, TRO-9, and TRO-10 participated via video conference or teleconference.

Meeting with Secretary LaHood

- The Acting Administrator met with the Secretary earlier this afternoon as a follow-up to the Secretary's testimony to the Senate Banking Committee this morning.
- The Secretary thanked FTA for its briefing.
- Committee members appreciate the New Starts program, but emphasized the need to streamline.
- TPE has held some meetings to address streamlining matters and will present some ideas to the New Starts Policy Council.

New Jersey, Access to the Region's Core

- The Secretary has spoken with Senator Lautenberg and Governor Corzine.
- NEXT STEPS/ACTION ITEMS:
 - A letter will probably be sent today. It will inform New Jersey Transit (NJT) that there is not enough commitment authority for the project. The January 2009 final design (FD) letter will be attached to today's letter.
 - NJT will likely request an Early Systems Work Agreement.

Chicago, Metra

- Last year the Illinois legislature granted Metra authority to issue bonds.
- The Union Pacific Northwest and Union Pacific West projects are essentially rail modernization programs but are authorized projects within the New Starts program.
- Metra might have trouble meeting state of good repair criteria so the projects might not be able to move forward.
- The finance ratings still do not look good, so FTA soon must indicate what is needed for progress.

New Starts Funding Amounts and Shares

- Houston Metro hopes to advance the University Corridor into preliminary engineering (PE). Metro projects New Starts funding of \$909 million, which constitutes a 50 percent share.
- Hypothetically, the first payout could occur in 2010
- The project rates "Medium" for cost effectiveness.
- The Houston area would get another \$900.0 million in New Starts funds for the North and Southeast light rail projects.
- What should Metro assume or request for New Starts funds for PE approval?
- A risk assessment has been completed for the San Francisco Central Subway.

- The projected cost for Central Subway has risen from \$1.2 billion to \$1.6 billion.
- The grantee would like to increase the New Starts share to about 65 percent.
- The grantee would like funds spent on one project to count towards local match for Central Subway.
- Also, there is the issue of annual New Starts payouts because they want to develop a financial plan soon.
- Is FTA forcing grantees to borrow if we suggest constant or artificial constraints for yearly payouts?
- An annual payout of \$150.0 million for San Francisco would probably help them to avoid finance charges, but an annual payout of \$100.0 million might force them to incur finance charges.
- For Portland-Milwaukie, FTA told TriMet to presume a 50 percent share, which would be a total of \$735.8 million in New Starts funds.
- TRO-9 said the New Starts share and amount issues will likely need to be addressed for Los Angeles and TCC said the issues will affect Honolulu.
- A few years ago, TCC and TPE drafted a memorandum addressing New Starts shares.
- FTA might want to maintain maximums of 60 percent and \$750.0 million, but if there is an overmatch, then we will consider a greater total New Starts amount and look at \$150.0 million as an annual payout. A tradeoff of cheaper projects could be fewer projects as there is less money left for projects after an annual payout increase from \$100.0 million to \$150.0 million.
- NEXT STEPS/ACTION ITEMS:
 - FTA will tell San Francisco that they should assume a maximum New Starts share of 60 percent and maximum annual payout of \$150.0 million. The share will be consistent with appropriations language that FTA has followed.
 - TPE will draft some bullet points and provide the memorandum that was written a few years ago.
 - TPM will make assumptions for future years and look at remaining commitment authority.
 - A New Starts share of 50 percent and amount of \$900.0 million for University Corridor are probably okay.

Current Full Funding Grant Agreements (FFGAs)

- TPM prepared and distributed a worksheet that summarizes the status of active FFGAs.
- TPM will further consider, “How do we decide what is on the list?” This is partly determined by identifying projects PMOs continue to monitor.
- Pittsburgh North Shore and Norfolk LRT are experiencing significant cost overruns.
- Concerns about schedule pertain to Pittsburgh, Norfolk, New York East Side Access, and New York Second Avenue Subway.
- Norfolk will cover its cost overruns with local funds.
- FTA has spoken with Pittsburgh about its cost overruns and will follow-up with them to further discuss a resolution.
- No additional New Starts funds are anticipated for Pittsburgh. They are considering the use of flexible funds to cover cost overruns.

- The schedules for New York's East Side Access and Second Avenue Subway have slipped by about one year.
- East Side Access could experience a \$1.0 billion overrun while the overrun for Second Avenue could be a few million dollars. Both projects still have adequate contingency.
- TRO-2 noted that the region is waiting for recovery plans and that FFGA amendments will likely be necessary.
- NEXT STEPS/ACTION ITEMS:
 - FTA might need to plan a summit with the Metropolitan Transit Authority (MTA) because of the above issues and Fulton Street. TRO-2 suggested waiting until the end of this month, after receiving information from MTA, before planning a summit.
 - Future worksheets will reflect the Lower Manhattan Recovery Office project and note that it is not a New Starts funded project.

FY 2010 Budget Recommendations

- Budget recommendations might be made public in about six weeks, with the President's budget.
- No one knows if a New Starts program will be implemented for fiscal year (FY) 2010. We might need to start with FY 2009 and add an inflation factor.
- Which FFGA candidates will FTA recommend for FFGAs for FY 2010?
- OST has asked if we can accelerate some project construction.
- Should FTA announce American Recovery and Reinvestment Act funds with the President's budget or before then?
- NEXT STEPS/ACTION ITEMS:
 - FTA needs to meet early next week to discuss approaches.

Other Items

- FTA has just signed the letters of no prejudice (LONPs) for advanced design for the Houston projects.
- The Secretary will visit Houston tomorrow.
- TRO-10 will send the Portland-Milwaukie PE package to headquarters tomorrow. Staff hopes to send a 10-day notice to the Hill within one to two weeks.
- Are there any major issues pertaining to the PE request? There are some concerns about the river crossing.
- TOA informed the Secretary that the Portland Streetcar project was in the President's budget last year and that it meets our requirements. FTA might need to start getting TriMet ready for the project construction grant agreement process.