



April 2016

PUBLIC TRANSIT

Observations on Recent Changes to the Capital Investment Grant Program

Accessible Version

Why GAO Did This Study

FTA's Capital Investment Grant program provides roughly \$2 billion in appropriated funds each year to help states, cities, and localities plan and build new or extensions to existing fixed-guideway transit systems. Under this program, project sponsors—usually local transit agencies—have typically applied for their projects to receive federal funding as either a New Starts or a Small Starts project. In 2012, MAP-21 created a new category of eligible projects called Core Capacity Improvement projects and also revised the process proposed projects must follow to be eligible for and receive federal funding.

MAP-21 included a provision for GAO to biennially review FTA's and the Department of Transportation's implementation of this program. This report discusses: (1) FTA's progress in implementing changes to the program required by MAP-21 and (2) how selected project sponsors view the MAP-21 changes and FTA's implementation of those changes. To conduct this review, GAO reviewed the relevant provisions of pertinent laws and FTA's policy guidance, interviewed FTA officials and representatives from 13 project sponsors representing 17 of 52 projects participating in the program, and visited the sites of two Core Capacity Improvement projects. Project sponsors and locations visited were selected based on previous experience in the program, among other things.

In written comments, DOT emphasized its commitment to improve and streamline the Capital Investment Grant program.

View [GAO-16-495](#). For more information, contact Mark Goldstein at (202) 512-2834 or GoldsteinM@gao.gov.

PUBLIC TRANSIT

Observations on Recent Changes to the Capital Investment Grant Program

What GAO Found

The Federal Transit Administration (FTA) has implemented most of the key changes the Moving Ahead for Progress in the 21st Act (MAP-21) made to the Capital Investment Grant program, which helps fund investments in new public transit systems or extensions to existing systems. Projects funded under this program fall into different categories, depending on the total project's cost and the amount of federal funding requested. For example, under MAP-21, New Starts projects had capital costs that were \$250 million or greater while Small Starts projects had capital costs that were less than \$250 million. As required by MAP-21, FTA has issued guidance outlining the new review and evaluation process for New Starts and Small Starts projects—as well as Core Capacity Improvement projects, which is a new category of eligible projects MAP-21 created and which are designed to increase the capacity of an existing system. In addition, FTA has informed project sponsors how they can pre-qualify for a satisfactory rating based on the characteristics of their projects. FTA officials said they plan to address the remaining requirements, such as completing the rulemaking to fully implement the MAP-21 provisions, over the next 2 years.

The 13 project sponsors GAO contacted—representing 7 New Starts projects, 8 Small Starts projects, and 2 Core Capacity Improvement projects—were generally supportive of the changes MAP-21 made to the Capital Investment Grant program, as well as FTA's implementation of the changes.

- Representatives from 9 of 13 project sponsors indicated that the MAP-21 changes streamlined the Capital Investment Grant program's project development process, such as by reducing the number of time-consuming FTA reviews.
- Of the three project sponsors that indicated they had an opinion on the addition of Core Capacity Improvement projects as a new category of projects, all were supportive, with representatives from one noting, for example, that this change gives them options to increase the capacity of existing systems as ridership increases. Such projects could include lengthening rail platforms to accommodate additional train cars or to reduce platform overcrowding.
- Also, representatives from 11 of 13 project sponsors supported FTA's implementation efforts, noting, for example, that FTA has taken steps to listen to and incorporate many of the recommendations offered by project sponsors in implementing the MAP-21 changes.

While project sponsors raised some concerns about the potential impact certain changes—such as limiting the amount of time New Starts and Core Capacity Improvement projects can spend in Project Development—might have on project sponsors in the future, they also acknowledged that not all the MAP-21 changes have been implemented yet. While participation in the program has increased substantially—by 70 percent—since the enactment of MAP-21, both project sponsors and FTA officials pointed out that it is too early to tell what impact the changes will ultimately have on the Capital Investment Grant program—including if the changes will help expedite projects through the program.

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Abbreviations

APTA	American Public Transportation Association
DART	Dallas Area Rapid Transit (Dallas, TX)
DOT	Department of Transportation
FAST Act	Fixing America's Surface Transportation Act
FTA	Federal Transit Administration
MAP-21	Moving Ahead for Progress in the 21st Century Act
MTA	Metropolitan Transportation Authority (New York, NY)

SAFETEA-LU Safe, Accountability, Flexible, Efficient, Transportation
Equity Act: A Legacy for Users

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April 28, 2016

The Honorable Richard C. Shelby
Chairman
The Honorable Sherrod Brown
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate

The Honorable Bill Shuster
Chairman
The Honorable Peter A. DeFazio
Ranking Member
Committee on Transportation and Infrastructure
House of Representatives

The federal government provides a large share of the nation’s capital investment in public transit systems through the Federal Transit Administration’s (FTA) Capital Investment Grant program, which is a discretionary and competitive grant program that provides roughly \$2 billion in appropriated funds each year to help states, cities, and localities plan and build new *fixed-guideway* systems or extensions to existing fixed-guideway systems.¹ Within the Capital Investment Grant program, project sponsors—usually local transit agencies—have typically applied for their projects to receive federal funding as either a New Starts or a Small Starts project.² In 2012, the Moving Ahead for Progress in the 21st Century Act (MAP-21) established a new category of eligible projects

¹A *fixed-guideway* is a public transportation facility—using and occupying separate right-of-way for the exclusive use of public transportation; using rail; a fixed catenary system (i.e., a system using overhead power lines); for a passenger ferry system; or for a bus rapid transit system. Moving Ahead for Progress in the 21st Century Act, Pub. L. No. 112-141, 126 Stat. 405, 626 (2012).

²Under the Moving Ahead for Progress in the 21st Century Act, New Starts projects include new fixed-guideway projects, extensions to fixed-guideway projects, and fixed-guideway bus rapid transit projects that have a total capital cost of \$250 million or greater or a Capital Investment Grant program contribution of \$75 million or greater. Small Starts projects include new fixed-guideway projects, extensions to fixed-guideway projects, and both fixed-guideway and corridor-based bus rapid transit projects that have a total net capital cost less than \$250 million and a Capital Investment Grant program contribution less than \$75 million.

called Core Capacity Improvement projects, which are substantial corridor-based capital investments in existing fixed-guideway systems that increase the capacity of a *corridor* by not less than 10 percent.³ MAP-21 also outlined a revised process that all proposed projects in the Capital Investment Grant program must follow to be eligible for and receive federal funding.

MAP-21 included a provision for us to biennially review FTA's processes and procedures for evaluating and rating proposed fixed-guideway capital projects and Core Capacity Improvement projects and recommending them for funding and the Department of Transportation's (DOT) implementation of such processes and procedures.⁴ This report discusses: (1) FTA's progress in implementing changes to the Capital Investment Grant program required by MAP-21 and (2) selected project sponsors' views of the MAP-21 changes and FTA's implementation of those changes.

In conducting our review, we focused our work on selected statutory requirements contained in MAP-21 that were not significantly altered or repealed by the Fixing America's Surface Transportation Act (FAST Act).⁵ To address our objectives, we reviewed the relevant provisions of MAP-21, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU),⁶ and the FAST Act. We also reviewed FTA's policy guidance; other pertinent FTA documents, such as FTA's

³Pub. L. No. 112-141, 126 Stat. 405, 656. A *corridor* is a largely linear geographic band defined by existing and forecasted travel patterns involving both people and goods. The corridor serves a particular travel market or markets that are affected by similar transportation needs and mobility issues.

⁴Pub. L. No. 112-141, 126 Stat. 405, 674.

⁵At the time we initiated this review, the Capital Investment Grant program was governed by statutory provisions in place under MAP-21. However, in December 2015 the FAST Act was enacted, which significantly altered or repealed some MAP-21 provisions. Pub. L. No. 114-94, 129 Stat. 1312 (2015). For the purposes of this report, unless otherwise noted, references to any Capital Investment Grant program-related statutory, regulatory, or other FTA requirements are to those provisions in place following the enactment of MAP-21 and exclude any subsequent amendments, such as those made by the FAST Act.

⁶Prior to the enactment of MAP-21, the Capital Investment Grant program was governed by statutory provisions in place under SAFETEA-LU. Pub. L. No. 109-59, 119 Stat. 1144 (2005).

annual reports to Congress;⁷ and our body of work on the Capital Investment Grant program.⁸ In addition, we interviewed FTA officials, representatives of the American Public Transportation Association (APTA), and 13 project sponsors representing 17 selected projects participating in the program as of February 2015.⁹ The project sponsors we contacted represent 7 New Starts projects, 8 Small Starts projects, and 2 Core Capacity Improvement projects. They also represent different rail modes (heavy rail, light rail, commuter rail) as well as both bus rapid transit and streetcar projects. The information obtained from these interviews is not generalizable to all project sponsors but provides insight into project sponsors' views of the MAP-21 changes thus far. As part of our work, we also visited the two selected Core Capacity Improvement projects—in New York City and Dallas, Texas—because the addition of these types of projects was a significant change to the program under MAP-21. The project sponsors we contacted and the locations we visited were selected based on a number of factors, the primary being previous project experience in FTA's Capital Investment Grant program under SAFETEA-LU, which provided a basis to compare changes made by MAP-21. Appendix I contains additional information on our objectives, scope, and methodology.

We conducted this performance audit from July 2015 to April 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

⁷FTA is required to issue a report to Congress with funding recommendations for the Capital Investment Grant program no later than the first Monday in February. FTA's reports help inform the appropriations process for the upcoming fiscal year by providing congressional decision makers with information on the projects in the program. FTA's annual reports along with profiles of the projects participating in the program are available through FTA's Web site, <https://www.fta.dot.gov>.

⁸We have issued a series of reports on the Capital Investment Grant program in response to congressional mandates. For a list of reports since 2000, see the Related GAO Products section at the end of this report.

⁹In some cases, the project sponsors we interviewed were responsible for more than one project in the Capital Investment Grant program at the time of our review.

Background

FTA's primary source of funding for new fixed-guideway projects or extensions to existing fixed-guideway systems is the Capital Investment Grant program, which is a discretionary program funded from annual appropriations rather than the Highway Trust Fund. Over the past 10 fiscal years, FTA has provided states, cities, and other localities with almost \$18 billion in federal funding to plan and build new projects through this program. Projects eligible to compete for federal funding under the Capital Investment Grant program include:

- Commuter rail—systems that operate along electric or diesel-propelled railways and provide train service for local, short distance trips between a central city and adjacent suburbs.
- Heavy rail—systems that operate on electric railways with high-volume traffic capacity and are characterized by separated right-of-way, sophisticated signaling, high platform loading, and high-speed, rapid-acceleration rail cars operating singly or in multi-car trains on fixed rails.
- Light rail—systems that operate on electric railways with light-volume traffic capacity and are characterized by shared or exclusive rights-of-way, or low or high-platform-loading, single or double-car trains, and overhead electric lines that power rail vehicles.
- Streetcars—systems that are similar to light rail, but distinguishable because they are usually smaller and designed for shorter routes, more frequent stops, and lower travel speeds.
- Bus rapid transit—systems in which the majority operates in a separated right-of-way during peak periods and includes features that emulate the services provided by rail transit, such as defined stations, traffic signal priority, short *headway* bidirectional services for a substantial part of weekdays and weekend days, pre-board ticketing, platform-level boarding, and separate branding.¹⁰ Fixed-guideway bus rapid transit systems may include portions of service that are non-fixed guideway. In addition, bus rapid transit can also include corridor-based bus rapid transit projects, which have similar characteristics as fixed-guideway systems, but the majority of the project does not operate in a separated right-of-way dedicated for public transportation use during peak periods.

¹⁰*Headway* refers to the time interval between buses moving in the same direction on a particular route.

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- Ferries—systems comprised of vessels that operate over a body of water and are generally steam or diesel powered.

These projects are designed and implemented by project sponsors, which are usually local transit agencies, often in coordination with local metropolitan-planning organizations.¹¹ Within the Capital Investment Grant program, project sponsors have typically applied for funding as either a New Starts or a Small Starts project. Under MAP-21, New Starts projects include new fixed-guideway projects, extensions to fixed-guideway projects, and fixed-guideway bus rapid transit projects that have a total capital cost of \$250 million or greater or a Capital Investment Grant program contribution of \$75 million or greater. Small Starts projects include new fixed-guideway projects, extensions to fixed-guideway projects, and both fixed-guideway and corridor-based bus rapid transit projects that have a total net capital cost less than \$250 million and a Capital Investment Grant program contribution less than \$75 million.

Prior to the enactment of MAP-21, the Capital Investment Grant program was governed by statutory provisions put in place under SAFETEA-LU. MAP-21, which was enacted in July 2012, made numerous changes to the program. For example, MAP-21 reduced the number of phases in the process that projects must follow to be eligible for and receive federal funding. Under SAFETEA-LU, project sponsors were required to identify the transportation needs of a specific corridor and evaluate a range of alternatives to address locally identified problems in that corridor during what was called the alternatives analysis phase.¹² To complete this phase, project sponsors selected a locally preferred alternative to be advanced for further development after costs, benefits, and impacts of each alternative were analyzed. However, under MAP-21 the process relies on the review of alternatives performed during the metropolitan transportation planning and the National Environmental Policy Act of 1969

¹¹Metropolitan-planning organizations are federally mandated regional organizations responsible for comprehensive transportation planning and programming in urbanized areas with a population of 50,000 or more and are required to develop regional transportation plans. In addition, they also build, maintain, and operate transportation infrastructure and services.

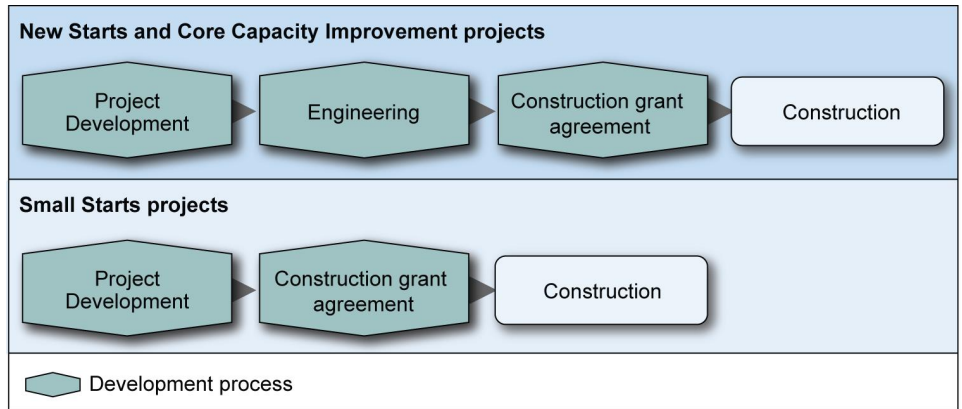
¹²For more information on the project development process under SAFETEA-LU including the alternative analysis phase, see GAO, *Public Transit: Length of Development Process, Cost Estimates, and Ridership Forecasts for Capital-Investment Grant Projects*, [GAO-14-472](#) (Washington, D.C.: May 30, 2014).

(NEPA) environmental review processes.¹³ In addition, MAP-21 created a new category of eligible projects called Core Capacity Improvement projects, which are substantial corridor-based capital investments in existing fixed-guideway systems that increase the capacity of a corridor by at least 10 percent in a corridor that is at or above capacity today or is expected to be within 5 years. Core Capacity Improvement projects can include expanding system platforms, the acquisition of real property, rights-of-way, and rolling stock associated with increasing capacity, among other things, and cannot include elements to improve general station facilities, parking, or elements designed to maintain a state of good repair.

Under MAP-21, any project that fits the definition of a new fixed-guideway project or an extension to an existing fixed-guideway system is eligible to compete for federal funding under the Capital Investment Grant program. Once a project sponsor decides to seek Capital Investment Grant program funding it submits an application to FTA consisting of information on the proposed project, such as a description of the transportation problem the project is seeking to address, among other requirements. If accepted into the program, the process that project sponsors must follow varies depending on whether the project is a New Starts, Small Starts, or Core Capacity Improvement project (see fig. 1).

¹³See Pub. L. No. 91-190, 83 Stat. 852 (1970), codified, as amended at 42 U.S.C. § 4321 et seq. See also, 40 C.F.R. § 1501.2; 23 C.F.R. Part 771. For more information on the environmental review process, see [GAO-14-472](#).

Figure 1: Development Process for Capital Investment Grant Projects as Defined by the Moving Ahead for Progress in the 21st Century Act



Source: GAO analysis of Federal Transit Administration Information. | GAO-16-495

- New Starts and Core Capacity Improvement projects.* New Starts and Core Capacity Improvement projects must complete two phases in the development process to be eligible for a Construction grant agreement—Project Development and Engineering.¹⁴ During the Project Development phase, among other requirements, the Secretary must determine that the project has been selected as the locally preferred alternative at the end of the environmental review process. Under MAP-21 changes to the Capital Investment Grant program, New Starts and Core Capacity Improvement projects have 2 years after the day in which they enter into Project Development to complete the activities required to obtain a project rating by FTA, a process that is discussed further below. If approved to advance into the second phase of the development process—Engineering—project sponsors must, among other things, develop a firm and reliable cost, scope, and schedule for the project and obtain all non-Capital Investment Grant program funding commitments.

¹⁴According to FTA, the Construction grant agreement between FTA and the project sponsor defines the project, including its cost, scope, schedule, and level of service; commits to a maximum level of annual and total Capital Investment Grant program financial assistance (subject to Congressional 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. Upon completion of the payment schedule outlined in the Construction grant agreement, the Capital Investment Grant program funding commitment has been fulfilled.

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- *Small Starts projects.* Small Starts projects complete a similar but more streamlined process that requires project sponsors to complete only one phase—Project Development—to be eligible for a Construction grant agreement. During this phase, the Secretary must also determine that the project has been adopted as the locally preferred alternative and the project sponsor must complete the environmental review process. To complete Project Development, project sponsors must develop a firm and reliable cost, scope, and schedule for the project and obtain all non-Capital Investment Grant program funding commitments, among other things.

Before FTA can recommend a project to Congress for funding, it is required by law to rate the project by using a number of criteria designed to provide important information about project merit.¹⁵ While New Starts and Small Starts project justification criteria have changed over time, there are currently six criteria: mobility improvements, environmental benefits, cost-effectiveness, economic development, land use, and congestion relief.¹⁶ In contrast, the project justification criteria for Core Capacity Improvement projects are: mobility improvements, environmental benefits, cost-effectiveness, economic development, congestion relief, and existing capacity needs of a corridor. FTA is also required to evaluate and rate the local financial commitment to the project and the project sponsor's ability to operate the project and continue to operate the existing transit system.¹⁷

FTA is also required to rate each individual criterion on a five point scale, from low, medium-low, medium, medium-high, and high.¹⁸ As we have previously reported, FTA prepares and combines a summary project justification, which is based on the ratings of the six criteria, and a summary local financial commitment rating to arrive at a project's overall

¹⁵Pub. L. No. 112-141, 126 Stat. 405, 660.

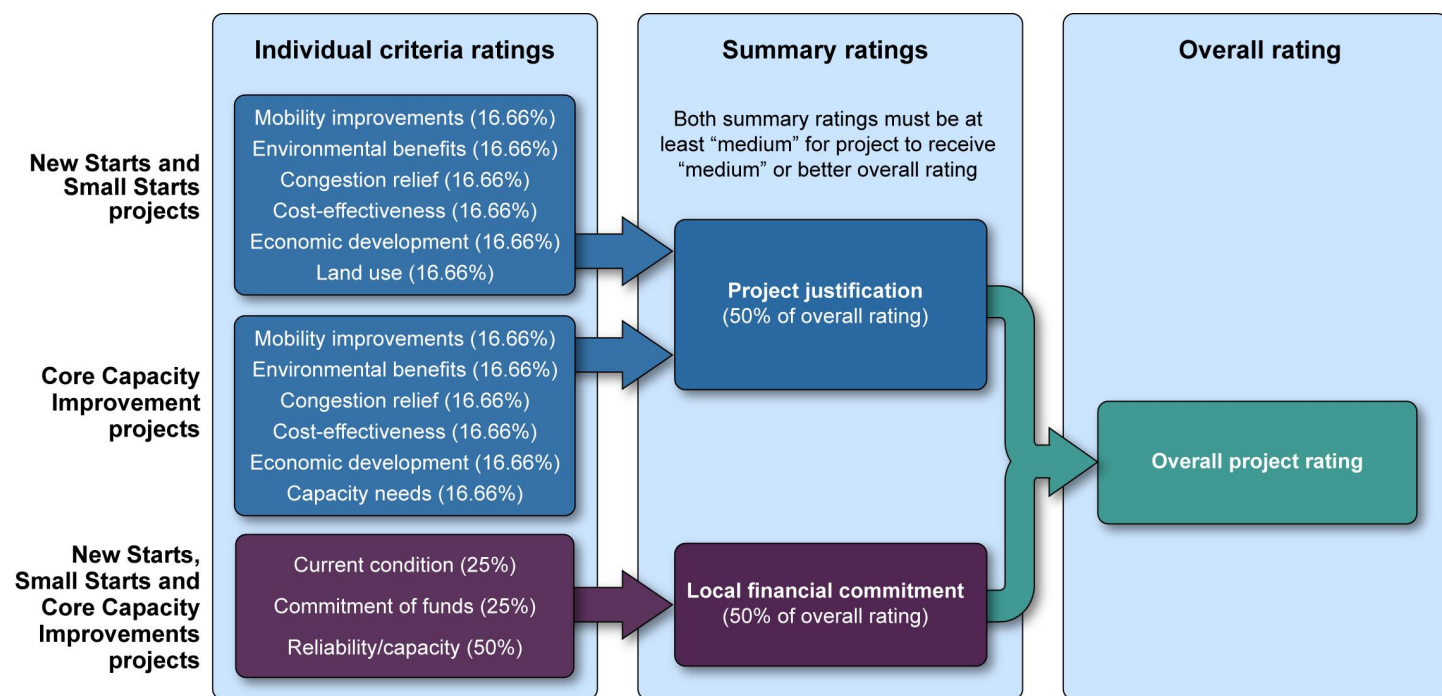
¹⁶MAP-21 added congestion relief as a project justification criterion. Under SAFETEA-LU, proposed projects were rated on the following criteria: mobility improvements, environmental benefits, operating efficiencies, cost-effectiveness, transit supportive land use, economic development effects, and other factors.

¹⁷Pub. L. No. 112-141, 126 Stat. 405, 658, 662.

¹⁸Pub. L. No. 112-141, 126 Stat. 405, 663.

rating, as shown in figure 2.¹⁹ To advance through the development process and be eligible for funding, proposed projects must score at least a medium overall project rating (which requires at least a medium rating for both the summary project justification and the summary local financial commitment). In order to recommend a project for a grant agreement in the President’s budget, FTA considers the evaluation and rating of the project under the specified criteria, availability of Capital Investment Grant program funds, and the readiness of the proposed project.

Figure 2: The Capital Investment Grant Program Evaluation and Rating Measures and Criteria under the Moving Ahead for Progress in the 21st Century Act (MAP-21)



Source: GAO analysis of Federal Transit Administration Information. | GAO-16-495

Note: MAP-21 directed FTA to give “comparable, but not necessarily equal” weight to the six project justification criteria. FTA gives equal weight to each of these criteria because, according to FTA, each of the criteria provides important information about project merit and therefore should receive equal weight.

¹⁹See GAO, *Public Transportation: Multiple Factors Influence Extent of Transit-Oriented Development*, [GAO-15-70](#) (Washington, D.C.: Nov. 18, 2014). MAP-21 directed FTA to give “comparable, but not necessarily equal” weight to the six project justification criteria. FTA gives equal weight (16.66 percent) to each of these criteria because, according to FTA, each of the criteria provides important information about project merit and therefore should receive equal weight.

Projects that compete for Capital Investment Grant program funding are formally overseen by FTA with the help of contractors, who provide assistance to FTA with oversight of planning, construction, and financing of projects throughout the development process. FTA and its contractors evaluate each project's risk, scope, cost, schedule, financial plan, and project management plan, as well as the project sponsor's technical capacity and capability—before recommending a project for funding. Throughout the development process, project sponsors submit periodic updates to FTA on different aspects of their projects, such as on project cost, schedule, projected ridership, and the financing of the projects. FTA maintains its headquarters in Washington, D.C., with 10 regional offices throughout the continental United States, to assist with project oversight.

As mentioned previously, this report focuses on the statutory, regulatory, and other FTA requirements applicable to the Capital Investment Grant program under MAP-21. In December 2015, the FAST Act was enacted.²⁰ In addition to significantly altering or repealing some of the MAP-21 requirements, the FAST Act also made other changes to the Capital Investment Grant program's processes. According to FTA officials, some of those key changes include: (1) raising the dollar threshold for eligibility for New Starts and Small Starts projects,²¹ (2) increasing the number of projects eligible for funding by allowing joint public transportation and intercity passenger rail service and commuter rail projects to be eligible for funding, and (3) eliminating a requirement that corridor-based bus rapid transit projects must provide weekend service to be eligible for funding. We plan to examine FTA's implementation of the FAST Act in future work on the Capital Investment Grant program.

²⁰Pub. L. No. 114-94, 129 Stat. 1312.

²¹Under FAST Act changes to the Capital Investment Grant program, New Starts projects have a total estimated cost of \$300 million or greater or a Capital Investment Grant program contribution of \$100 million or greater, whereas Small Starts projects have a total estimated cost less than \$300 million and a Capital Investment Grant program contribution less than \$100 million.

FTA Has Made Progress Implementing Most of the Key Required Changes in the Capital Investment Grant Program

FTA has made progress implementing most of the key changes MAP-21 made to the Capital Investment Grant program. As shown in table 1, FTA has issued policy guidance outlining the new review and evaluation process and criteria for New Starts, Small Starts, and Core Capacity Improvement projects and also provided project sponsors with instructions on how they can request to pre-qualify for a satisfactory rating based on the characteristics of their project, otherwise known as warrants. However, FTA has not completed the rulemaking required to fully implement the MAP-21 changes or fully addressed all requirements, such as the requirement to establish an evaluation and rating process for programs of interrelated projects, all of which we discuss below. FTA officials told us they are working toward addressing the remaining requirements.

Table 1: Status of Key Requirements for the Capital Investment Grant Program under the Moving Ahead for Progress in the 21st Century Act (MAP-21), as of March 2016

MAP-21 requirement	Status
Issue rules establishing the evaluation and rating process for new fixed-guideway capital projects and Core Capacity Improvement projects.	FTA promulgated rules establishing a new regulatory framework for New Starts and Small Starts projects in January 2013, and FTA officials plan to initiate additional rulemaking in the future to fully implement the MAP-21 changes to the Capital Investment Grant program.
Issue policy guidance outlining the review and evaluation process and criteria for new fixed-guideway capital projects and Core Capacity Improvement projects. ^a	FTA issued policy guidance outlining the review and evaluation process and criteria for New Starts and Small Starts projects in August 2013 and policy guidance for Core Capacity Improvement projects in August 2015.
Establish an evaluation and rating process for programs of interrelated projects . ^b	FTA plans to address these provisions through future rulemaking and policy guidance updates.
Use an expedited technical-capacity review process for certain types of projects. ^c	FTA is in the process of developing a tool to help its staff determine the level of review required of project sponsors based on a number of risk factors, such as the total cost and complexity of a proposed project and the experience of the project sponsor. FTA officials told us they expect to complete the development of this tool over the next few months.
To the maximum extent possible, develop and use warrants . ^d	FTA's August 2015 policy guidance provided project sponsors with instructions on how they can request the use of warrants. According to FTA officials, 3 project sponsors requested the use of warrants during the most recent rating cycle, which occurred in the fall of 2015.

Source: GAO analysis. | GAO-16-495

^aMAP-21 required FTA to issue policy guidance each time significant changes were made to the rating process and criteria but not less frequently than once every 2 years.

^bUnder MAP-21, the term *program of interrelated projects* means the simultaneous development of (1) two or more new fixed-guideway capital projects or Core Capacity Improvement projects or (2) one or more new fixed-guideway capital projects and one or more Core Capacity Improvement projects.

^cMAP-21 required FTA to use an expedited technical-capacity review process for project sponsors that have recently and successfully completed at least one new fixed-guideway capital project or Core Capacity Improvement project if the sponsor achieved budget, cost, and ridership outcomes for the project that are consistent with or better than projections and demonstrated that it continues to have the staff expertise and other resources necessary to implement a new project.

^d*Warrants* refers to an approach that allows a proposed project to pre-qualify for a satisfactory rating on a given criterion based on the characteristics of a project or the project corridor. Under MAP-21, proposed projects may be eligible for warrants as long as the Capital Investment Grant program's share of the project does not exceed \$100 million or 50 percent of the project's cost and the applicant certifies that its existing public transportation system is in a state of good repair.

Issuing Rules for Evaluating and Rating Projects

FTA has promulgated new rules for the Capital Investment Grant program but plans to initiate the rulemaking necessary to fully implement the changes MAP-21 made to the program in the future. Specifically, MAP-21 required FTA to issue rules establishing an evaluation and rating process for new fixed-guideway capital projects as well as Core Capacity

Improvement projects.²² In January 2013, FTA issued a final rule establishing a new regulatory framework for the evaluation and rating of New Starts and Small Starts projects.²³ FTA initiated this rulemaking—by issuing a Notice of Proposed Rulemaking²⁴—prior to the enactment of MAP-21, and FTA’s final rule covers portions of the evaluation and rating requirements for New Starts and Small Starts projects that MAP-21 did not significantly change. According to FTA, future rulemaking will cover new items included in MAP-21 that have not yet been the subject of the rulemaking process, such as the evaluation and rating process for Core Capacity Improvement projects and the revised processes for New Starts and Small Starts projects. FTA officials told us they plan to address the remaining requirements of MAP-21 and now the Fast Act in future rulemaking. They noted that they still have to review the changes the FAST Act made to the Capital Investment Grant program and that factors outside of their control could delay their efforts.

Issuing Guidance for Evaluating and Rating Projects

FTA provided project sponsors with updated policy guidance for the Capital Investment Grant program in both 2013 and 2015 and plans to update its policy guidance again in 2017. MAP-21 required FTA to issue policy guidance specifying the review and evaluation process and criteria for new fixed-guideway capital projects and Core Capacity Improvement projects and issue updated guidance each time FTA makes significant changes to the rating process and criteria, but not less frequently than once every 2 years.²⁵ Concurrent with the January 2013 issuance of the final rule, FTA solicited public comment on its proposed policy guidance for New Starts and Small Starts projects and,²⁶ in August 2013, issued policy guidance covering the evaluation and rating process for New Starts and Small Starts projects.²⁷ In April 2015, FTA again solicited public

²²Pub. L. No. 112-141, 126 Stat. 405, 664.

²³78 Fed. Reg. 1992 (Jan. 9, 2013).

²⁴77 Fed. Reg. 3848 (Jan. 25, 2012).

²⁵Pub. L. No. 112-141, 126 Stat. 405, 664. This is a continuation of a requirement under SAFETEA-LU, with the inclusion of Core Capacity Improvement projects. Pub. L. No. 109-59, 119 Stat. 1577.

²⁶78 Fed. Reg. 2038 (Jan. 9, 2013).

²⁷Federal Transit Administration, *New and Small Starts Evaluation and Rating Process Final Policy Guidance* (August 2013).

comment on its proposed policy guidance for the evaluation and rating process for Core Capacity Improvement projects along with other topics not included in FTA's August 2013 guidance,²⁸ such as the new congestion relief criterion and the ways in which projects can qualify for warrants. Subsequently, FTA issued updated policy guidance for the program in August 2015.²⁹ FTA has stated its August 2015 guidance will serve as a guide for running the Capital Investment Grant program until it completes the rulemaking to fully implement the MAP-21 changes and now the requirements of the FAST Act.

In addition to covering the evaluation and rating process for Core Capacity Improvement projects, FTA's August 2015 policy guidance also:

- *Set a deadline for project development:* MAP-21 specified that New Starts and Core Capacity Improvement projects have 2 years after the day in which they enter into Project Development to complete the activities required to obtain a project rating by FTA.³⁰ In addressing this requirement, FTA's policy guidance encourages project sponsors to begin planning early, noting that project sponsors may wish to conduct early work, such as initiating the environmental review process, prior to requesting entry into Project Development.³¹
- *Implemented a new congestion relief criterion:* MAP-21 added congestion relief as a project justification criterion for projects while removing operating efficiencies as a criterion,³² and under FTA's policy guidance, congestion relief is calculated based on the number

²⁸80 Fed. Reg. 18796 (Apr. 8, 2015).

²⁹Federal Transit Administration, *Final Interim Policy Guidance Federal Transit Administration Capital Investment Grant Program* (August 2015).

³⁰Pub. L. No. 112-141, 126 Stat. 405, 659, 661.

³¹Projects that do not meet this deadline are to be removed from the program unless FTA grants an extension. In order to receive an extension, project sponsors must submit to FTA a reasonable plan, which FTA will evaluate on a case-by-case basis, for completing the required activities and an estimated time period within which the sponsor will complete those activities.

³²Pub. L. No. 112-141, 126 Stat. 405, 660, 662, 665.

of new weekday linked transit trips that are projected to result from a project's implementation.³³

- *Utilized the new definition of bus rapid transit as set out in MAP-21.*³⁴ According to an FTA official, the new definition of bus rapid transit represented a significant change because it impacts funding eligibility. For example, the new definition required eligible bus rapid transit projects to have short headway bi-directional service for a substantial part of weekdays and weekend days, which was not the case under SAFETEA-LU. FTA, in turn, defined the interval of time required for service during peak periods and during other times of the day and made other related determinations.

FTA officials told us they anticipated soliciting public comment on FTA's policy guidance again later this year or in 2017 in order to meet the MAP-21 requirement that FTA issue new guidance no less than every 2 years.

Establishing an Evaluation and Rating Process for Programs of Interrelated Projects

FTA plans to address the programs of interrelated project provisions of MAP-21 through future rulemaking and policy guidance updates.³⁵ FTA officials told us that before they could begin working to address these provisions, they first needed to establish the evaluation and rating process for Core Capacity Improvement projects because a Core Capacity Improvement project could be one of the interrelated projects. FTA's August 2015 policy guidance covers the evaluation and rating process for Core Capacity Improvement projects; however, officials also said that some aspects of the law related to *programs of interrelated projects* were unclear and made it difficult to implement. For example, MAP-21 did not specify which evaluation criteria FTA should use to rate programs of interrelated projects that include more than one type of

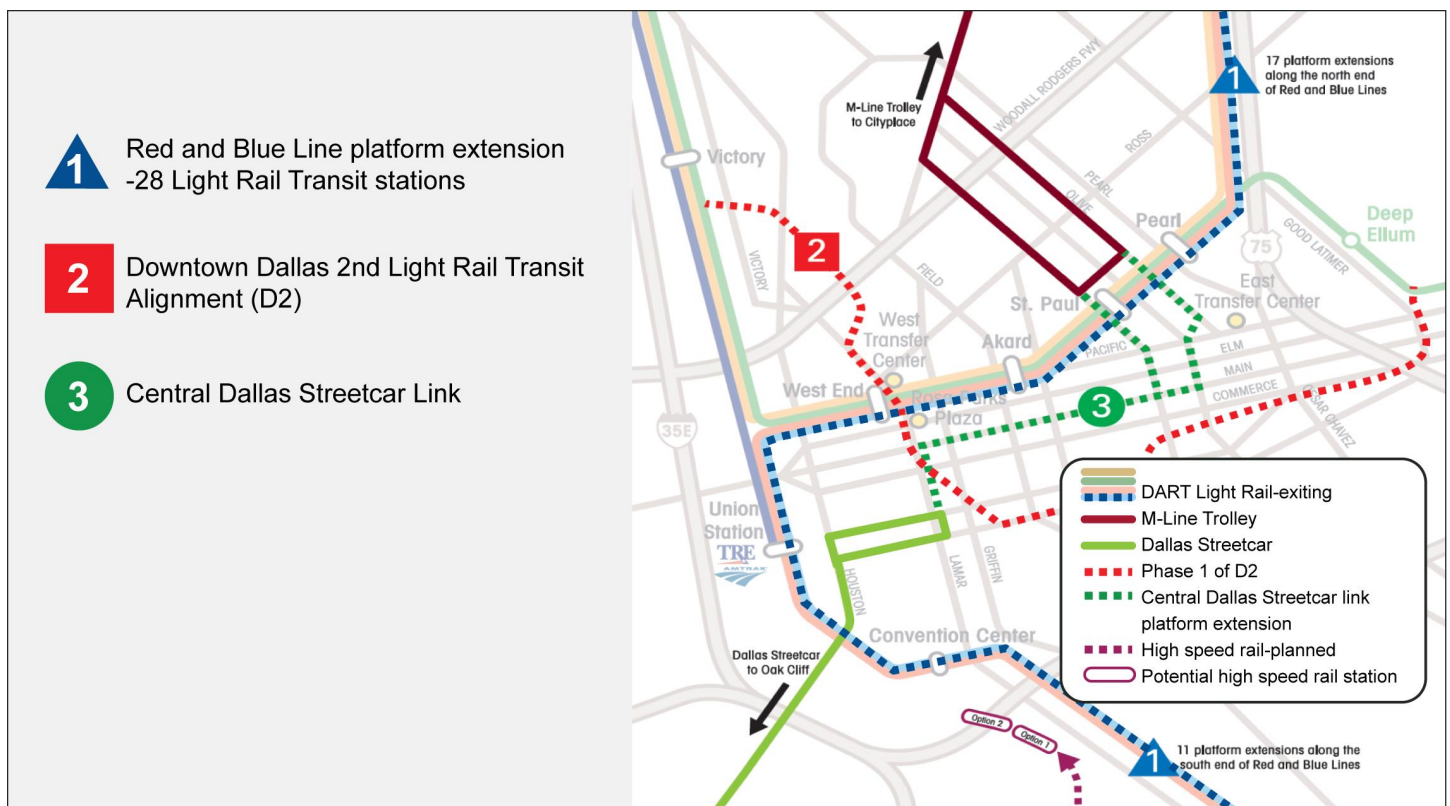
³³Under FTA's policy guidance, new weekday-linked transit trips are calculated by comparing the total number of weekday-linked transit trips for what is called the *no-build alternative* with the total number of weekday-linked transit trips once a proposed project is implemented. In general, the no-build alternative is the existing transportation system plus any transportation investments committed to in local Transportation Improvement Plans and Fiscally Constrained Long Range Plans.

³⁴Pub. L. No. 112-141, 126 Stat. 405, 657.

³⁵Under MAP-21, the term *program of interrelated projects* means the simultaneous development of (1) two or more new fixed-guideway capital projects or core capacity improvement projects or (2) one or more new fixed-guideway capital projects and one or more core capacity improvement projects. Pub. L. No. 112-141, 126 Stat. 405, 658.

project. At the time of our review, FTA was working with Congress to address these issues and, in December 2015, the FAST Act was enacted, which officials told us provided the clarification they sought. FTA officials told us they plan to address these provisions in future rulemaking and policy guidance updates; however, they had no firm date for when these provisions would be implemented and noted it would take time. Figure 3 shows an illustrative example of a proposed program of interrelated projects consisting of two Core Capacity Improvement projects and one Small Starts project in Dallas, Texas.

Figure 3: Dallas Area Rapid Transit's (DART) Proposed Program of Interrelated Projects Consisting of Two Core Capacity Improvement Projects and One Small Starts Project



Source: GAO presentation of DART information. | GAO-16-495

Note: DART's proposed program of interrelated projects consists of a platform extensions project and the rerouting of an existing rail line (Core Capacity Improvement projects) and a streetcar project (Small Starts project).

Using an Expedited Technical-Capacity Review Process

FTA is finalizing the development of a tool that will help officials determine the level of review required of project sponsors based on a number of risk factors, such as the total cost and complexity of a proposed project and the project sponsor's in-house technical capacity and capability. According to FTA officials, this tool, once complete, will address the MAP-21 requirement that FTA use an expedited technical-capacity review process for project sponsors under certain circumstances.³⁶ Specifically, the expedited review would be used for project sponsors that have recently and successfully completed a project that achieved budget, cost, and ridership outcomes consistent with or better than projections and that has demonstrated continued staff expertise and other resources necessary to implement a new project. FTA officials estimated that the development of this tool would be completed over the next few months.

Making Greater Use of Warrants

At the time of our review, FTA had provided project sponsors with instructions on how to request the use of warrants; however, it was too early to tell the extent to which FTA will be able to make greater use of warrants. Warrants are ways that proposed projects can pre-qualify for a satisfactory rating on a given criterion based on the characteristics of a project or the project corridor as long as the Capital Investment Grant program's share of the project does not exceed \$100 million or 50 percent of the project's cost and the applicant certifies that its existing public-transportation system is in a state of good repair.³⁷ For example, New Starts projects can qualify for an automatic rating of medium for some criteria as long as the total capital cost of the proposed project and the number of existing weekday transit trips in the corridor meet certain eligibility criteria, among other things. FTA's August 2015 policy guidance specified the parameters that FTA will use to determine if projects are eligible for warrants and provided project sponsors with instructions on how to request the use of warrants.³⁸ FTA officials told us that for the most recent rating cycle—which is also the first rating cycle in which FTA allowed the use of expanded warrants—three project sponsors requested

³⁶Pub. L. No. 112-141, 126 Stat. 405, 658.

³⁷Pub. L. No. 112-141, 126 Stat. 405, 663.

³⁸To request the use of warrants, FTA instructs project sponsors to submit a letter to FTA documenting estimated project cost, current existing transit ridership, the requested amount and share of the construction grant, and a description of the process in place to assess the condition of the transit system's assets, among other things.

warrants and FTA determined two were eligible.³⁹ According to FTA officials, it will take several rating cycles and feedback from project sponsors before the officials will have enough information to assess the effect of expanded warrants.

Selected Project Sponsors Expressed Support for MAP-21 Changes to the Capital Investment Grant Program and FTA's Implementation of Those Changes

The selected project sponsors we contacted were generally supportive of the changes MAP-21 made to the Capital Investment Grant program and of FTA's implementation of the changes. However, the project sponsors also told us they were concerned about the potential impact some of the changes—such as locking in funding at entry into Engineering and requiring New Starts and Core Capacity Improvement projects to complete Project Development within 2 years—might have on project sponsors. In addition, while the number of projects in the Capital Investment Grant program has increased by about 70 percent since 2012, project sponsors also told us it was too early to tell the extent to which the MAP-21 changes will help expedite projects through the program.

Project Sponsors Generally Support the MAP-21 Changes but Are Concerned about Some Changes' Potential Effects

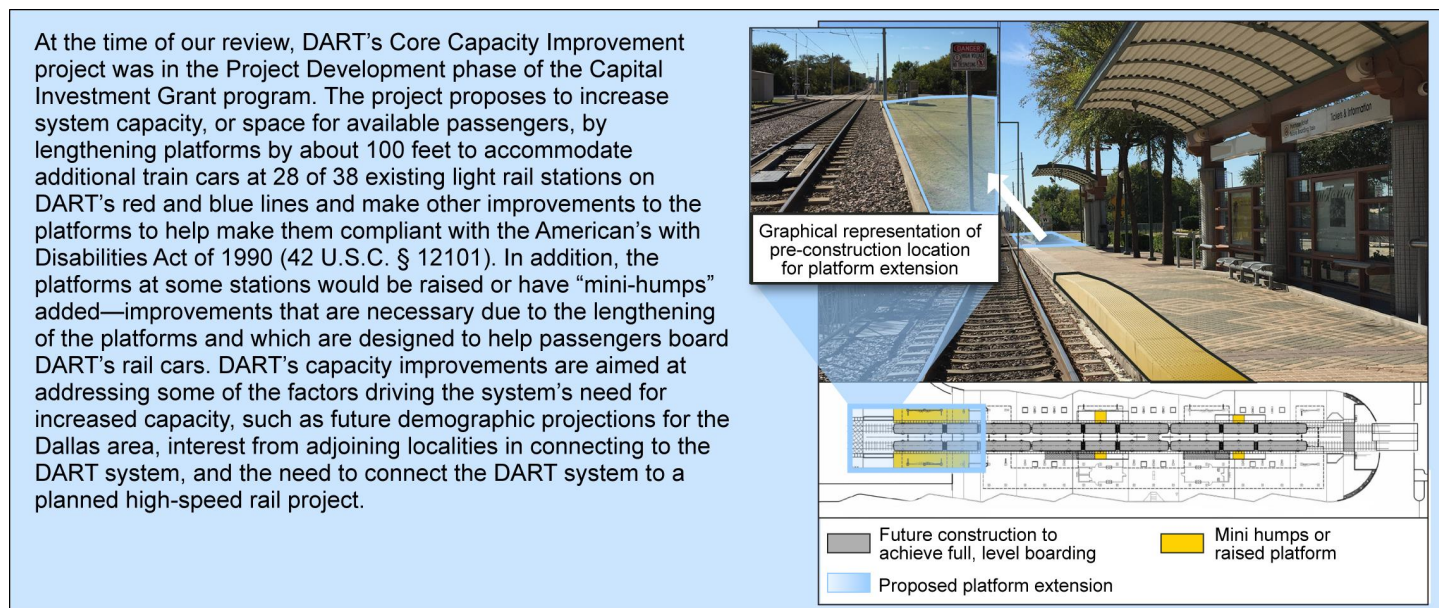
A prevalent theme from our discussions with representatives from 13 project sponsors was that they generally support changes—such as: (1) streamlining the project development process, (2) establishing Core Capacity Improvement projects as a new category of eligible projects, (3) instituting a 2-year requirement for New Starts and Core Capacity Improvement projects to complete Project Development, and (4) revising the evaluation and rating process, that MAP-21 made to the Capital Investment Grant program. Representatives from 9 of the 13 project sponsors we interviewed told us that the changes streamlined the project development process by decreasing the number of time-consuming reviews FTA undertakes or by eliminating what these representatives considered to be burdensome requirements, such as the alternatives analysis requirement under SAFETEA-LU. According to the representatives we interviewed, streamlining should help expedite projects through the program because fewer FTA reviews decrease the amount of work project sponsors need to perform prior to submitting information to FTA for review. According to APTA representatives, the elimination of the alternatives analysis requirement was a particularly

³⁹Project submittals are typically due to FTA in the early fall each year after which FTA evaluates the proposals prior to the February release of the President's budget.

positive development for project sponsors because project sponsors devoted significant resources to analyzing alternatives prior to requesting entry into the Capital Investment Grant program.

One of the MAP-21 changes that some project sponsors indicated they were supportive of is the addition of Core Capacity Improvement projects. Representatives from one project sponsor said the addition of these projects is a positive development because these projects give project sponsors options to increase the capacity of a system as ridership increases, while two others noted that the addition of Core Capacity Improvement projects expands project eligibility for projects that would likely not have rated favorably under New Starts criteria. According to representatives from one of these project sponsors, these projects expand eligibility because Core Capacity Improvement projects are designed to increase the capacity of existing corridors, not add extensions to an existing system. Figures 4 and 5 provide information on the two Core Capacity Improvement projects we visited for this review—Dallas Area Rapid Transit’s (DART) platform extensions project and Metropolitan Transportation Authority’s (MTA) power improvements project in New York City.

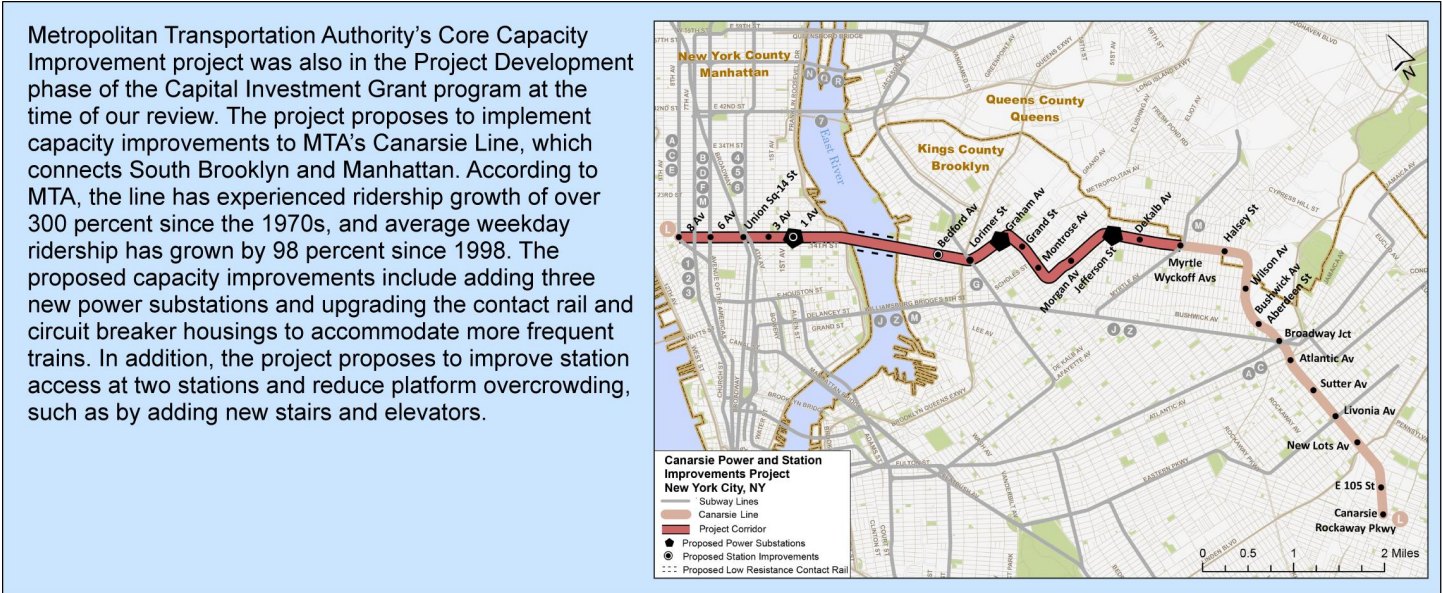
Figure 4: Dallas Area Rapid Transit’s (DART) Red and Blue Line Platform Extensions Project



Source: GAO; DART. | GAO-16-495

Note: The graphic shows aspects of DART’s platform extensions project and does not reflect changes that will be made to any specific DART station.

Figure 5: Metropolitan Transportation Authority's (MTA) Canarsie Line Power Improvements Project



Source: GAO; MTA. | GAO-16-495

Representatives from 6 of 13 project sponsors also indicated that they were generally supportive of the MAP-21 requirement that New Starts and Core Capacity Improvement projects complete Project Development within 2 years. Representatives from two project sponsors told us that requiring project sponsors to complete more work, such as initiating the environmental review process, prior to entering Project Development should help expedite a project’s progress through the program because completing this work decreases the amount of work project sponsors need to complete while in Project Development. Further, representatives from one project sponsor indicated that this change should also deter project sponsors that do not yet have defined projects from entering the program. However, as discussed below, most of the project sponsors also raised some concerns about the 2-year completion deadline.

In addition, representatives from 12 of the 13 project sponsors told us that they were generally supportive of the changes MAP-21 made to the evaluation and rating process. Representatives from one project sponsor noted, for example, that the MAP-21 changes have greatly simplified and

streamlined the review process and made it more transparent.⁴⁰

Representatives from another project sponsor also noted that the changes required FTA to implement more evaluative measures that take into account improvements that benefit existing riders, such as measures designed to reduce travel time, rather than focusing solely on the addition of new riders.

However, project sponsors also raised some concerns regarding certain aspects of the MAP-21 changes.

- Representatives from 11 of the 13 project sponsors told us that requiring New Starts and Core Capacity Improvement projects to complete Project Development activities within 2 years could pose a challenge for projects sponsors—for example, increasing project sponsors' costs because project sponsors may have to perform more work prior to entering Project Development. These representatives noted that such work is not eligible for pre-award authority under MAP-21.⁴¹ In FTA's August 2015 policy guidance, FTA acknowledged that it may be challenging for certain proposed projects to complete Project Development within 2 years. However, FTA also acknowledged that the intent of the MAP-21 changes was to help projects make quick progress and not linger in the program, and FTA encouraged project sponsors to perform whatever work they feel necessary prior to requesting entry into Project Development.
- Representatives from 5 of the 13 project sponsors indicated that locking in Capital Investment Grant program funding at entry into the Engineering phase could be too early in the development process and could pose a challenge because some projects may have yet to develop realistic cost and schedule estimates. According to these representatives, locking in funding at entry into Engineering increases the risk of escalating costs to project sponsors—costs which project sponsors would be responsible for—and is a change compared to under SAFETEA-LU where funding was locked in prior to a project

⁴⁰According to FTA officials, the changes to the review process were due to modifications FTA made to the processes and procedures to implement the law rather than changes MAP-21 made to the program.

⁴¹Activities undertaken prior to a project's entering the Project Development phase are not covered by automatic pre-award authority and are not eligible for future reimbursement from the Capital Investment Grant program should a Construction grant be awarded in the future.

being recommended for a grant agreement.⁴² APTA representatives told us that some projects may spend more time in Project Development as a result of this change, in order to help ensure that project sponsors develop more mature cost estimates before locking-in funding. According to FTA, project sponsors, not the federal government, should bear the risk of cost overruns once a project enters Engineering. FTA officials noted that the project sponsor determines when to proceed to Engineering and thus is responsible for ensuring that a project's cost estimates are supported by sufficient engineering and design work.

- Representatives from 10 of the 13 project sponsors voiced various concerns regarding some of the changes MAP-21 made to the evaluation and rating process. For example, representatives from 4 project sponsors told us that they thought the ridership measure of the new congestion relief criterion appeared biased toward more mature regions with legacy transit ridership compared to fast-growing regions with emerging transit ridership, or, according to representatives from one of these project sponsors, modes that transport a greater number of passengers, such as light rail projects.⁴³ FTA has acknowledged limitations with the ridership measure and noted it intends to continue to refine the congestion relief measure over time with input from the transit industry and experience gained through its implementation of the MAP-21 changes.

Selected Project Sponsors Generally Support FTA's Efforts in Implementing the MAP-21 Changes

Representatives from 11 of 13 project sponsors indicated that they were generally satisfied with FTA's implementation of the MAP-21 changes. For example, representatives from four project sponsors said that FTA has made a good effort to listen to and incorporate many of the recommendations offered by project sponsors.⁴⁴ APTA representatives similarly told us that FTA has done an excellent job engaging the transit

⁴²According to FTA officials, under SAFETEA-LU, Capital Investment Grant program funding was locked in at entry into Final Design and not at the Construction grant agreement phase.

⁴³The ridership measure is a calculation of existing and/or projected transit ridership on a system used to help determine a project's rating on certain evaluation criteria, such as mobility improvements or congestion relief.

⁴⁴For example, in April 2015 FTA solicited public comment on its proposed policy guidance. FTA received responses from 41 entities, including cities, transit operators, state agencies, metropolitan-planning organizations, non-profit organizations, and interested citizens. These responses contained more than 539 separate comments.

industry in trying to streamline the Capital Investment Grant program. In addition, representatives from 11 of 13 project sponsors said that they were generally supportive of the policy guidance FTA has issued since the enactment of MAP-21. For example, representatives from five project sponsors said FTA's policy guidance has been comprehensive and useful in explaining how FTA will implement the MAP-21 changes and describing what FTA expects of project sponsors. Furthermore, representatives from all 13 project sponsors said that FTA has continued to provide support to project sponsors prior to entry into Project Development, such as during the application process, as well as throughout the program, as it has worked to implement the MAP-21 changes. For example, project sponsors noted that FTA continues to provide checklists, roadmaps, and technical assistance, in addition to its policy guidance updates and reporting instructions. FTA officials noted that they provide ongoing technical assistance on a routine basis during each of their conversations with project sponsors.

Although project sponsors were generally satisfied with FTA's efforts thus far, they pointed out that not all MAP-21 changes, such as the programs of interrelated projects provisions, have been implemented yet. In addition, representatives from 9 of the 13 project sponsors told us they thought it took a long time for FTA to issue some of its policy guidance. FTA officials noted that by law they are required to issue new policy guidance for the Capital Investment Grant program no less than every 2 years and emphasized that by law they are also required to invite and respond to public comment on their guidance via the *Federal Register*—requirements that are time-consuming to comply with.⁴⁵ Representatives from 11 of the 13 project sponsors also offered various suggestions regarding how FTA could enhance the support it provides project sponsors, such as by providing checklists for different types of projects, such as design-build, operate-maintain, or public-private partnerships or by increasing the number of training opportunities it provides project sponsors.

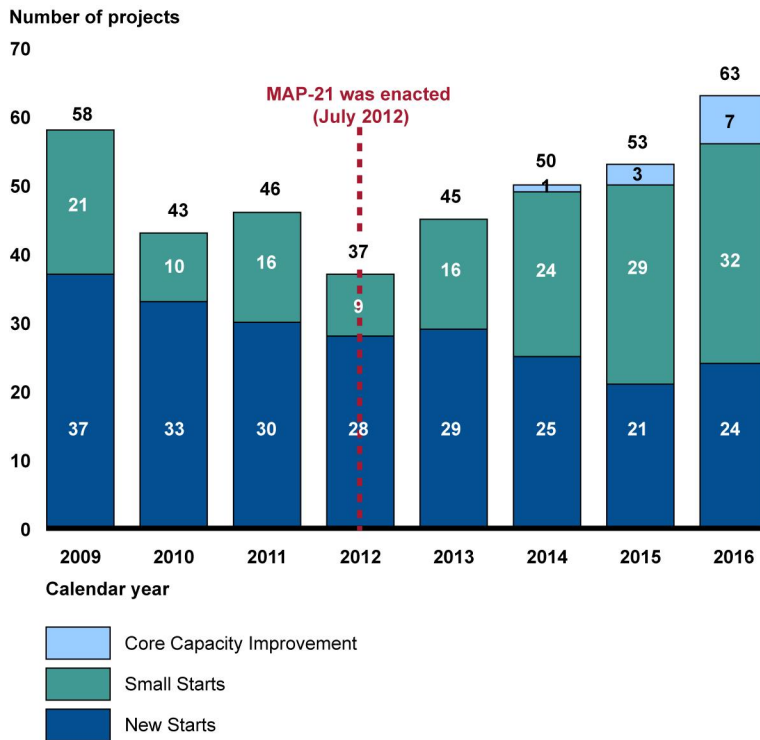
⁴⁵Pursuant to 49 U.S.C. § 5309(g)(5), FTA is required to invite public comment on its guidance for the Capital Investment Grant program and publish its response to comments. In addition, according to FTA officials, pursuant to 49 U.S.C. § 5334(k), FTA is required to follow applicable rulemaking procedures before issuing a binding obligation such as a substantive policy statement. Such rulemaking procedures include publishing policy guidance in draft form for public comment and then responding to comments received on the draft when preparing and publishing the final policy guidance.

Substantially More
Projects Have Entered the
Program since MAP-21,
but Whether They Will
Progress More
Expediently Is Not Yet
Known

Since 2012, the total number of projects in the Capital Investment Grant program has increased by 70 percent, from 37 projects as of February 2012 to 63 projects as of February 2016, as shown in figure 6. FTA officials, selected project sponsors, and representatives from APTA largely attributed this growth to the fact that under MAP-21, FTA is no longer required to rate proposed projects prior to their entry into the Capital Investment Grant program.⁴⁶ While FTA officials told us they view increased participation in the program as an opportunity to help improve public transit in communities across the country, they also said such growth presents challenges, noting that FTA's resources to review and evaluate projects have largely remained flat over the last several years. Further, they noted that participation in the program by Small Starts projects is increasing—since 2012, Small Starts projects, as a percentage of the total number of projects, increased from about 24 percent to more than 50 percent—and that Small Starts project sponsors typically have little experience constructing major capital projects. Consequently, FTA often provides those project sponsors with greater levels of technical assistance and support. FTA officials told us they have requested additional funding from Congress to address these challenges. They also noted that absent being given additional resources, they cannot spend as much time providing technical assistance or evaluating projects.

⁴⁶For example, prior to MAP-21, New Starts project sponsors had to (1) complete an alternatives analysis, (2) select the locally preferred alternative, (3) get the locally preferred alternative included in the region's fiscally constrained long-term transportation plan, (4) prepare the information necessary for FTA to evaluate and rate the project, (5) obtain a medium or better rating from FTA under statutorily defined project justification and financial criteria, and (6) meet other FTA readiness requirements before advancing beyond the alternatives analysis phase of the Capital Investment Grant program.

Figure 6: Number of Projects in the Capital Investment Grant Program, 2009–2016



Source: GAO analysis of the Federal Transit Administration’s Annual Reports on Funding Recommendations for the Capital Investment Grant program. | GAO-16-495

Note: Figure reflects the number of projects that were in the project development process or under construction grants through the Capital Investment Grant program. For 2009 and 2010, this included some New Starts projects that were exempt from the evaluation and rating process. In 2009, 5 of the 37 New Starts projects were exempt from the evaluation and rating process, while in 2010, 6 of the 33 were New Starts projects were exempt from the evaluation and rating process.

While the number of projects in the Capital Investment Grant program has increased since the enactment of MAP-21, we found that limited data were available to assess whether projects were progressing through the program more quickly compared to under SAFETEA-LU. For example, at the time of our review only 4 projects had approached the 2-year deadline to complete Project Development. According to FTA officials, 3 of these projects completed the activities required to obtain a project rating from FTA before their 2-year deadlines passed while the third requested to postpone entry into Engineering to complete additional design work and address local funding issues.

Representatives from 8 of the 13 project sponsors we spoke with and representatives from APTA also felt that it was too early to tell the extent to which the MAP-21 changes will help expedite projects through the program. For example, among other things, representatives from these project sponsors told us that while MAP-21 consolidated the number of phases in the development process it was not yet apparent to them how this might affect their projects since they perceived they would still have to complete the same amount of work. In discussing this issue with FTA, officials emphasized that projects were not far enough along for FTA to determine whether the MAP-21 changes are expediting projects through the program.

Agency Comments

We provided a draft of this report to DOT for review and comment. In its comments, which we have reproduced in appendix II, DOT noted that it is committed to continuing its efforts to improve the Capital Investment Grant program while ensuring that project evaluations provide important information to decision makers. DOT also provided technical comments that we incorporated where appropriate.

We are sending copies of this report to interested congressional committees and the Secretary of the Department of Transportation. In addition, this report will be available at no charge on GAO's website at <http://www.gao.gov>.

If you or your staff have any questions or would like to discuss this work, please contact me at (202) 512-2834 or GoldsteinM@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix III.



Mark Goldstein
Director, Physical Infrastructure Issues

Appendix I: Objectives, Scope, and Methodology

This report discusses: (1) the Federal Transit Administration's (FTA) progress in implementing changes the Moving Ahead for Progress in the 21st Century Act (MAP-21) made to the Capital Investment Grant program and (2) how selected project sponsors view the MAP-21 changes and FTA's implementation of those changes. We focused our work on selected statutory requirements contained in MAP-21 that were not significantly altered or repealed by the Fixing America's Surface Transportation Act (FAST Act).¹

To address our objectives, we reviewed the relevant provisions of MAP-21, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), and the FAST Act. We also reviewed FTA's policy guidance; other pertinent FTA documents related to the program, such as FTA's annual reports to Congress; and our body of work on FTA's Capital Investment Grant program. In addition, we interviewed FTA officials, representatives of the American Public Transportation Association, and selected project sponsors. Specifically, we interviewed representatives from 13 project sponsors representing 17 of 52 projects participating in the program as of February 2015 and conducted a content analysis of the interviews with project sponsors to identify and summarize themes that emerged during our discussions. The information obtained from our interviews with project sponsors is not generalizable to all project sponsors but provides insight into project sponsors' views of the MAP-21 changes thus far. We also visited New York City and Dallas, Texas, to tour the sites of two proposed Core Capacity Improvement projects.² The project sponsors we contacted and the locations we visited were selected based on a number of factors, the primary being previous project experience in FTA's Capital Investment Grant program under SAFETEA-LU, which provided a basis to compare changes made by MAP-21. These project sponsors represent 7 New Starts projects, 8 Small Starts projects, and 2 Core Capacity Improvement projects, as well as different rail modes (heavy rail, light rail,

¹At the time we initiated this review, the Capital Investment Grant program was governed by statutory provisions in place under MAP-21. However, in December 2015 the FAST Act was enacted, which significantly altered or repealed some of MAP-21 provisions. Pub. L. No. 114-94, 129 Stat. 1312 (2015).

²In some cases, the project sponsors we spoke with were responsible for more than one project in the Capital Investment Grant program at the time of our review. In addition, we attempted to contact one other New Starts project sponsor but were unable to obtain responses to our questions after several attempts.

commuter rail) and both bus rapid transit and streetcar projects, as shown in table 2.

Table 2: New Starts, Small Starts, and Core Capacity Improvement Project Sponsors Interviewed

	Name of project sponsor (Project)	Location	Mode
New Starts projects	Central Puget Sound Regional Transit Authority (Lynnwood Link Extension)	Seattle, WA	Light rail
	Denver Regional Transportation District (Southeast Rail Extension)	Denver, CO	Light rail
	Florida Department of Transportation (SunRail Phase II South)	Orlando, FL	Commuter rail
	Los Angeles County Metropolitan Transportation Authority (Westside Purple Line Extension Section 1)	Los Angeles, CA	Heavy rail
	Los Angeles County Metropolitan Transportation Authority (Regional Connector Transit Corridor)	Los Angeles, CA	Light rail
	Metro Transit (METRO Blue Line Extension)	Minneapolis, MN	Light rail
	Metro Transit (Southwest Light Rail Transit)	Minneapolis-St. Paul, MN	Light rail
Small Starts projects	Charlotte Area Transit System (CityLYNX Gold Line Phase 2 Streetcar)	Charlotte, NC	Streetcar
	Florida Department of Transportation (SunRail Phase II North)	Orlando, FL	Commuter rail
	Metro Transit (METRO Orange Line Bus Rapid Transit)	Minneapolis, MN	Bus rapid transit
	Sacramento Regional Transit District (Downtown Riverfront Streetcar)	Sacramento, CA	Streetcar
	Santa Clara Valley Transportation Authority (El Camino Real Corridor Bus Rapid Transit)	San Jose, CA	Bus rapid transit
	Sun Metro (Montana Avenue Rapid Transit System)	El Paso, TX	Bus rapid transit
	Utah Transit Authority (Provo-Orem Bus Rapid Transit)	Utah County, UT	Bus rapid transit
Core Capacity Improvement projects	Valley Metro (Tempe Streetcar)	Phoenix, AZ	Streetcar
	Dallas Area Rapid Transit (Red and Blue Line Platform Extensions)	Dallas, TX	Light rail
	Metropolitan Transportation Authority (Canarsie Line Power Improvements)	New York, NY	Heavy rail

Source: GAO. | GAO-16-495

We conducted this performance audit from July 2015 through April 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Comments from the Department of Transportation



U.S. Department
of Transportation

Office of the Secretary
of Transportation

Assistant Secretary
for Administration

1200 New Jersey Avenue, SE
Washington, DC 20590

APR 21 2016

Mark Goldstein
Director, Physical Infrastructure Issues
U.S. Government Accountability Office
441 G Street NW
Washington, DC 20548

Mr. Goldstein,

Since 2010, the U.S. Department of Transportation (DOT) and the Federal Transit Administration (FTA) have improved and streamlined the Capital Investment Grant program while maintaining an appropriate level of analytical rigor for making sound investment decisions with taxpayer funds. We took some of these steps even prior to the passage of the Moving Ahead for Progress in the 21st Century Act (MAP-21). As your draft report notes, MAP-21 made significant additional streamlining changes to the Capital Investment Grant program. FTA made significant progress implementing these key required changes including issuing new rules and updating guidance. Additional highlights of our completed actions include the following:

- Revising measures under the statutory project evaluation criteria to eliminate mode biases; basing the measures on readily available and easily verified information; and developing new tools for estimating ridership on proposed projects. These actions were taken to reduce the time and burden associated with project sponsors developing the data and information needed by FTA;
- Greatly expanding the availability of “warrants”— ways in which project sponsors can qualify for automatic ratings; and
- Developing an approach for expedited technical capacity reviews.

The Department is committed to continuing its efforts to improve the Capital Investment Grant program while ensuring the project evaluations provide important information for decision-makers. We appreciate the opportunity to respond to the GAO draft report. Please contact Madeline M. Chulumovich, Director, Audit Relations and Program Improvement, at (202) 366-6512 with any questions or if you would like to obtain additional details.

Sincerely,

Jeff Marootian
Assistant Secretary for Administration

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

Mark Goldstein, (202) 512-2834 or GoldsteinM@gao.gov

Staff Acknowledgments

In addition to the contact above, key contributors to this report included Brandon Haller (Assistant Director), Andrew Burton, Geoffrey Hamilton, Wesley A. Johnson, Delwen Jones, Hannah Laufe, Malika Rice, and Andrew Stavisky.

Appendix IV: Accessible Data

Agency Comment Letter

Text of Appendix II: Comments from the Department of Transportation

Page 1

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1200 New Jersey Avenue, SE Washington, DC 20590

APR 21 2016

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Sincerely,

Jeff Marootian

Assistant Secretary for Administration

Data
Tables/Accessible
Text

Accessible Text for Figure 1: Development Process for Capital Investment Grant Projects as Defined by the Moving Ahead for Progress in the 21st Century Act

New Starts and Core Capacity Improvement projects

1. Project Development
2. Engineering
3. Construction grant agreement
4. Construction

Small Starts projects

1. Project Development
2. Construction grant agreement
3. Construction

Accessible Text for Figure 4: Dallas Area Rapid Transit’s (DART) Red and Blue Line Platform Extensions Project

At the time of our review, DART’s Core Capacity Improvement project was in the Project Development phase of the Capital Investment Grant program. The project proposes to increase system capacity, or space for available passengers, by lengthening platforms by about 100 feet to accommodate additional train cars at 28 of 38 existing light rail stations on DART’s red and blue lines and make other improvements to the platforms to help make them compliant with the American’s with Disabilities Act of 1990 (42 U.S.C. § 12101). In addition, the platforms at some stations would be raised or have “mini-humps” added—improvements that are necessary due to the lengthening of the platforms and which are designed to help passengers board DART’s rail cars. DART’s capacity improvements are aimed at addressing some of the factors driving the system’s need for increased capacity, such as future demographic projections for the Dallas area, interest from adjoining localities in connecting to the DART system, and the need to connect the DART system to a planned high-speed rail project.

Accessible Text for Figure 5: Metropolitan Transportation Authority’s (MTA) Canarsie Line Power Improvements Project

Metropolitan Transportation Authority’s Core Capacity Improvement project was also in the Project Development phase of the Capital Investment Grant program at the time of our review. The project proposes to implement capacity improvements to MTA’s Canarsie Line, which connects South Brooklyn and Manhattan. According to MTA, the line has experienced ridership growth of over 300 percent since the 1970s, and average weekday ridership has grown by 98 percent since 1998. The proposed capacity improvements include adding three new power substations and upgrading the contact rail and circuit breaker housings to accommodate more frequent trains. In addition, the project proposes to improve station access at two stations and reduce platform overcrowding, such as by adding new stairs and elevators.

Data Table for Figure 6: Number of Projects in the Capital Investment Grant Program, 2009–2016

Calendar year	New Starts	Small Starts	Core Capacity Improvement
2009	37	21	0
2010	33	10	0
2011	30	16	0
2012	28	9	0
2013	29	16	0
2014	25	24	1
2015	21	29	3
2016	24	32	7

Related GAO Products

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