KANSAS CITY AREA TRANSPORTATION AUTHORITY
TESTIMONY TO THE U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
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Introduction

The Kansas City Area Transportation Authority (KCATA) is pleased to have the opportunity to comment on the Federal Transit Administration's (FTA) Notice of Proposed Rulemaking (NPRM) regarding Major Capital Investment Projects as published in the August 3, 2007, Federal Register. KCATA believes that this is potentially very significant and will have profound impacts on the development of highly beneficial, transit capital improvements in cities throughout the country.

About KCATA

KCATA is the regional transit authority serving the Kansas City, Missouri, and Kansas City, Kansas, metropolitan areas. Annually, KCATA serves nearly 15 million customers on 68 routes operating 365 days per year. Funding for operations is provided through a combination of local, state, and federal funds, along with passenger revenue.

KCATA is the "designated recipient" of federal funds for the metropolitan region and works closely with the regional Metropolitan Planning Organization (MPO), as well as other transit operators in Johnson County, Kansas, and Wyandotte County, Kansas.

KCATA is particularly interested in the proposed regulations as a result of two recent major capital investment projects in the Kansas City area, projects that are both implemented and planned. In 2005, KCATA opened the region's first Bus Rapid Transit (BRT) project – Metro Area Express (MAX). MAX was built at a cost of approximately $3 million/mile. The MAX project would have met all criteria for the Smalls Starts program, if that program had been in place at that time. Instead, federal funding was achieved through a series of discretionary grants spread over four federal fiscal years. The uncertainty of funding presented significant challenges in making construction awards and phasing implementation of the plan.

MAX has been an unqualified success. Ridership in the corridor is up over 40% in a little more than two years. Customer satisfaction on MAX is exceptional and the service has been successful in attracting new markets to transit. Almost 30% of MAX riders are new to public transit.

We believe MAX is also a factor in continuing economic development within the corridor. A first step towards this continuing development was the formation this year by corridor businesses of the Main Street Community Improvement District to provide funding for related improvements in the MAX corridor, including enhanced security and litter control.

Because of the success of MAX and its rapid implementation (operational in less than four years) compared to traditional New Starts projects, FTA has been very supportive of KCATA's effort to expand MAX to other transit corridors in the community. In fact, the next MAX route has already received federal funding commitments of $24 million under the Small Starts guidelines. KCATA expects to enter into a Project Construction Grant Agreement (PCGA) with FTA soon.

General Comments

KCATA applauds the Congressional decision to establish a separate Small Starts category of New Starts funding in SAFETEA-LU. This program will allow projects such as our Troost Bus Rapid Transit (BRT) line - which has a relatively low cost compared to typical New Starts projects - to be rapidly implemented, thereby allowing the benefits of such an improvement to accrue quickly to the community.

KCATA supports continued efforts to distinguish funding opportunities and regulatory processes between very large capital investment projects, such as extensive light and heavy rail projects, and smaller, less complex projects, such as streetcars and bus rapid transit projects. The NPRM is a positive move to create a more level playing field for federal funding and a means to encourage innovation in transit planning in metropolitan regions of all sizes.

Further, KCATA recognizes and supports the changes FTA made in the proposed rulemaking, from the time of the initial guidelines issued on June 9, 2006, to the

NPRM issued August 3, 2007. KCATA believes that the changes, particularly as they apply to the Very Small Starts program, are very positive.

Comments on Small Starts Programs

The NPRM defines a Small Starts project as one with a total project cost under $250 million, with Section 5309 funding not to exceed $75 million. While we strongly support the concept of Small Starts, we are concerned that the proposed changes do not go far enough toward streamlining the New Starts process for projects in the Small Starts category. The process of getting to an FTA funding decision on a Small Starts project still appears to be arduous and time consuming, requiring nearly the full range of FTA New Starts criteria and processes. In this regard, there is not a significant difference between the New Starts and the Small Starts Programs.

The intent of the Small Starts program was to enable recipients to expedite implementation of significant capital investments. Yet, the Small Starts evaluation criteria require a full Alternatives Analysis, as well as a NEPA environmental study, regardless of the nature of project. These two elements are among the most burdensome and deliberative steps in receiving federal funds.

There is little advantage to seeking Small Starts funding as long as these requirements are not changed. KCATA understands the need for the traditional New Starts Alternatives Analyses and NEPA evaluation on a $250 million project. However, to enhance streamlining, appropriate consideration should be given to either raising the Very Small Starts category level beyond $50 million or to lowering the Small Starts total project cost ceiling, so that more streamlined procedures may be applied.

Additionally, KCATA believes FTA should reconsider the provision that prohibits a corridor project from being divided into several Small Starts projects. KCATA concurs that a corridor should not receive Small Starts funding for several projects concurrently and that projects should not be artificially segmented just to qualify as a Small Start. However, given the long lead times and high capital costs for implementation of major capital investment projects, phased implementation is a realistic approach and the benefits of such approaches should be recognized.

For example, a metropolitan region that may seek to build a light rail system in a 20-mile corridor, might chose to implement the system in three separate phases over several years, rather than all at one time. If the phasing is appropriate and

NEPA requirements are met, FTA should consider each phase for Small Starts funding eligibility – even though the total 20-mile line might otherwise qualify for New Starts funding – as long as Small Starts funds were being used for each phase independently.

Comments on Very Small Starts

KCATA believes the program directives outlined for the Very Small Starts are particularly useful and appropriate. Kansas City has already benefited from the Very Small Starts procedures, using the concept of warrants and standardized elements in our Troost BRT project. As a result of the less stringent requirements of the Very Small Starts program, KCATA will be able to deliver this important project within four years of starting corridor planning.

While generally supportive of FTA's Very Small Starts requirements, KCATA believes that the FTA should consider eliminating the local financial commitment criteria (Section 611.33) regarding local over-match of federal funds. KCATA recognizes that FTA will not rate any project below "medium" for failure to over-match, but questions whether this should be an evaluation criterion for this size project at all.

It can be expected that many Very Small Starts projects will tend to be in metropolitan areas like Kansas City that have no history of large capital investment projects. These areas often do not have the resources for large projects and will naturally migrate towards Very Small Starts. Projects of this size will seek 80% federal match and should not be disadvantaged because of this lack of over-match

Similar to comments made regarding Small Starts, KCATA believes FTA should reconsider and clarify how the requirement that all projects in a corridor must be considered together for evaluation purposes will be implemented. KCATA concurs that a corridor should not be artificially segmented just to receive Very Small Starts funding and several projects should not be funded in a corridor concurrently.

However, given the long lead times and high capital costs for implementing capital investment projects, phasing is a viable approach. Many metropolitan areas may want to consider building transit corridor improvements in phases over a period of a number of years. KCATA believes each phase should be independently evaluated as a Very Small Start project for federal funding purposes, provided each phase qualifies for a Very Small Starts project and is appropriately defined with independent utility.

Finally, KCATA reacts very favorably to the concept of the Project Construction Grant Agreement (PCGA) as proposed for Small Starts and Very Small Starts. In the past, and as we experienced with our first BRT line, a transit authority planning to engage in a transit investment project of this scope had to seek federal funding on a grant by grant basis.

This process leads to uncertainty of overall funding, difficulty in issuing and managing construction contracts, and challenges in determining the timing of any necessary bonding. The PCGA gives a system the same assurance as a Full Funding Grant Agreement (FFGA) for larger projects. KCATA believes this to be one of the strongest elements of the NPRM.

Concluding Comments

Overall, KCATA supports the direction being taken by Congress and the FTA to streamline the New Starts processes and the new Small Starts program. We appreciate the numerous revisions made to the requirements in this NPRM, since the "Interim Guidance and Instructions" were issued on June 9, 2006. We believe continued efforts to streamline the process – especially as applied to the Small Starts program – will provide significant benefits and we support your continued focus on this effort.