Memorandum

MIAMI-DADE COUNTY

Date: February 13, 2008

To: Honorable Chairman Dorrin D. Rolle
and Members, Transit Committee

From: George M. Burgess
County Manager

Subject: Orange Line Update

TC

Agenda Item No. 5(E)

Attached is the Orange Line Update Report as requested during the February 7, 2008, Board meeting. This synopsis on the status of the three phases of the Orange Line will be provided on a monthly basis in accordance with the Board's request.

In addition, a copy of the report circulated to the Board last week regarding the Orange Line Phase II – North Corridor Metrorail Extension is also provided.

Assistant County Manager

MIAMI-DADE COUNTY

MIAMI-DADE TRANSIT
MONTHLY BRIEFING REPORT
JANUARY 2008
ORANGE LINE PHASE 1: MIC-EARLINGTON HEIGHTS CONNECTOR

PROJECT PHASE: ☐ Alternatives Analysis ☐ Preliminary Engineering ☒ Final Design ☐ Construction

MDT PROJECT DIRECTOR: Ahmed Rasheed, P.E.
PMC PROJECT MANAGER: Jenner Alfaro, P.E.

CORRIDOR CONSULTANT: URS Corporation Southern
COMMISSION DISTRICTS: 2, 3, 5 & 6

SCOPE

- The Orange Line Phase 1: MIC-Earlington Heights Connector Metrorail Extension consists of a 2.4-mile elevated heavy rail extension of the existing Metrorail System;
- It will extend from the existing Earlington Heights Metrorail Station to the proposed Miami Intermodal Center (MIC);
- The project includes one station at the Miami Intermodal Center (MIC);
- In October 2004, the decision was made to implement this project with State and Local funds only.

SCHEDULE

◆ Final Design	January 2008
◆ Advertise Construction Contract	March 2008
◆ Notice-to-Proceed (NTP) Construction Engineering & Inspection (CE&I) Consultant	August 2008
◆ Right-of-Way Acquisition Completion	September 2008
◆ NTP Construction	December 2008
◆ Revenue Operation Date	Last Quarter 2011*

***** Calendar Year (CY)***

BUDGET

	2007	YEAR-OF-EXPENDITURE
Project Cost**	$440,000,000	$526,000,000

BUS PLAZA BUDGET

	2007	YEAR-OF-EXPENDITURE
Project Cost**	$14,000,000	$16,500,00

***** Excluding Finance Charges***

CURRENT STATUS: Final plans signed and sealed at the end of January 2008. Construction Contract scheduled for advertisement during the month of March 2008. The Project is scheduled for completion during the last quarter of CY 2011.

ISSUES/HIGHLIGHT DURING THE MONTH OF JANUARY 2008

- Continued the Request-to-Advertise process for the Construction Contract;
- Miami-Dade Public Works Department continued Right-of-Way Engineering;
- Completed 100% Design Plans;
- Continued development of 3rd Demolition Contract;
- Continued review of the draft Miami-Dade Expressway Authority (MDX) Joint Participation Agreement;
- Continued review of the draft Florida Department of Transportation (FDOT) Joint Participation Agreement;
- Request-to-Advertise Construction Engineering & Inspection Consultant approved by County Manager;
- Held Contractor's Informational meeting on January 25, 2008;
- Held FDOT/MDT Interface Technical Coordination Meetings;
- FPL Distribution started utility relocation on January 21, 2008;
- Presented Project to the Citizens Transportation Advisory Committee on 1/23/08.

UPCOMING ACTIVITIES IN THE MONTH OF FEBRUARY 2008

- Continue Right-of-Way (ROW) acquisitions;
- Continue development of 3rd Demolition Contract;
- Finalize Joint Participation Agreement (JPA) with FDOT for construction funding of Bus Plaza, Bus Circuit Roadway and Pedestrian West Concourse and the Vestibule at the MIC;
- Finalize Joint Participation Agreement (JPA) with MDX;
- Conduct environmental site assessments as requested by DERM;
- Interdepartmental Agreement between Miami-Dade Water & Sewer Department (MD-WASD) and MDT for the utility relocations by MD-WASD anticipated to be approved by MDT's Director's Office;
- Advertise RFP for CE&I Consultant.

MIAMI-DADE COUNTY

MIAMI-DADE TRANSIT
MONTHLY BRIEFING REPORT
JANUARY 2008
ORANGE LINE PHASE 2: NORTH CORRIDOR METRORAIL EXTENSION

PROJECT PHASE: ☐ Alternatives Analysis ☒ Preliminary Engineering ☐ Final Design ☐ Construction

MDT PROJECT DIRECTOR: Richard Pereira P.E.
PMC PROJECT MANAGER: Jaime Lopez, P.E.

CORRIDOR CONSULTANT: PTG
COMMISSION DISTRICTS: 1 & 2

SCOPE

- The proposed North Corridor Metrorail Extension consists of a 9.5-mile elevated fixed guideway extension of the existing Metrorail System from the existing Martin Luther King Jr. Station at N.W. 62nd Street to a terminus at NW 215th Street just south of Florida's Turnpike;
- There are seven (7) stations within the project;
- In addition to the stations there are seven (7) park-ride lots proposed for this project.

SCHEDULE

♦ New Starts Preliminary Engineering Design (Control Point No. 1) Submittal	November 2007
♦ Begin FTA Risk Assessment	March 2007
♦ Request to Enter Final Design	May 2008
♦ Complete Final Design	July 2009
♦ Full Funding Grant Agreement	September 2009
♦ Notice-to-Proceed (NTP) Construction Engineering & Inspection Consultant	December 2009
♦ Right-of-Way Acquisition Completion	April 2010
♦ NTP Construction	June 2010
♦ Revenue Operation Date	Last Quarter 2014*

** Calendar Year (CY)*

BUDGET

	2007	YEAR-OF-EXPENDITURES
Project Cost**	$1,115,000,000	$1,334,000,000

*****Excluding Finance Charges***

CURRENT STATUS: The design consultant was issued a notice-to-proceed on work orders for New Starts Preliminary Engineering and the Systems Design/Furnish/Install Procurement. The plans are being advanced towards a New Starts Preliminary Engineering submittal to FTA. ROW engineering documents are being prepared by the design consultant and reviewed by MDT.

On-going Preliminary Engineering design effort is focused on maintaining the Project's cost effectiveness. Received a Medium-Low New Starts rating from the FTA based on a budgetary shortfall identified in the financial plan. The FTA considered the financial plan assumption optimistic with regard to such issues as sales tax revenue, increase in fares and growth in operating and maintenance costs and FTA also had questions on the existing infrastructure renewal costs. MDT will propose recommended steps to be taken to address the issues in the financial plan and will work with the County Manager's Office to address this shortfall. The Project Schedule will be revised as a result to reflect new milestone dates for the activities shown above.

ISSUES/HIGHLIGHT DURING THE MONTH OF JANUARY 2008

- Received advance notification of Medium-low New Starts rating on the FY 2009 New Starts application;
- Address design review comments for the New Starts Preliminary Engineering /Systems Control Point Submittal No. 1;
- Address cost reductions resulting from the New Starts Preliminary Engineering /Systems Capital Cost Estimate for the Project;
- Attended the FTA Quarterly Meeting in Atlanta; discussed New Starts rating and proposed plan of action;
- Progress Rev. 2 of the Real Estate Acquisition Management Plan (RAMP);
- Address FTA comments on the Project Management Plan (PMP) & Quality Assurance Project Plan (QAPP);
- Presented Project to the Citizens Transportation Advisory Committee on 1/23/08.

UPCOMING ACTIVITIES IN THE MONTH OF FEBRUARY 2008

- Officially receive FTA's New Starts Project Rating in Annual New Starts report to Congress.
- Begin reviewing options to address FTA comments in New Starts rating.
- Sent letter to Miami-Dade College on the transit station location and alignment within the College;
- Progress revision to the PMP, QAPP and RAMP;
- Address review comments on the New Starts Preliminary Engineering/Systems Control Point Submittal No. 1;
- Continue to refine New Starts Preliminary Engineering/Systems Capital Cost Estimate for the Project and address any required cost reductions to the project in order to maintain cost-effectiveness;
- Progress MDT's Risk Matrix in advance of FTA's Risk Assessment of the project;
- FTA's Project Management Oversight Consultant (PMOC) to conduct site visit/assessment/interviews with MDT and PMC Safety & Security staff and issue spot report to FTA.

MIAMI-DADE COUNTY

MIAMI-DADE TRANSIT
MONTHLY BRIEFING REPORT
JANUARY 2008
ORANGE LINE PHASE 3: EAST-WEST CORRIDOR

PROJECT PHASE: ☒ Alternatives Analysis ☐ Preliminary Engineering ☐ Final Design ☐ Construction

MDT PROJECT DIRECTOR: Ernesto Polo, P.E.
PMC PROJECT MANAGER: Monica D. Cejas, P.E.

CORRIDOR CONSULTANT: HNTB Corporation
COMMISSION DISTRICTS: 6, 10, 11 & 12

SCOPE

- The proposed East-West Corridor project consists of a 10 to 13 mile fixed guideway extension of the existing Metrorail System from the Miami Intermodal Center (MIC) at the Miami International Airport (MIA) to Florida International University (FIU) and points west to SW 137th Avenue;
- There are a maximum of 10 stations within the project;
- In addition to the stations there are park-ride lots proposed for this project.

SCHEDULE

♦ Submittal of Final Baseline Alternative Report	December 2007
♦ Locally Preferred Alternative (LPA) selection	December 2008
♦ New Starts Application/Request to enter Preliminary Engineering (PE)	January 2010
♦ PE completion	November 2010
♦ Record of Decision (ROD)	December 2010
♦ Final Design (FD) complete	October 2012
♦ Obtain Full Funding Grant Agreement (FFGA)	November 2012
♦ R/W Acquisition complete	August 2013
♦ Project Completion	Last Quarter 2016*

*** Calendar Year (CY)***

BUDGET

	2007	YEAR-OF-EXPENDITURE
Project Cost**	$1.0 to $1.8 Billion	$1.4 to $2.3 Billion

****Excluding Finance Charges***

CURRENT STATUS: Continuing Alternatives Analysis along with development of an alignment for MPO endorsement as the Locally Preferred Alternative (LPA). MDT is currently studying various alignment options, however alternative 12C (S.W. 8th Street) appears to be the most cost effective alignment option.

ISSUES/HIGHLIGHT IN THE MONTH OF JANUARY 2008

- PMC performed additional model runs to respond to supplementary comments made to MDT by the FTA on the "Final Baseline Alternative Development Report";
- Met with FDOT to discuss partnering opportunities; requested FDOT to give County First Right of Refusal on properties acquired in vicinity of project alignment;
- MDT issued Notice of Proceed to HNTB for Work Order No. 7 that will take the Project up to a Locally Preferred Alternative (LPA);
- Team held follow up Land Use coordination meeting with the Department of Planning & Zoning and Metropolitan Planning Organization on 1/08/08;
- Presented project to the Citizens Transportation Advisory Committee on 1/23/08;
- Board of County Commissioners approved Resolution Authorizing the formation of a 10 member Citizens' and Business Advisory Committee (CBAC) to facilitate the Public Involvement process for the advancement of the Project;
- Environmental and engineering analysis continued.

UPCOMING ACTIVITIES IN THE MONTH OF FEBRUARY 2008

- FTA's approval of Baseline Alternative Development Report for most recent alternatives;
- Continue developing Scoping Approach for most recent alternatives and discussion with FTA;
- Continue meetings with Public Officials and key stakeholders;
- Working towards a Locally Preferred Alternative (LPA);

Memorandum

Date: February 7, 2008

To: Honorable Chairman Bruno A. Barreiro
and Members, Board of County Commissioners

From: George M. Burgess
County Manager

Subject: Orange Line Phase II - North Corridor Metrorail Extension

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Miami Dade County (MDC) has made it a priority to improve mass transit throughout the County. The Orange Line Phase II (North Corridor) is a major project the County has undertaken to improve North – South travel and to stimulate economic development within the corridor. This project has always been assumed to be funded through a partnership of Federal, State and local funds. Of the total expected cost as of 2007 of $1.6 billion, Federal participation was assumed at $700 million, State participation at $450 million and local participation at $450 million for a 44% / 28% / 28% split between the partners. In the Federal Transit Administration's (FTA's) 2009 New Starts Report to Congress, a "Medium-Low" rating was issued. This rating signifies that at this time the North Corridor will not be recommended for funding and will not be allowed to proceed into final design. Although MDT has been issued a Medium-Low rating for this cycle, there is still the opportunity to revise the situation. The North Corridor can still be a reality, and we must continue to emphasize that this is a set-back but not a fatal blow to the project. It is important to note that even though the rating is disappointing, it is not totally unexpected because many of the financial issues cited by the FTA had been previously identified. In addition, it should be understood that as the project advances through the New Starts process, FTA review becomes increasingly stringent. The good news is that FTA has committed resources to assist us through this time, and a thorough evaluation has been set in motion to reach a positive resolution.

This document will provide a historical analysis of the North Corridor, detailing its inception in the 1990's through the present day, illustrating how the FTA has been working with MDT to advance the North Corridor towards it final stages in the New Starts process. Further, this report explains the New Starts evaluation and rating process along with the historical ratings MDT has received. A discussion of some of the alternatives to be considered in satisfying FTA's noted deficiencies are also included and will require tough choices to be made in moving forward. I look forward to engaging the Board in these discussions.

c: Honorable Carlos Alvarez, Mayor
Miles E. Moss, P.E., Chairperson
and Members, Citizens' Independent Transportation Trust
Denis Morales, Chief of Staff, Office of the Mayor
Ysela Llort, Assistant County Manager
Jennifer Glazer-Moon, Special Assistant/Director OSBM
Howard Piper, Special Assistant, Management & Performance Assessment
Harpal Kapoor, Director, Miami-Dade Transit
Nan Markowitz, Executive Director, Office of the Citizens Independent Transportation Trust

NORTH CORRIDOR METRORAIL EXTENSION

HISTORY OF THE NORTH CORRIDOR PROJECT

In the early 1990's, the Year 2010 Long Range Transportation Plan (LRTP) identified the North Corridor as a Priority Transit corridor together with five other corridors within the county. The *Transit Corridors Transitional Analysis* examined the North Corridor, West Corridor, Northeast Corridor, Beach Corridor, Kendall Corridor and South Corridor. The study provided a preliminary evaluation of costs, impacts and ridership for each corridor.

A timeline for the North Corridor is detailed below. It commences with the Tier I Alternative Analysis in 1994 and goes through May 2007 with preliminary engineering activities.

- 1994 - The Tier I Alternative Analysis (AA) process for the North Corridor begins. This effort evaluated 11 alternatives including the No-Build Alternative, a Transportation Systems.
- Management (TSM) Alternative, three busway alternatives and six rail alternatives on several different alignments.
- 1995 - The Tier II process is complete and the Miami-Dade MPO selects the NW 27th Avenue alignment. The Tier II process evaluated the No-Build Alternative, a TSM Alternative, one busway alternative and three rail alternatives.
- May 1998 - The Tier III Draft Environmental Impact Statement (DEIS) process is complete and the Metropolitan Planning Organization (MPO) selects the Metrorail extension as the North Corridor Build Alternative. The Tier III effort evaluated the No-Build Alternative, aTSM Alternative, a busway alternative and a rail alternative. Both the busway and rail alternatives had two options – one in the median of NW 27th Avenue and one on an exclusive right-of-way located adjacent to NW 27th Avenue.
- May 1998 to May 1999 - The Environmental Impact Statement (EIS) process advances examining three alternatives – the No-Build Alternative, a TSM Alternative and the Build Alternative.
- July 1999 - The one-percent sales surtax initiative fails, and the EIS process is suspended.
- October 1999 - The MPO contracts with consultant to seek financially feasible premium transit alternatives including Bus Rapid Transit (BRT).
- January 2000 - An effort to evaluate BRT as a lower cost alternative to a Metrorail extension is initiated.
- January to September 2002 - The local area is adamant in its opposition to BRT and in its support of the Metrorail extension.
- October 2002 - The MPO approves the Metrorail extension as the Build Alternative for the North Corridor, contingent on the approval of the surtax referendum by the voters of Miami-Dade County that would support the Peoples Transportation (PTP) to develop transit projects.
- November 2002 - The voters of Miami-Dade County approve the PTP and half-percent sales surtax initiative.
- December 2002 - The MPO approves abandoning the BRT option in the North Corridor, reaffirms the Metrorail extension as the Build Alternative, and authorizes the EIS process to continue.
- January 2003 - The BRT option is officially abandoned prior to completion of the analysis.
- January 2003 - The North Corridor EIS process featuring the rail extension within the corridor is restarted.
- January 2003 to April 2006 - A Supplemental Draft EIS (SDEIS) report is prepared for submission to FTA. This report examines three alternatives: the No-Build Alternative, a TSM Alternative and the Build Alternative consisting of a Metrorail extension.
- February 2005- Received a "Not Rated" rating from FTA.
- February 2006- Received a "Medium" rating from FTA.

*Submissions are done in the fall of two years prior to the FY. For example, the FY 2009 submission was submitted in September 2007.

- June 2006 to July 2006 - The SDEIS is circulated for review and two public hearings are conducted.
- July 2006 to August 2006 - The Final EIS (FEIS) is prepared.
- February 2007- Received a "Medium" rating from FTA.
- April 2007 – The Record of Decision (ROD) from the FTA was issued.
- November 2007 – Initiate preparation of an Environmental Assessment (EA) for post-ROD engineering modifications to the project.
- February 2008 – FTA New Starts project ratings are issued. Received a "Medium-Low" rating from FTA.

Anticipated Future Schedule

- Spring-early Summer 2008- Staff evaluates alternatives for bridging funding gaps.
- Summer & Fall 2008 – Staff recommends revenue funding options for Board of County Commissioners (BCC) through the Budget cycle.
- Fall 2008 – Final New Starts package is submitted*
- Right of Way Acquisition- Completion three years after receipt of FFGA.
- Construction- Four and a half years after completion of Right of Way Acquisition.
- Start new service.

*MDT will work with FTA on latitude in schedule to maintain the present Full Funding Grant Agreement (FFGA) cycle.

FY 2009 NEW STARTS EVALUATION AND RATING PROCESS

Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) requires the U.S. Department of Transportation to submit an annual report to Congress (Annual Report on Funding Recommendations) that includes the Secretary's evaluation, ratings, and a proposal on the allocation of funds among applicants for amounts to be made available to finance grants and loans for capital projects for new fixed guideway systems and extensions to existing fixed guideway systems such as Miami-Dade Transit's (MDT) North Corridor project.

SAFETEA-LU mandates that proposed New Starts projects must receive FTA approval to advance from "alternatives analysis" to "preliminary engineering," and from "preliminary engineering" to "final design." This approval is based, in large part, on an evaluation of the proposed project's New Starts criteria. Specifically, a project must achieve an overall rating of at least Medium in order to advance into each stage of development. Projects must receive FTA approval to advance from "alternatives analysis" to "project development," a single development phase that incorporates the features of both preliminary engineering and final design.

FTA's evaluation includes a review of the information submitted to support each proposed project and the assignment of a rating to each evaluation criterion. These criteria are broken into two broad rating categories: Project Justification and Financial Rating. The Project Justification includes Mobility Improvements, Environmental Benefits, Operating Efficiencies, Cost Effectiveness and Land Use. The Financial Rating consists of the non-Federal share participation, Capital Finances, and Operating Finances. The attached Appendix 1 details each category of the rating. Based on these criteria-specific ratings, FTA assigns candidate New Starts projects summary ratings for project justification and local financial commitment, and develops the overall project rating.

Overall Project Ratings

SAFETEA-LU Sections 5309(d) and (e) require that FTA assigns overall ratings on a 5-tier scale of High, Medium-High, Medium, Medium-Low, or Low to each New Starts project subject to evaluation.

The overall project rating is determined by averaging the rating for project justification and local financial commitment. When the average of these ratings is unclear (e.g., project justification rating of Medium-High and local financial commitment rating of Medium), FTA will round up the overall rating to the higher rating (e.g., project justification rating of Medium-High and local financial commitment rating of Medium yields an overall rating of Medium-High) except in the following circumstances:

- A Medium overall rating requires a rating of at least Medium for both project justification and local financial commitment.
- A Medium-Low overall rating requires a rating of at least Medium-Low in one or both project justification and local financial commitment.

FTA reminds project sponsors that candidate projects cannot receive a designation of Not Rated if they receive a Medium or higher rating for local financial commitment but are unable to produce acceptable information in support of their project justification criteria. In cases where such information is either not submitted or submitted but deemed to be unreliable, FTA will assign a rating of Low to the affected project justification criteria.

RATINGS AND FUNDING RECOMMENDATIONS

Section 5309(d)(1)(B)(ii) directs FTA to consider proposed New Starts projects for Full Funding Grant Agreements (FFGA) only if they receive a Medium, Medium-High, or High overall project rating. FTA notes, however, that project ratings are intended only to reflect the worthiness of each project, not the readiness of a project for an FFGA. A rating of High or Medium does not translate directly into a funding recommendation in any given fiscal year.

Proposed projects that are rated High or Medium, will be eligible for multi-year funding recommendations in the Administration's proposed budget if other requirements have been met (completion of the Federal environmental review process, demonstrated technical capability to construct and operate the project. development of a firm and final cost estimate and financial plan, etc.) and if funding is available. In addition, notwithstanding their overall project rating, as a general practice FTA will not generally recommend for funding any project which does not achieve a rating of at least Medium for cost effectiveness.

In December 2006, after the submittal of the FY 2008 New Starts Report (August 2006), MDT was contacted by FTA and a discussion with the MDT director took place over the quality of the North Corridor financial plan, specifically the issue of the revenue projections (aggressive fare increases) and FTA's concerned that the plan did not adequately identify the cost and funding for the necessary infrastructure renewal. After receiving the Medium rating, FTA directed MDT to cap the federal participation to $700 million for the project and $100 million per year. This direction had significant ramifications for both the cash flow and bonding requirements of the financial plan since the previous year's submission contained no yearly cap. In addition, the total Federal participation assumed a significantly higher level of participation at approximately 59% ($839 million). The imposition of the $700 million cap, then, forced the local and state participation to increase to make up for the decreased federal participation. In light of this, the financial plans backing the project were unavoidably impacted. Without adequate levels of Federal and State financing, local funds are not sufficient to construct the North Corridor. Given recent State budget shortfalls, we must continue to work with the State to sustain their current share through the upcoming budget cycle.

At this time, MDT was verbally advised in a conference call that not correcting these issues would lead to a possible unsatisfactory rating the following year. These are items that should have been included in previous submittals but were only addressed and clarified by FTA after the FY 2008 submittal. As a result of this, MDT requested that the Program Management Consultant (PMC) financial team be changed to bring in the highest caliber personnel. The PMC new team consists of experts in FTA financial planning. The 2009 New Starts submission (September 2007) included less fare increases and elasticity evaluations in ridership. The report also included the requested cost for the necessary future infrastructure renewal. Compounded with the above, the inclusion of these items contributed to a much more constrained financial plan which did not have the capacity within its current structure to absorb all the changes. That is, lower revenues (less frequent fare increases and lowered federal support) and higher capital expenses (infrastructure renewal costs) aggravated the financial plan. This new financial plan was reviewed by MDT's staff with participation from MDT's previous Financial Advisors Public Financial Management (PFM). MDT's new Financial Advisors, PRAG, participated in the review of the plan for the creation of a new pro forma after the submittal to the FTA.

North Corridor New Starts Rating

On Wednesday January 30, 2008, the MDT Director received a call from Yvette Taylor, Regional FTA Administrator notifying him of the "Medium-Low" rating. On Thursday January 31, 2008, the MDT Director had a face to face meeting in Atlanta with the FTA Regional Administrator to discuss this rating. On Friday, February 1, 2008, the County Manager sent a memorandum to the Board advising of this rating. On Tuesday, February 5, 2008, MDT received the official FTA report stating that the North Corridor was rated "Medium-Low". This change in overall project rating from "Medium" in FY 2008 to a "Medium-Low" in FY 2009 is primarily due to:

1. <u>MDT's financial plan identified $1.1 billion in existing infrastructure rehabilitation and replacement needs after 2014 for which funding has not been identified.</u>

   MDT has a well-defined short-term capital improvement program (CIP) for the period 2007-2012. A subcomponent of the CIP included infrastructure rehabilitation of the existing system. For the years after 2013, MDT has not yet projected its CIP needs at a line-item level of detail. MDT has assumed for the purposes of the FY 2009 Financial plan, a level of investment equivalent to $32.5 million per year beginning in 2014 and growing with inflation. The total CIP investment for the existing system totals $1.8 billion over 30-years of the plan. Historically, MDT has placed higher priority on operations and maintenance than rehabilitation, reflective of an ongoing tend of concern over ensuring higher levels of service. Nevertheless, the need for increased modernization and rehabilitation is not new.

2. <u>Over the 30-year period, MDT's operating costs assumed significant lower than historical experiences.</u>

   In the Financial Plan, the annualized rate of increase in operating costs for the system was no greater than 4.5 percent between 2008 and 2023. In order to achieve cost growth at this rate, baseline bus and rail service are gradually reduced over the period. Bus revenue hours, for example, are projected to decline from 2.63 million hours to 2.45 million hours during the period. Rail baseline service will also decline slightly, but this will be significantly outweighed by the cost of service additions on the new rail corridors.

3. <u>Growth in fare revenues are optimistic compared to historic trends. The Financial Plan assumes frequent fare increases.</u>

   MDT has only increased fares once since 1991—in 2005. The FTA believes that these frequent fare increases are contrary to the historical evidence. This submission has 4 fare increases ($.50 in 2009; $.25 in $2011, $.25 in 2014 and $.15 in 2016). The FTA plan assumed fare increases that were tied to service expansions. Last year's submission included 9 fare increases.

A Comparison of FTA New Starts Rating of North Corridor by Year

	Rating Categories	2005	2006	2007
1	**Overall Project Rating**	**Medium**	**Medium**	**Medium-Low**
2	**Project Justification**	**Medium**	**Medium**	**Medium**
	Making the Case	NA	NA	Medium-Low
	Cost Effectiveness	Medium	Medium	Medium
3	**Transit-Supportive Land Use**	**Medium**	**Medium**	**Medium**
	Existing Land-Use	Medium-Low	Medium-Low	Medium-Low
	Transit-Supportive Plans & Policies	Medium	Medium-High	Medium-High
	Performance & Impacts of Policies	Medium	Medium	Medium
4	**Other Project Justification**			
	Mobility Improvements	Medium	Medium-High	Medium
	Environmental Benefits	Medium	Medium	Medium
	Operating Efficiencies	Medium	Medium	NA
5	**Local Financial Commitment**	**Medium**	**Medium**	**Medium-Low**
	New Starts Share of Total Project Costs	Medium	Low	Medium-High
	Capital Finance Plan	Medium	Medium	Medium
	Agency Capital Condition	Medium	Medium-High	Medium-High
	Completeness of Capital Plan	Medium-High	Medium	NA
	Commitment of Capital Funds	Medium-High	High	High
	Capital Cost Estimate, Planning Assumptions and Financial Capacity	Medium	Medium-Low	Low (1)
6	**Operating Finance Plan**	**Medium**	**Medium**	**Medium-Low**
	Operating Condition (2)	Low	Low	Low
	Completeness of Operating Plan	Medium-High	Medium	NA
	Commitment of Operating Funds	High	High	High
	Operating Funding Capacity	Medium	Medium-Low	NA
	Operating Cost Estimates, Planning Assumptions and Financial Capacity	Medium-Low	Medium-Low	Low (3)

4. <u>MDT historical deficits</u>

   FTA expressed concern over MDT historical deficits in recent years. As you know, there have been many challenges in the face of rapid bus system expansion, labor cost increases, and fuel cost increases among others. MDT has made great strides in closing these gaps. For FY 2008, MDT is projecting an increase over budgeted expenditures of approximately $9.2 million due to increased fuel costs. MDT is reviewing its operations to make the necessary adjustments to come in on budget. MDT has been carrying an operating deficit of approximately $28 million. This is scheduled to be repaid, over a five year period commencing with the current year at a rate of $5.6 million per year. The current year's budget includes this amount.

   Our assets to liabilities ratio has also been cited by the FTA. This ratio has consistently been below 1.0 and the FTA has consistently rated MDT low in this category. In FY 01, the rate was .21, FY 02, .18, FY 03, .16 FY 04, .4, and FY 05 .47.

Next Steps

- Review Capital Plan assumptions and schedules.
- Review existing bus and rail service based on approved service standards and recommend changes to specific routes, or rail operations as appropriate. Service standards are intended to optimize usage of MDT's limited resources.
- Continue implementing operational efficiencies.
- Evaluation of fare and fee policies and possible creation of an indexed fare policy similar to others transit agencies.
- Examine other ways of closing the financial gap.

All of this will require that we closely analyze our limited financial resources and our expenditure structure and make tough choices. We will be looking at every efficiency, but that alone will not fill the gap.

Please be assured that there has been no trading of priorities. We have already begun to work on proposed solutions and will continue to flesh these out through the upcoming budget process. Our priorities remain:

- Operation of a "right-sized" bus and rail system that is safe and secure. For our Metrobus service, this means strict adherence to existing service standards—and perhaps even a re-evaluation of those standards in light of resource concerns. Further, safety and security cannot be sacrificed when considering operational trade-offs.
- Expansion of Rail to connect to major economic engines (Earlington Heights/MIC Connector)
- Expansion to the North and East/West

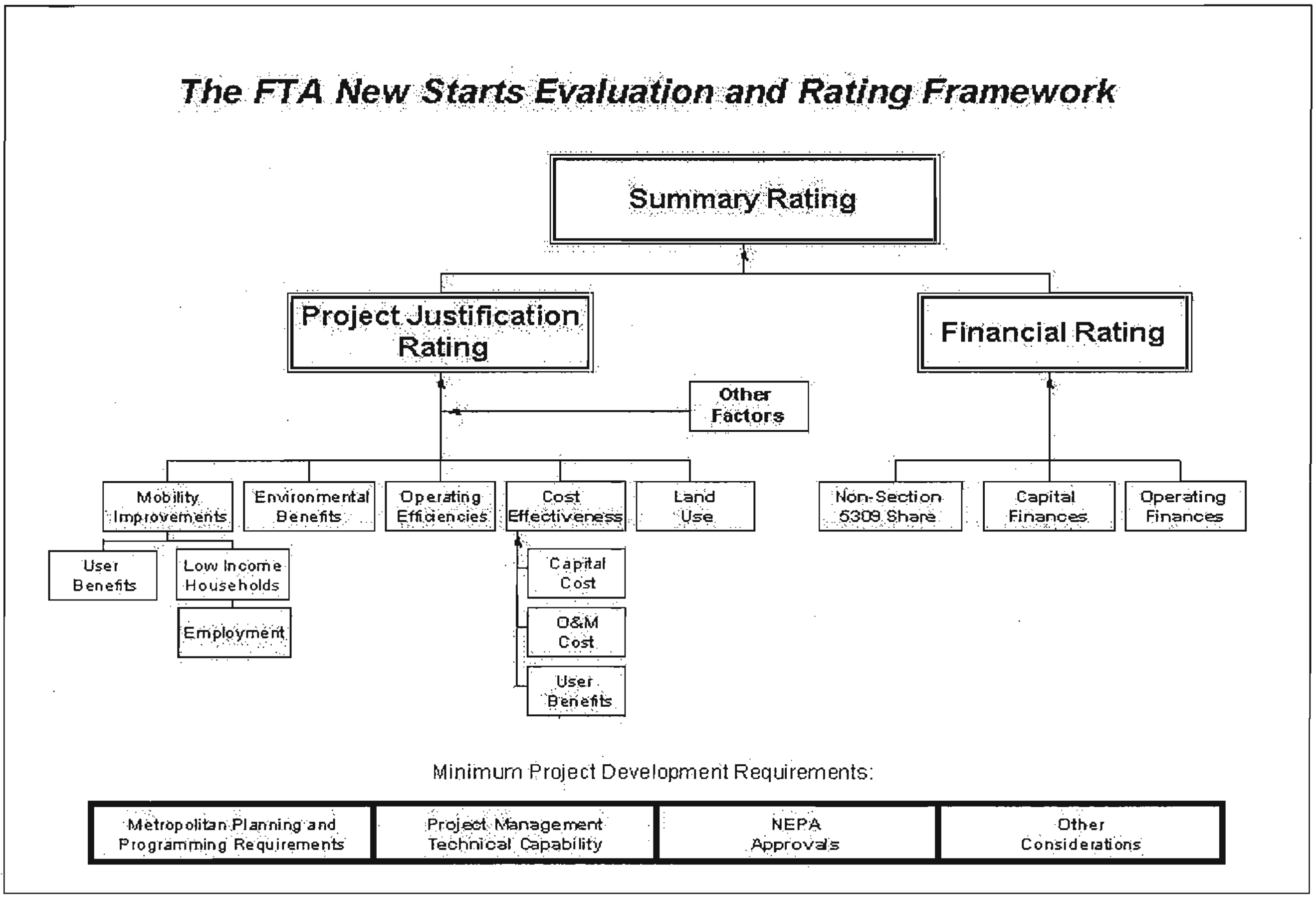
In addition, we will continue in close communication with Federal and State agencies to maintain their funding partnership on this project. As noted above, local funds are not sufficient to fund the North Corridor.

For your information, Appendix 2 provides information on the Dulles experience, a project that also received a Medium-Low rating from the FTA during this cycle.

Appendixes 3 & 4 provide copies of this and last year's FTA comments on the project.

APPENDIX 1

Figure 1
New Starts Evaluation Process



SUMMARY PROJECT JUSTIFICATION RATING

The following summarizes FTA's process for evaluating the project justification criteria of proposed New Starts projects.

Project Justification Rating

FTA assigns a summary project justification rating of High, Medium-High, Medium, Medium-Low or Low to each project based on consideration of the ratings applied to the project justification criteria highlighted below and each of the specific measures identified in Table 1 on the following page:

Table 1
New Starts and Small Starts Project Justification Criteria and Supporting Measures and Categories

Criterion	Measures/Categories
Cost Effectiveness (New Starts and Small Starts)	• Incremental Cost per Hour of Transportation System User Benefit
Transit Supportive Land Use and Future Patterns (New Starts and Small Starts)	• Existing Land Use • Transit Supportive Plans and Policies • Performance and Impacts of Policies
Mobility Improvements	• User Benefits per Passenger Mile • Number of Transit Dependents Using the Project • Transit Dependent User Benefits per Passenger Mile • Share of User Benefits Received by Transit Dependents Compared to Share of Transit Dependents in the Region
Environmental Benefits (New Starts only)	• EPA Air Quality Designation

Cost Effectiveness Criteria
In its evaluation of the cost effectiveness of a proposed project, FTA considers the incremental cost per hour of transportation system user benefits in the forecast year. Transportation system user benefits reflect the improvements in regional mobility - as measured by the weighted in- and out-of-vehicle changes in travel-time to users of the regional transit system – caused by the implementation of the proposed New Starts project. The cost effectiveness measure is calculated by:

1. Estimating the incremental "base-year" annualized capital and operating costs of the project (over a lower cost "baseline" of transit service), and then
2. Dividing these costs by the projected user benefits.

The result of this calculation is a measure of project cost per hour of projected user (i.e. travel-time) benefits expected to be achieved if the project is added to the regional transit system. Proposed projects with a lower cost per hour of projected travel-time benefits are evaluated as more cost effective than those with a higher cost per hour of projected travel-time benefits.

Table 2 below presents the thresholds FTA will use in FY 2009 for assigning a High, Medium-High, Medium, Medium-Low or Low cost effectiveness rating for each proposed project. FTA publishes updates to these breakpoints annually to reflect the impact of inflation.

Table 2
Cost Effectiveness Breakpoints

High	$11.99 and under
Medium-High	$12.00 - $15.49
Medium	$15.50-$23.99
Medium-low	$24.00-$29.99
Low	$30.00 and over

Transit-Supportive Existing Land Use and Future Patterns Criteria

In its evaluation of the land use for New Starts projects, FTA explicitly considers the following transit supportive land use categories and factors:

1. Existing Land Use
2. Transit Supportive Plans and Policies, including the following factors:
    - Growth management;
    - Transit supportive corridor policies;
    - Supportive zoning regulations near transit stations; and
    - Tools to implement land use policies.
3. Performance and Impacts of Policies, including the following factors:
    - Performance of land use policies; and
    - Potential impact of transit project on regional land use.

FTA also permits project sponsors to submit information in support of an optional "other land use considerations" category.

Mobility Improvements Criteria

In its evaluation of the mobility improvements that would be realized by implementation of a proposed project, FTA evaluates four measures:

1. User Benefits per Passenger Mile on the Project
2. Number of Transit Dependents Using the Project
3. Transit Dependent User Benefits per Passenger Mile on the Project
4. Share of User Benefits Received by Transit Dependents Compared to Share of Transit Dependents in the Region

The mobility rating is the average of the rating for the first measure above (which applies to all riders of the New Starts project) and the combined ratings for the subsequent three (that apply only to transit dependents). The process FTA uses to establish measure-specific ratings and the overall mobility improvements rating is described below:

1. User Benefits per Passenger Mile on the Project. This measure reflects the travel time savings, as measured by minutes of transportation system user benefits in the forecast year anticipated from the proposed project compared to its baseline alternative.

2. Number of Transit Dependent Individuals Using the Project and Transit Dependent User Benefits per Passenger Mile on the Project. These two measures represent the number of transit dependents

affected by the project and the intensity of the benefit per passenger. The first is self-explanatory while the second is defined identically to the user benefits per passenger mile measure above but for transit dependent passengers.

3. Share of User Benefits Received by Transit Dependents Compared to Share of Transit Dependents in the Region. This measure represents the extent to which the project benefits transit dependents compared to their regional representation.

Environmental Benefits Criteria

In its evaluation of environmental benefits that would be realized through the implementation of a proposed project, FTA considers the current air quality designation by EPA. This measure is defined for each of the transportation-related pollutants (ozone, CO, and PM-10) as the current air quality designation by EPA for the metropolitan region in which the proposed project is located, indicating the severity of the metropolitan area's noncompliance with the health-based EPA standard (NAAQS) for the pollutant, or its compliance with that standard. Specifically, FTA follows the following decision rule when assigning ratings for environmental benefits:

- Projects in non-attainment areas for any transportation-related pollutants receive a High rating.
- Projects that are in attainment areas receive a Medium rating.

While FTA reports the information submitted by project sponsors on environmental benefits to Congress in the Annual Report on Funding Recommendations, it does not formally incorporate this measure in its evaluation of New Starts projects.

Other Factors

Consistent with Section 5309(d) and (e), FTA also includes a variety of other factors when evaluating project justification, including:

- Effect of the project on economic development;
- The nature and extent of the transportation problem or opportunity in the project corridor as described in the "Making the Case" document;
- If the project is a principle element of a congestion management strategy, in general, and an auto pricing strategy, in particular; and
- Any other factor which the project sponsor believes articulates the benefits of the proposed major transit capital investment but which is not captured within the other project justification criteria.

SUMMARY LOCAL FINANCIAL COMMITMENT RATING

The following provides a summary of FTA's process for evaluating the local financial commitment of proposed New Starts and Small Starts projects.

Local Financial Commitment Rating

FTA assigns a summary local financial commitment rating of High, Medium-High, Medium, Medium-Low or Low to each project following consideration of individual ratings applied to the following measures for local financial commitment:

1. Share of non-Section 5309 New Starts funding;

2. Stability and reliability of the proposed project's capital finance plan, including the following factors:
    - Current capital condition;
    - Commitment of capital funds;
    - Reasonable capital planning assumptions and cost estimates and sufficient capital funding capacity.
3. Stability and reliability of the proposed project's operating finance plan, including the following factors:
    - Current operating financial condition;
    - Commitment of operations and maintenance (O&M) funds;
    - Reasonable operations planning assumptions and cost estimates and sufficient O&M funding capacity.

These ratings are based on an analysis of the financial plans and documentation submitted to FTA by local agencies. FTA's evaluation takes into account the stage of project development, particularly when considering the stability and reliability of the capital and operating finance plans. Expectations for firm commitments of non-Federal funding sources become increasingly higher as projects progress further through development (preliminary engineering, followed by final design), and are rated accordingly.

The summary local financial commitment rating considers as one criterion the Section 5309 New Starts funding share of project capital costs. The following ratings are assigned to this criterion:

- Over 60 percent Section 5309 New Starts funding share = Low rating
- 50-60 percent Section 5309 New Starts funding share = Medium rating
- 35-49 percent Section 5309 New Starts funding share = Medium-High rating
- Under 35 percent Section 5309 New Starts funding share = High rating

FTA rates the capital and operating finance plans according to the standards defined in Tables 3-1 and 3-2 on the following pages. Failure to submit either a capital or operating financial plan for evaluation will result in a Low rating for local financial commitment.

Table 3-1

Capital Plan Rating Standards

	High	Medium-High	Medium	Medium-Low	Low
Current capital condition	- Average bus fleet age under 6 years. - Bond ratings less than 2 years old (if any) of AAA (Fitch/S&P) or Aaa (Moody's) or better	- Average bus fleet age under 6 years. - Bond ratings less than 2 years old (if any) of A (Fitch/S&P) or A2 (Moody's) or better	- Average bus fleet age under 8 years. - Bond ratings less than 2 years old (if any) of A - (Fitch/S&P) or A3 (Moody's) or better	- Average bus fleet age under 12. - Bond ratings less than 2 years old (if any) of BBB+ (Fitch/S&P) or Baa (Moody's) or better	- Average bus fleet age 12 years or more. - Bond ratings less than 2 years old (if any) of BBB (Fitch/S&P) or Baa3 (Moody's) or below
Commitment of capital funds	For final design – 100% of Non-Section 5309 New Starts funds are committed or budgeted. For PE – Over 50% of Non-Section 5309 New Starts funds are committed or budgeted. The remaining funds are planned.	For final design - Over 75% of Non-Section 5309 New Starts funds are committed or budgeted. For PE – Over 25% of Non-Section 5309 New Starts funds are committed or budgeted. The remaining funds are planned.	For final design - Over 50% of Non-Section 5309 New Starts funds are committed or budgeted. For PE - No Non-Section 5309 New Starts funds are committed or budgeted, but the sponsor has a reasonable plan to secure all needed funding.	For final design – Between 25% and 50% of Non-Section 5309 New Starts funds are committed or budgeted. For PE - No Non-Section 5309 New Starts funds are committed. The sponsor has no reasonable plan to secure the necessary funding.	For final design - Under 25% of Non-Section 5309 New Starts funds are committed or budgeted. For PE - The sponsor has not identified any reasonable funding sources for the Non-Section 5309 New Starts funding share.
Capital cost estimates and planning assumptions/ Capital funding capacity	Financial plan contains very conservative capital planning assumptions and cost estimates when compared with recent historical experience. The applicant has access to funds via additional debt capacity, cash reserves, or other committed funds to cover cost increases or funding shortfalls equal to at least 50% of estimated project costs.	Financial plan contains conservative capital planning assumptions and cost estimates when compared with recent historical experience. The applicant has available cash reserves, debt capacity, or additional funding commitments to cover cost increases or funding shortfalls equal to at least 25% of estimated project costs.	Financial plan contains capital planning assumptions and cost estimates that are in line with historical experience. For final design - The applicant has available cash reserves, debt capacity, or additional committed funds to cover cost increases or funding shortfalls equal to at least 10% of estimated project costs. For PE - The applicant has a reasonable plan to cover cost increases or funding shortfalls equal to at least 25% of estimated project costs.	Financial plan contains optimistic capital planning assumptions and cost estimates. The applicant has a reasonable plan to cover only minor (under 10%) cost increases or funding shortfalls. For PE –The applicant has a reasonable plan to cover cost increases or funding shortfalls equal to at least 10% of estimated project costs.	Financial plan contains capital planning assumptions and cost estimates that are far more optimistic than recent history suggests.

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Table 3-2
Operating Plan Rating Standards

	High	Medium-High	Medium	Medium-Low	Low
Current Operating Financial Condition	- Historical and actual positive cash flow. No cash flow shortfalls. - Current operating ratio exceeding 2.0 - No service cutbacks in recent years.	- Historical and actual balanced budgets. Any annual cash flow shortfalls paid from cash reserves or other committed sources. - Current operating ratio is at least 1.5 - No service cutbacks in recent years.	- Historical and actual balanced budgets. Any annual cash flow shortfalls paid from cash reserves or annual appropriations. - Current operating ratio is at least 1.2 - No service cutbacks or only minor service cutbacks in recent years	- Historical and actual cash flow show several years of revenue shortfalls. Any annual cash flow shortfalls paid from short term borrowing. - Current operating ratio is at least 1.0 - Major Service cutbacks in recent years	- Historical and actual cash flow show several years of revenue shortfalls, or historical information not provided. - Current operating ratio is less than 1.0 - Major service cutbacks in recent years
Commitment of O&M Funds	For final design - 100% of the funds needed to operate and maintain the proposed transit system are committed or budgeted. For PE – Over 75% of the funds needed to operate and maintain the proposed transit system are committed or budgeted. The remaining funds are planned.	For final design - Over 75% of the funds needed to operate and maintain the proposed transit system are committed or budgeted. For PE - Over 50% of the funds needed to operate and maintain the proposed transit system are committed or budgeted. The remaining funds are planned.	For final design – Over 50% of the funds needed to operate and maintain the proposed transit system are committed or budgeted. For PE – While no additional O&M funding has been committed, a reasonable plan to secure funding commitments has been presented.	For final design - Sponsor has identified reasonable potential funding sources, but has received less than 50% commitments to fund transit operations and maintenance. For PE - Sponsor does not have a reasonable plan to secure O&M funding. No unspecified sources.	For final design - Sponsor has not yet received any funding commitments to fund transit operations and maintenance and has not identified any reasonable plan for securing funding commitments. For PE - Sponsor has not identified any reasonable funding sources for the operation and maintenance of the proposed transit system.
Operating Cost Estimates and Planning Assumptions/ O&M Funding Capacity	The assumptions supporting the operating and maintenance cost estimates and revenue forecasts are very conservative relative to historical experience. Projected cash balances, reserve accounts, or access to a line of credit exceeding 50 percent (6 months) of annual systemwide operating expenses.	The assumptions supporting the operating and maintenance cost estimates and revenue forecasts are conservative relative to historical experience. Projected cash balances, reserve accounts, or access to a line of credit exceeding 25 percent (3 months) of annual systemwide operating expenses.	The assumptions supporting the operating and maintenance cost estimates and revenue forecasts are consistent with historical experience. Projected cash balances, reserve accounts, or access to a line of credit exceeding 12 percent (1.5 months) of annual systemwide operating expenses.	The assumptions supporting the operating and maintenance cost estimates and revenue forecasts are optimistic relative to historical experience. Projected cash balances, reserve accounts, or access to a line of credit are less than 8 percent (1 month) of annual systemwide operating expenses.	The assumptions supporting the operating and maintenance cost estimates and revenue forecasts are far more optimistic than historical experience suggests is reasonable. Projected cash balances are insufficient to maintain balanced budgets.

Local Financial Commitment Rating Decision Rules

In addition to the non-Section 5309 New Starts program share, capital and operating financial rating considerations and weights described above, FTA uses the following decision rules to calculate the overall local financial commitment rating:

- If the Section 5309 New Starts share, which accounts for 20 percent of the local financial commitment rating, brings the overall local financial commitment rating to less than Medium, it will be excluded from the calculation. In other words, a New Starts share of less than 80 percent can improve the project's rating but it cannot hurt it. This rule was applied for the first time in FY 2007 in order to respond to direction in SAFETEA-LU that FTA evaluate the percent of the Section 5309 New Starts program share, as required by Section 5309(d)(4)(B)(v), while ensuring that no project is required to provide more than the required 20 percent match as provided in Section 5309(h)(5). If and how this rule is applied in future years will be subject to rulemaking.
- If either of a proposed project's capital or operating finance plans receives a Medium-Low or Low rating, the summary local financial commitment rating for the project cannot be higher than a Medium-Low.
- To receive a summary local financial commitment rating of Medium-High, both the capital and operating finance plans must be rated at least Medium-High.

APPENDIX 2

THE DULLES EXPERIENCE

The Federal Transit Administration (FTA) has reviewed Metropolitan Washington Airports Authority's (MWAA) request to advance to Final Design. The FTA has determined the project is not ready to advance the Dulles Airport Extention[1] project to Final Design. FTA has issued MWAA an overall "Medium – Low" rating. In addition to receiving a "Low" rating in Cost Effectiveness and a "Medium –Low" rating in Local Financial Commitment, there are other factors FTA believes MWAA cannot currently overcome.

Project Justification - Cost Effectiveness

MWAA made oral commitments to reduce the overall Project budget by $250 million. MWAA was to provide change orders in the amount of $16.5 million in the Firm Fixed Price portion of the MWAA-Dulles Transit Partners contract. Dulles Transit Partners the public-private consortium selected to design and build the Project was to provide a $67.1 million savings under the allowance portion of the contract. Neither of these materialized. Therefore, raising the cost effectiveness to $30.00 and rendering a "Low" rating in the Cost Effectiveness portion.

Local Financial Commitment - Capital Financial Plan

FTA is concerned with MWAA's capital financial plan for multiple reasons. The first is MWAA is optimistically assuming an increase in toll transactions and the growth in toll revenues that is not consistent with historical experience. Second, an aggressive financing structure, including significant backloading of debt is a cause for concern. Lastly, (Washington Metropolitan Area Transit Authority (WMATA) is assuming a doubling of local and federal funding for their existing systemwide capital rehabilitation and replacement funds. The funding for the capital expenditures are unsubstantiated.

Other Project Risks

FTA is concerned the Project is vulnerable to cost escalations and schedule delays due to its dependency on many complicated inter-organizational management arrangements for design and implementation. Additionally, MWAA lacks experience in FTA New Starts and heavy rail construction and design-build contracts.[1]

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[1] The Dulles Project is a heavy rail extension of the WMATA – Metro Rail System from the existing Fulls Church Station to the Dulles International Airport. The State of Virginia decided to have MWAA manage the Dulles Capital Project in part because MWAA owns and operate the Dulles Toll Road which will provide much of the projects right of way and local funding.

Appendix 3

North Corridor Metrorail Extension

Miami, Florida

(November 2006)

Miami-Dade Transit (MDT) is proposing the construction of a 9.5-mile Metrorail extension along NW 27th Avenue between the existing Dr. Martin Luther King Jr. Metrorail station and the Broward County line. The project includes seven stations, seven park-and-ride lots providing a total of 4,300 spaces, and 36 railcars. Peak period Metrorail service along the North Corridor would operate at 6.5-minute frequencies.

NW 27th Avenue is one of the few continuous north-south arteries in Miami-Dade County and serves as an alternative to the severely congested north-south I-95 and State Route 826. The proposed project will provide an additional travel alternative in the corridor that will have direct connections with the existing Metrorail system, Tri-Rail (regional commuter rail), the Miami Intermodal Center, and the Miami International Airport. The project is further intended to provide direct service to the Miami central business district (CBD) and Medical Center, as well as Miami-Dade Community College-North Campus and Dolphins Stadium. The North Corridor project would provide fixed guideway rapid transit in an area with a high percentage of households with low incomes that are transit-dependent. According to 2000 Census data, 26 percent of households in the corridor have incomes below the poverty level.

Summary Description	
Proposed Project:	Heavy Rail 9.5 Miles 7 Stations
Total Capital Cost ($YOE):	$1,372.19 Million (includes $56.6 million in finance charges)
Section 5309 New Starts Share ($YOE):	$839.09 Million (61.1%)
Annual Forecast Year Operating Cost:	$36.84 Million
Ridership Forecast (2030):	20,300 Average Weekday Boardings 14,200 Daily New Riders
Opening Year Ridership Forecast (2012):	16,700 Average Weekday Boardings
FY 2008 Local Financial Commitment Rating:	**Medium**
FY 2008 Project Justification Rating:	**Medium**
FY 2008 Overall Project Rating:	**Medium**

SAFETEA-LU Section 3011(e) states that FTA, "shall credit funds provided by the Florida department of transportation for the extension of the Miami Metrorail System from Earlington Heights to the Miami Intermodal Center to satisfy the matching requirements of section 5309(h)(4) of title 49, United States Code, for the Miami North Corridor and Miami East-West Corridor projects." MDT has decided to apply $50 million of the Florida Department of Transportation's $100 million contribution to the Earlington Heights project as credit towards the North Corridor Metrorail extension. This credit reduces the New Starts share from 61.1 percent to 59.0 percent.

MDT increased the New Starts share of project costs by over $380 million since last year, which is of some concern to FTA. In addition, MDT updated its travel forecasts since last year. While reasonable in the aggregate, the revised forecasts exhibit a significant shift in benefiting transit markets from previous estimates of the project's transportation benefits. FTA is continuing its review of the project's travel forecasts and the underlying forecasting procedures to confirm their reliability. Finally, MDT did not provide adequate justification for its future operating revenue assumptions. MDT must address these concerns by the time of its next evaluation or risk being rated *Low*.

Project Development History and Current Status

The project has gone through several changes, starting out as a heavy rail extension when it was approved by FTA into preliminary engineering in 1998; changing to a lower cost bus rapid transit project when a one-cent sales tax referendum was rejected by voters in 1999; and finally reverting back to a Metrorail extension when a ½-cent sales tax referendum passed in November 2002. The referendum, known as the *People's Transportation Plan* (PTP), included a list of specific projects to be funded with the additional revenues, including the North Corridor Metrorail Extension, a number of other fixed guideway projects, and a significant expansion of bus service. MDT issued a Draft Environmental Impact Statement (EIS) for the North Corridor in January 1998. A Supplemental Draft EIS was published in May 2006. The current project schedule assumes completion of NEPA and issuance of a Record of Decision in January 2007.

Significant Changes Since FY 2007 Evaluation (November 2005)

The capital cost of the project increased by nearly $460 million due to completion of more precise preliminary engineering documents and the addition of 20 vehicles to the project scope; MDT is proposing that New Starts funding cover approximately 83 percent of this increase. The Metrorail service plan for the forecast year was also altered significantly from last year. Lastly, MDT prepared and submitted updated ridership estimates and projections of the project's travel time benefits based on a 2030 forecast year (rather than 2025).

Project Justification Rating: Medium

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

Cost Effectiveness Rating: Medium

The *Medium* cost effectiveness rating reflects the level of travel-time benefits (12,000 hours each weekday) relative to the project's annualized costs.

Cost Effectiveness	
	New Start vs. Baseline
Cost per Hour of Transportation System User Benefit	$20.91*
Incremental Cost per Incremental Trip	$17.78

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

Travel forecasts show that the project will significantly improve transit travel times between Broward County, north Miami-Dade County, and downtown Miami, due to faster speeds and the elimination of, or reduction in, the number of transfers currently required for travel through the corridor. A trip during the peak period from the northern terminus of the project to downtown Miami is projected to take 80 minutes by bus versus only 43 minutes on the rail project. As a result, 40 percent of the travel-time benefits of the project accrue to Broward County residents destined for locations in Miami-Dade County. Approximately 15 percent of travel-time benefits are realized by people whose trips originate in the project corridor. Twenty-five percent of travel-time benefits of the project are experienced by the transit dependent population (those owning no automobiles).

The current capital cost estimate for the North Corridor Metrorail Extension is considered reasonable at this stage of development. However, the construction schedule is aggressive and should be reviewed closely as work continues. An extension to the schedule could result in an increase in the capital cost.

Transit-Supportive Land Use Rating: Medium

The *Medium* land use rating is based upon the *Medium-High* rating assigned to transit-supportive plans and policies, the *Medium* rating assigned to performance and impacts of the policies, and the *Medium-Low* rating for existing land use in the project corridor.

Existing Land Use: Medium-Low

- Population density within ½ mile of the North Corridor station areas is approximately 4,500 persons per square mile. The North Corridor has approximately 9,800 jobs within ½ mile of the proposed stations. The project provides direct service to the central business district (CBD), which contains approximately 69,600 jobs.
- The corridor is lined with strip commercial uses. The area immediately east and west of the strip development consists mostly of low- and medium-density residential uses. There is a high volume of pedestrian activity in the corridor despite the lack of existing pedestrian amenities.
- Parking in downtown Miami averages $10 per day and is relatively constrained in many areas.

Transit-Supportive Plans and Policies: Medium-High

- The State of Florida Growth Management Act (SB 360) amended on June 24, 2005, establishes growth management laws to ensure critical transportation infrastructure and services are in place to accommodate future urban growth and redevelopment. The act promotes regional planning through an incentive program and provides funding for transportation investments that support growth management.
- *Miami-Dade County's Comprehensive Development Master Plan* (CDMP) incorporates policies to ensure consistency between land use plans and transportation plans. An Urban Development Boundary constrains the extension of urban services, facilities, and development to a 12-mile wide swath of land. Restoration of the Everglades appears to make the boundary binding.
- The CDMP encourages transit-oriented development and designates each station area as either a Metropolitan Urban Center or a Community Urban Center. The CDMP requires that average floor area ratios (FAR) for Metropolitan Urban Centers should not be less than 3.0 at the core adjacent to transit stations and should taper to not less than 0.75 FAR at the edge. The 199th Street Station is designated as a Metropolitan Center.
- The 1978 Transit Development Ordinance established two overlay zones. The Rapid Transit Zone applies incentives for joint development with the private sector for all land owned and controlled by the rapid transit system.
- The county is in the final stages of rewriting its zoning code to include supportive zoning regulations near transit stations and standards from its *Urban Design Manual.*
- In an effort to implement the CDMP, the county has engaged in a series of planning efforts that have resulted in new zoning ordinances for transit stations.
- Tools to implement land use policies include Community Development Block Grant neighborhood target areas, Miami-Dade County's Enterprise Zone, the Miami Smart Commute Initiative, and the Florida Brownfield Redevelopment Program.
- Several efforts have been made to reach out to stakeholders, including the development of citizen-based plans for four station areas, an intergovernmental agreement to change zoning codes for the City of Miami Gardens and Opa-locka, and a Request for Expressions of Interest for a Master Developer.

Performance and Impacts of Policies: Medium

- MDT described seven joint developments that demonstrate the effectiveness of the Transit Development Zone Ordinance and Joint Development Policy.
- More than 1.6 million square feet of development have occurred and over 380 medium- and high-density units have been built adjacent to Metrorail.

Other Project Justification Criteria

Mobility Improvements Rating: Medium-High	
Within ½-mile radius of boarding areas:	
Existing Employment	9,800
Projected Employment (2030)	22,400
Low Income Households (% of total HH)	1,900 (25%)
Average Per Station:	
Employment	1,400*
Low Income Households	300*
	New Start vs. Baseline
Transportation System User Benefit Per Project Passenger Mile (Minutes)	3.65*

Environmental Benefits Rating: Medium	
Criteria Pollutant (Reduction in tons)	**New Start vs. Baseline**
Carbon Monoxide (CO)	750
Nitrogen Oxide (NO_x)	52
Volatile Organic Compounds (VOC)	67
Particulate Matter (PM_{10})	96
Carbon Dioxide (CO_2)	18,913
Criteria Pollutant Status	**EPA Designation** Attainment for all pollutants
Annual Energy Savings (million British Thermal Units)	215,242

Operating Efficiencies Rating: Medium		
	Baseline	**New Start**
System Operating Cost per Passenger Mile (current year dollars)	$0.991*	$0.926*

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

Local Financial Commitment Rating: Medium

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

Section 5309 New Starts Share of Total Project Costs: 61%
Rating: Low

SAFETEA-LU Section 3011(e) states that FTA, "shall credit funds provided by the Florida department of transportation for the extension of the Miami Metrorail System from Earlington Heights to the Miami Intermodal Center to satisfy the matching requirements of section 5309(h)(4) of title 49, United States Code, for the Miami North Corridor and Miami East-West Corridor projects." MDT has decided to apply $50 million of the Florida Department of Transportation's $100 million contribution to the Earlington Heights project as credit towards the North Corridor Metrorail extension. While the New Starts share rating reflects the North Corridor project alone ($1,372.19 million), application of the $50 million credit allowed for in the legislative language lowers the New Starts share to approximately 59.0 percent.

Locally Proposed Financial Plan		
Source of Funds	**Total Funds ($million)**	**Percent of Total**
Federal: Section 5309 New Starts	$839.09	61.1%
State: Florida Department of Transportation	$266.55	19.4%
Local: ½ Cent Sales Tax	$266.55	19.4%
Total:	**$1,372.19**	100.0%

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

Capital Finance Plan Rating: Medium

The capital finance plan is rated *Medium*, based upon the average of the ratings assigned to each of the subfactors listed below. The project received a *High* score for commitment of capital funds, a *Medium-High* score for capital condition, *Medium* scores for the completeness and capital cost estimates and planning assumptions subfactors, and a *Medium-Low* score for capital funding capacity.

Agency Capital Condition: Medium-High

- The average age of MDT's bus fleet is five years, which is significantly younger than the industry average.
- MDT's good sales tax revenue bond ratings, which were issued in July 2006, are as follows: Moody's Investors Service A-1, Standard & Poor's Corporation AA-, and Fitch A+.

Completeness of Capital Plan: Medium

- The capital plan was reasonably complete and included a 20-year cash flow statement, more than five years of historical data, identification of key assumptions, and a moderate level of detail. The plan included only a limited sensitivity analysis, was missing some explanatory detail, and had inconsistencies between the written text and the cash flow statement.

Commitment of Capital Funds: High

- Approximately 97 percent of non-New Starts funding is committed. Half of the non-Section 5309 New Starts share comes from a ½-cent sales tax dedicated to transit. The remaining funds are expected to come from the Florida Department of Transportation.

Capital Funding Capacity: Medium-Low

- The project's financial plan shows projected cash balances, reserve accounts, and/or access to credit that would allow MDT to cover cost increases or funding shortfalls equal to approximately 10 percent of project costs.

Capital Cost Estimate and Planning Assumptions: Medium

- Assumptions regarding the cost of replacement buses for the system are optimistic based on past trends. All other assumptions are reasonable and in line with historical experience.

Operating Finance Plan Rating: Medium

The operating finance plan is rated *Medium,* based upon the average of the ratings of the five subfactors listed below. A *High* rating was assigned to the commitment of operating funds; a *Medium* rating was assigned to completeness; *Medium-Low* ratings were assigned to the operating funding capacity and operating cost estimates and planning assumptions subfactors; and a *Low* rating was assigned to agency operating condition.

Agency Operating Condition: Low

- MDT's current ratio of assets to liabilities as reported in its most recent audited financial statement is 0.47.
- MDT has not had any recent service cutbacks. To the contrary, with the passage of the PTP, MDT has expanded service significantly over the last several years.

Completeness of Operating Plan: Medium

- The operating plan was reasonably complete and included a 20-year cash flow statement, more than five years of historical data, identification of key assumptions, a moderate level of detail, and a limited sensitivity analysis.

Commitment of Operating Funds: High

- Approximately 96 percent of operating funding is committed. In addition to fare revenues and other non-fare revenues generated by MDT, the agency levies a ½-cent sales tax, which is dedicated to its capital and operating programs. Other revenue sources include county and State operating assistance, and revenues from a local option gas tax.

Operating Funding Capacity: Medium-Low

- The project's financial plan shows projected cash balances, reserve accounts, and/or access to credit of less than eight percent of annual operating expenses.

Operating Cost Estimates and Planning Assumptions: Medium-Low

- Assumptions on the growth in fare revenues are very optimistic compared to historic trends. The financial plan assumes significant, frequent fare increases, but does not include a fare elasticity factor to account for the loss of ridership that occurs when fares are raised. This results in a near doubling of the farebox recovery ratio (fares as a percent of operating expenses) for the system.
- Assumptions regarding general fund subsidies are optimistic compared to historic trends.
- All other assumptions are generally in line with historical experience.

Orange Line Phase 2: North Corridor Metrorail Extension

Miami, Florida

(November 2007)

Miami-Dade Transit (MDT) is proposing the construction of a 9.5-mile Metrorail extension along NW 27th Avenue between the existing Dr. Martin Luther King Jr. Metrorail station and the Broward County line. The project includes seven stations, seven park-and-ride lots providing a total of 4,300 spaces, and 36 railcars. Peak period Metrorail service along the North Corridor would operate at 6.5-minute frequencies. The North Corridor Metrorail Extension is considered locally as Phase 2 of a regional rail expansion program, which also includes the Miami Intermodal Center (MIC) currently under construction and the proposed East-West Metrorail Extension to Florida International University.

NW 27th Avenue is one of the few continuous north-south arteries in Miami-Dade County and serves as an alternative to the severely congested north-south Interstate 95 (I-95) and State Route 826. The proposed project is intended to provide an additional travel alternative in the corridor that will have direct connections with the existing Metrorail system, Tri-Rail (regional commuter rail), the MIC, and Miami International Airport. The project is further intended to provide direct service to the Miami central business district (CBD), Miami-Dade Community College-North Campus and Dolphins Stadium.

Summary Description	
Proposed Project:	Heavy Rail 9.5 Miles 7 Stations
Total Capital Cost ($YOE):	$1,605.42 Million (includes $271.29 million in finance charges)
Section 5309 New Starts Share ($YOE):	$700.00 Million (43.6%)
Annual Forecast Year Operating Cost:	$70.02 Million
Ridership Forecast (2030):	22,600 Daily Boardings 13,000 Daily New Boardings
Opening Year Ridership Forecast (2012):	19,100 Average Weekday Boardings
FY 2009 Local Financial Commitment Rating:	**Medium-Low**
FY 2009 Project Justification Rating:	**Medium**
FY 2009 Overall Project Rating:	**Medium-Low**

A major investment along NW 27th Avenue has been in preliminary engineering (PE) for nearly 10 years. Although somewhat improved since last year, MDT's future operating revenue assumptions remain very optimistic. In addition, MDT's financial plan identifies $1.1 billion in existing infrastructure rehabilitation and replacement needs after 2014 for which funding has not been identified. MDT must address these concerns, and improve its rating for local financial commitment, prior to advancing the project into final design.

Project Development History and Current Status

The project has gone through several changes, starting out as a Metrorail (heavy rail) extension when it was approved by FTA into PE in 1998; changing to a lower cost bus rapid transit project when a one-cent sales tax referendum was rejected by voters in 1999; and finally reverting back to a Metrorail extension when a ½-cent sales tax referendum passed in November 2002. The referendum, known as the People's Transportation Plan, included a list of specific projects to be funded with the additional revenues, including the North Corridor Metrorail Extension. MDT issued a Draft Environmental Impact Statement

(EIS) for the North Corridor in January 1998. A Supplemental Draft EIS was published in June 2006. The Final EIS was published in August 2006, and a Record of Decision was issued in April 2007. MDT anticipates entry into final design in fall 2008, after additional design and completion of a supplemental Environmental Assessment on proposed station location changes.

Significant Changes Since FY 2008 Evaluation (November 2006)

The cost estimate of the project increased by over $230 million since last year to reflect advanced design work, an increase in finance costs, and a revised project schedule that has longer design and construction durations. A revised project scope reflects fewer park-and-ride spaces. Travel forecasts for the project reflect this change, as well as modifications to Metrorail and background bus operating assumptions.

Project Justification Rating: Medium

The project is rated *Medium* for project justification based on a *Medium* rating for cost effectiveness and a *Medium* rating for transit-supportive land use. The rating for the project's *Making the Case* document was not factored into the project justification rating for FY 2009.

Making the Case Rating: Medium-Low

The project will traverse NW 27th Avenue, which currently has a level-of-service of "D", and is projected to reach "F" by 2030. This degradation is estimated to result in bus transit travel times of 90 minutes in 2030 from Government Center to the Broward County line; however, the project is forecast to reduce corridor travel time by 50 percent. Forty percent of the project's travel time benefits are expected to accrue to Broward County residents taking advantage of this dramatic travel time reduction. While the "case" claims that the project will benefit low-income residents in the corridor and those going to Miami-Dade College, no information was provided that identified riders of the project from these markets. The "case" describes opportunities for development around stations, but provides little evidence that there is a market for development.

Cost Effectiveness Rating: Medium

The *Medium* cost effectiveness rating reflects the level of travel-time benefits (11,700) hours each weekday) relative to the project's annualized costs.

Cost Effectiveness	
	New Start vs. Baseline
Cost per Hour of Transportation System User Benefit	$23.65*
Incremental Cost per Incremental Trip	$21.31

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

Transit-Supportive Land Use Rating: Medium

The *Medium* rating is based upon the average of the ratings assigned to the subfactors below, each of which contribute one-third to the land use rating. The rating reflects conditions as of November 2006.

Existing Land Use: Medium-Low

- Population density within ½-mile of the North Corridor station areas is approximately 1,718 persons per square mile. The North Corridor has approximately 9,800 jobs within ½-mile of the proposed stations. The project provides direct service to the Miami CBD, which contains approximately 69,600 jobs.
- The corridor is lined with strip commercial uses. The area immediately east and west of the strip development consists mostly of low- and medium-density residential uses. There is a high volume of pedestrian activity in the corridor despite the lack of existing pedestrian amenities.
- Parking in downtown Miami averages $10 per day and is relatively constrained in many areas.

Transit-Supportive Plans and Policies: Medium-High

- The State of Florida Growth Management Act (SB 360) establishes growth management laws to ensure critical transportation infrastructure and services are in place to accommodate future urban growth and redevelopment. The act promotes regional planning through an incentive program and provides funding for transportation investments that support growth management.
- Miami-Dade County's Comprehensive Development Master Plan (CDMP) incorporates policies to ensure consistency between land use plans and transportation plans. An Urban Development Boundary constrains the extension of urban services, facilities, and development to a 12-mile wide swath of land. Restoration of the Everglades appears to make the boundary binding.
- The CDMP encourages transit-oriented development and designates each station area as either a Metropolitan Urban Center or a Community Urban Center. The CDMP requires that average floor area ratios (FAR) for Metropolitan Urban Centers should not be less than 3.0 at the core adjacent to transit stations and should taper to not less than 0.75 FAR at the edge. The 199th Street Station is designated as a Metropolitan Center.
- The 1978 Transit Development Ordinance established two overlay zones. The Rapid Transit Zone applies incentives for joint development with the private sector for all land owned and controlled by the rapid transit system.
- In an effort to implement the CDMP, the county has engaged in a series of planning efforts that has resulted in new zoning ordinances for transit stations.
- Tools to implement land use policies include Community Development Block Grant neighborhood target areas, Miami-Dade County's Enterprise Zone, the Miami Smart Commute Initiative, and the Florida Brownfield Redevelopment Program.

Performance and Impacts of Policies: Medium

- MDT described seven joint developments that demonstrate the effectiveness of the Transit Development Zone Ordinance and Joint Development Policy.
- More than 1.6 million square feet of development have occurred and over 380 medium- and high-density units have been built adjacent to Metrorail.

Other Project Justification Criteria

Mobility Improvements Rating: Medium	
	New Start vs. Baseline
Transportation System User Benefit Per Passenger Mile (Minutes)	1.8
Number of Transit Dependents Using the Project	4,600
Transit Dependent User Benefits per Passenger Mile (Minutes)	1.9
Share of User Benefits Received by Transit Dependents Compared to Share of Transit Dependents in the Region	115.0%

Environmental Benefits Rating: Medium	
Criteria Pollutant Status	**EPA Designation**
	Maintenance or Attainment for all Pollutants

Local Financial Commitment Rating: *Medium-Low*

The *Medium-Low* local financial commitment rating is based on a *Medium-High* rating for the New Starts share of project costs, a *Medium* rating for the capital financial plan, and a *Medium-Low* rating for the operating financial plan.

Section 5309 New Starts Share of Total Project Costs: 44%
Rating: Medium-High

SAFETEA-LU Section 3011(e) states that FTA, "shall credit funds provided by the Florida Department of Transportation (FDOT) for the extension of the Miami Metrorail System from Earlington Heights to the Miami Intermodal Center to satisfy the matching requirements of section 5309(h)(4) of title 49, United States Code, for the Miami North Corridor and Miami East-West Corridor projects." MDT has decided to apply $50 million of FDOT's $100 million contribution to the Earlington Heights/MIC project as credit toward the North Corridor Metrorail extension. While the New Starts share rating reflects the North Corridor project alone ($1,605.42 million), application of the $50 million credit allowed for in the legislative language lowers the New Starts share to approximately 42.3 percent. The credit has no impact on the project's rating.

Locally Proposed Financial Plan		
Source of Funds	**Total Funds ($million)**	**Percent of Total**
Federal: Section 5309 New Starts	$700.00	43.6%
State: Florida New Starts Transit Program	$452.72	28.2%
Local: ½-Cent Sales Tax	$452.70	28.2%
Total:	**$1,605.42**	100.0%

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

Capital Finance Plan Rating: Medium

The capital finance plan is rated *Medium* based upon the weighted average of the ratings assigned to each of the subfactors listed below. The agency capital condition is weighted 25 percent, the commitment of capital funds is weighted 25 percent, and the capital cost estimate, planning assumptions and capital funding capacity subfactor is weighted 50 percent.

Agency Capital Condition: Medium-High

- The average age of MDT's bus fleet is 5.2 years, which is younger than the industry average.
- MDT's good bond ratings are as follows: Moody's Investors Service A1, Standard & Poor's Corporation AA-, and Fitch A+.

Commitment of Capital Funds: High

- Approximately 85 percent of non-New Starts funds are committed. Half of the non-Section 5309 New Starts share comes from a ½-cent sales tax dedicated to transit. The remaining funds are expected to come from FDOT, some of which are committed and some of which are considered planned.

Capital Cost Estimate, Planning Assumptions, and Financial Capacity: Low

- Several assumptions in the capital plan are optimistic including growth in sales tax revenues, the availability of funding for system-wide infrastructure renewal and replacement needs, growth in Section 5307 formula funds, and financing costs attributable to the New Starts project.
- The project financial plan identifies $1.1 billion in infrastructure renewal and replacement needs with no identified funding source.
- The capital cost estimate and schedule are considered reasonable at this stage of development.

Operating Finance Plan Rating: Medium-Low

The operating finance plan is rated *Medium-Low* based upon the weighted average of the ratings assigned to each of the subfactors listed below. The agency operating condition is weighted 25 percent, the commitment of operating funds is weighted 25 percent, and the operating cost estimates, planning assumptions and operating funding capacity subfactor is weighted 50 percent.

Agency Operating Condition: Low

- MDT's current ratio of assets to liabilities as reported in its most recent audited financial statement is 0.79.
- MDT's FY 2004, FY 2005, and FY 2006 financial statements indicate operating deficits.

Commitment of Operating Funds: High

- Approximately 92 percent of operating funding is committed. In addition to fare revenues and other non-fare revenues generated by MDT, the agency levies a ½-cent sales tax, which is dedicated to its capital and operating programs. Other revenue sources include county and State operating assistance, Federal Section 5307 funding, and revenues from a local option gas tax.

Operating Cost Estimates, Planning Assumptions, and Financial Capacity: Low

- Systemwide operating costs are assumed to grow at rates significantly lower than historical experience. This is assumed to be accomplished partially through service reductions.
- Assumptions on the growth in fare revenues are optimistic compared to historic trends. The financial plan assumes significant, frequent fare increases. In addition, it assumes significant fare revenue increases resulting from installation of automated fare collection systems which reduce fare evasion.