

**DEPARTMENT OF TRANSPORTATION****Federal Transit Administration****Section 5309 (Section 3(j)) FTA New Starts Criteria**

**AGENCY:** Federal Transit Administration (FTA), DOT

**ACTION:** Amendment of notice.

**SUMMARY:** The Federal Transit Administration (FTA) is amending its December 19, 1996 Notice describing the criteria it will use to evaluate candidate projects for discretionary New Starts funding under Title 49 United States Code (U.S.C.) Section 5309. Specifically, the Notice is amended to reflect Departmental guidance issued on April 9, 1997 establishing a Department-wide standard for the value of travel time; correct an editorial error regarding the application of travel time savings to the criteria for mobility improvements; account for the lack of standardized national assumptions regarding the unit value of criteria pollutant and greenhouse gas emissions; reflect a change in the definition of "boarding points associated with the proposed new start" for purposes of evaluating mobility improvements; and reflect a change in the definition of "new start service area" for purposes of evaluating operating efficiencies.

**EFFECTIVE DATES:** This Notice will be used to evaluate projects for discretionary new start funding recommendations for the 1999 Fiscal Year.

**FOR FURTHER INFORMATION CONTACT:** John Day, Office of Policy Development, FTA, Washington, D.C. 20590, (202) 366-4060.

**SUPPLEMENTARY INFORMATION:****I. Background**

On December 19, 1996, FTA issued a Notice describing the criteria it will use to evaluate candidate projects for discretionary New Starts funding under Title 49 United States Code (USC) Section 5309. These criteria replaced those which had been in effect since the May 18, 1984 Statement of Policy on Major Urban Mass Transportation Capital Investments, and incorporated the expanded range of factors implemented by the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA).

*Value of Travel Time Savings*

The Notice established a measure for the statutory criteria of "mobility improvements" of "[t]he projected value of aggregate travel time savings per year

(forecast year<sup>1</sup>) anticipated from the new investment, compared with the no-build and TSM (Transportation System Management) alternatives." It further established the value of total travel time savings at 80 percent of the average wage rate in the urbanized area.

On April 19, 1997, the Secretary of Transportation issued "The Value of Travel Time: Departmental Guidance for Conducting Economic Evaluations," which established department-wide guidance for calculating the value of time saved or lost by users of the transportation system. The values of time and procedures set forth in the Departmental guidance are to be used for all DOT cost-benefit and cost-effectiveness analyses that employ measures of the value of travel time lost or saved. They replace mode-specific methods for valuing travel time with a consistent set of monetary values applicable to all modes.

The Departmental guidance establishes a common value of local travel time for automobile drivers and passengers, public transit passengers, pedestrians, and bicyclists. Separate values are specified for personal travel (including commuting, shopping, conducting personal business, and social and recreational travel), business or work-related travel, and travel by truck drivers.

Hourly wages were derived from several sources. For personal travel by surface modes, the standard adopted is median household income, as reported by the Bureau of the Census, divided by 2,000 hours. This figure amounted to \$17.00 in 1995. The standard for business travel is derived from employee compensation figures supplied by the Bureau of Labor Statistics. For business travel by surface mode (except truck drivers), the hourly wage figure was \$18.80 including fringe benefits. For truck drivers, the hourly wage was \$16.50.

The values adopted by the Department for travel time are as follows: 50 percent of the wage for all local personal travel, regardless of mode; 70 percent of the wage for all intercity personal travel; and 100 percent of the wage (plus fringe benefits) for all local and intercity business travel, including travel by truck drivers. In special cases where out-of-vehicle time (access, waiting, and transfer time) on transit trips is isolated as an object of analysis, time is valued at 100 percent of the wage.

<sup>1</sup> The original Notice established the forecast year as year 20 of the analysis period, and noted that an opening year forecast will be used for financial analysis and as a check on initial ridership projections.

Using these percentages and wage rates, the hourly value of travel time for local travel on surface modes (transit's market) is as follows: \$8.50 for personal local travel by all (50 percent of the median household income, divided by 2,000 hours); \$18.80 for local business travel, and \$16.50 for truck drivers. The hourly value for walking, waiting, and access time associated with transit improvements is \$17.00 (100 percent of the median household income, divided by 2,000 hours).

The Office of the Assistant Secretary for Transportation Policy will publish periodic updates of the values of travel time to be used in DOT economic analyses. This updating will be performed using the same data sources used to develop the initial values, including the Bureau of the Census, the Bureau of Labor Statistics, and the Air Transport Association. The updating process will automatically index the values to reflect increases in hourly earnings throughout the nation's economy.

*Application of Value of Travel Time Savings*

In addition to the revised values for travel time, the December 19, 1996 Notice is being amended to correct an editorial error regarding the application of travel time savings to the criteria for mobility improvements. Specifically, in the summary of comments to the September 28, 1994 Policy Discussion Paper, the Notice indicated that travel time increases "should not be counted against overall travel time improvements for new riders (**Federal Register**, Vol. 61, No. 245, p. 67100)." This position was adopted because some people who switch to transit can incur longer travel times, but are deriving other benefits such as reduced travel under congested conditions, improved ride quality, reduced commuting costs, etc. Lacking a reliable means for placing a value on such benefits, the value of the travel time increase would be used as a surrogate and not be deducted from overall travel time savings.

However, section II(a)(1) of the policy statement itself notes incorrectly that the projected value of aggregate travel time savings per year "is a net figure in the sense that travel time increases should be explicitly considered and used to offset the time savings of those people who experience savings (**Federal Register**, Vol. 61, No. 245, p. 67105)." This statement is incorrect, and this amendment removes the above sentence from the original Notice.

### *Valuation of Criteria Pollutant and Greenhouse Gas Emissions*

The Notice established a measure for the statutory criteria of "environmental benefits" of "the value per year (forecast year) of the forecast change in criteria pollutant emissions and in greenhouse gas emissions, ascribable to the proposed new investment, calculated according to standardized national assumptions about the unit value of each emission." These values were to have been determined by the Environmental Protection Agency (EPA). However, to date no values have been set. This amendment strikes the requirement that a value be placed on the forecast change in emissions.

### *Definition of "Boarding Points" for Evaluating Mobility Improvements*

Section II(a)(1) of the Notice states that one of the factors for rating the mobility improvements expected to be derived from a proposed new start would be the absolute number of low income households (households below the poverty level) located within 1/2-mile of boarding points associated with the proposed system increment (**Federal Register**, Vol. 61, No. 245, p. 67105). This is still true. However, the discussion for this measure found in the summary of comments (**Federal Register**, Vol. 61, No. 245, p. 67100) defines "boarding points associated with the proposed system" as "not limited to stations that are part of the proposed project," and including "boarding points that will feed into the new system." In practice, this would have included bus stops on routes serving the new stations, as well as existing rail stations on lines that intersect with the new system at the new stations (such as when a new rapid rail line intersects with an existing commuter rail line, and a new station is constructed).

In developing guidance for this measure, FTA concluded that including all potential boarding points associated with a new system would place an unnecessary and unfair burden on local agencies, would lead to reporting inconsistencies, and lack comparability among projects proposed for discretionary new starts funding. As a result, this amendment revises this measure to include only those stations located directly on the proposed new facility.

### *Definition of "Service Area" for Evaluating Operating Efficiencies*

Section II(a)(3) of the December 19, 1996 Notice indicates that the measure for "operating efficiencies" would be

based on the "forecast change in operating cost per passenger mile" for the new start service area, defined as "that part of the system that will be directly affected by the proposed new investment." Though not specifically stated, this measure would have included the change in operating cost per passenger mile not only for the new facility, but also for connecting bus routes and rail lines.

In developing guidance for the revised criteria, FTA concluded that this measure as defined would place an unfair and unnecessary burden on local agencies, would lead to reporting inconsistencies, and lack comparability among projects proposed for discretionary new starts funding. As a result, this amendment revises the definition of "service area" for this measure to include the entire transit system.

### **II. Incorporation of DOT Guidance Into FTA New Starts Criteria**

The December 19, 1996 **Federal Register** Notice adopted aggregate travel time savings as one of the measures for "mobility improvements." This aggregate includes travel time savings for all travelers affected by the proposed transit investment; new and existing transit riders as well as highway users, business travel as well as personal. Given that the DOT Guidance establishes different values for different trip purposes (plus additional values for wait time and truck drivers), FTA has adopted a weighted average approach for valuing travel time savings (or increases) associated with a proposed new start, using distributions of travel by mode and by trip purpose.

The revised value of travel time consists of three components: out-of-vehicle time for all modes; in-vehicle time for highway modes; and in-vehicle time for transit modes.

Out-of-vehicle time (time spent accessing, waiting, and transferring) is valued at 100 percent of the wage rate, as specified in the DOT Guidance. Using the wage rates specified earlier, out-of-vehicle time is valued at \$17.00 per hour.

The value for in-vehicle travel time for transit modes is a weighted average based on trip purpose, i.e., business or personal. The DOT Guidance uses data from the 1990 Nationwide Personal Transportation Survey for trip purpose information. For surface modes, the distribution for local travel is 95.8 percent personal, 4.2 percent business. This results in a weighted average value of in-vehicle time for surface modes, for all purposes, of \$8.90 per hour.

The value for in-vehicle highway time includes an additional variable for vehicle mix, as the DOT Guidance establishes a separate value of time for truck drivers. For this component, FTA calculated a weighted average of highway travel time based on vehicle mix information provided by the 1995 Highway Statistics report published by the Federal Highway Administration. According to this report, automobiles account for 92.4 percent of vehicle miles traveled (VMT), and trucks account for the remaining 7.6 percent. Using these figures, and applying the weighted average value of in-vehicle time for business and personal travel as calculated above, the resulting value for in-vehicle highway time is \$9.50 per hour.

### **III. Amendments to Section 5309 FTA New Starts Criteria**

The December 19, 1996 **Federal Register** Notice, "Section 5309 (Section 3(j)) FTA New Starts Criteria," issued by the Federal Transit Administration (FTA), is amended as follows:

The sentence reading, "It is a net figure in the sense that travel time increases should be explicitly considered and used to offset the time savings of those people who experience savings," in regard to the measure for "mobility improvements," is stricken from the Notice.

The sentence reading, "Total travel time savings will be valued at 80 percent of the average wage rate in the urbanized area," regarding the measure for "mobility improvements," is stricken and replaced with the following:

"Travel time savings will be valued according to trip purpose, using standardized values established by the Department of Transportation, based on average national wage rates as reported in the decennial Census. For transit riders, travel time will be valued at 50 percent of the wage rate for non-work travel (including commuting) and 100 percent of the wage rate for work-related travel. The total value of travel time for transit riders will be calculated using a weighted average by trip purpose. For highway users, the weighted average will also include travel by truck drivers, based on vehicle mix. In addition, time spent waiting for, accessing, and boarding transit vehicles will be valued at 100 percent of the wage rate."

The phrase reading, "the value per year (forecast year) of the forecast change in criteria pollutant emissions and in greenhouse gas emissions, ascribable to the proposed new investment, calculated according to standardized national assumptions

about the unit value of each emission," regarding the measure for "environmental benefits," is stricken and replaced with the following:

"[T]he annual forecast change in criteria pollutant emissions and in greenhouse gas emissions, ascribable to the proposed new investment, calculated in terms of tons for each criteria pollutant or gas."

The sentence reading, "This measure is not limited to stations that are part of

the proposed project, and includes boarding points that will feed into the new system," contained in the discussion of "mobility improvements" with respect to the definition of "boarding points," is stricken and replaced with the following:

"Boarding points are defined as those transit stations located directly on the proposed new start transit facility."

In Section II(a)(3), the phrase "for that part of the system that will be directly

affected by the proposed new investment" is stricken and replaced with the following:

"[F]or the entire transit system."

Issue Date: November 5, 1997.

**Gordon J. Linton,**

*Administrator.*

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