



U.S. Department
of Transportation
**Federal Transit
Administration**

Administrator

400 Seventh St., S.W.
Washington, D.C. 20590

August 10, 2006

The Honorable Richard C. Shelby
Chairman, Committee on Banking,
Housing, and Urban Affairs
United States Senate
534 Dirksen Senate Office Building
Washington, DC 20510

Dear Mr. Chairman:

Section 5309(l)(1) of Title 49, United States Code, as amended by the *Safe, Accountable, Efficient Transportation Equity Act: A Legacy For Users* (SAFETEA-LU) requires the Secretary of Transportation to submit to the Committees on Transportation and Infrastructure and Appropriations of the House of Representatives and the Committees on Banking, Housing, and Urban Affairs and Appropriations of the Senate, a report containing a summary of the results of *Before and After Studies* every year on the first Monday in August. While this letter represents the first such report, the Federal Transit Administration (FTA) has not received the results of any of these studies at this time. Therefore, this letter does not include any such summaries. However, I would like to provide the following information to describe the steps being taken to implement this requirement.

SAFETEA-LU amended Section 5309 of Title 49, United States Code to add a new provision in Section 5309(g)(2)(C) that requires a project sponsor to develop a *Before and After Study* as a condition for each new Full Funding Grant Agreement (FFGA). These studies are intended to assess the impacts of New Starts projects, compare the actual costs of the projects and ridership two years after opening to those forecast, and identify the sources of differences between predicted and actual outcomes. This new provision of law made statutory a requirement that had been contained in FTA's New Starts Regulation, which went into effect in April 2001.

As the last milestone for collection of information for the *Before and After Study* does not occur until two years after a project has opened, it can take a number of years for a *Before and After Study* to be completed. It can then take several additional months for the project sponsor to synthesize and evaluate all the information collected over the period of a project's development. The first project for which an FFGA was executed after the requirement went into effect did not open for revenue service until September 2003, and the *Before and After Study* for that project is now nearing completion. The results of that study, and several others, should be available in next year's report.

In the meantime, FTA is working to implement the provisions requiring the *Before and After Studies* and the summary report. First and foremost, in its final New Starts Policy Guidance

that went into effect on May 22, 2006, FTA requires project sponsors to provide initial documentation of the information produced during alternatives analysis when they apply to enter into New Starts preliminary engineering, and to provide updated information and an analysis of any changes from the previous phase of project development, when applying to enter into final design and before receiving an FFGA. The purpose of this requirement is to ensure that the information is preserved and will be available to be analyzed in the forthcoming *Before and After Study*. Further, SAFETEA-LU amended Section 5309(1)(2) of Title 49, United States Code, to require that FTA publish an annual report that analyzes the consistency and accuracy of cost and ridership forecasts prepared by each contractor to New Starts project sponsors.

To help FTA fulfill this new responsibility, the May 22, 2006, Policy Guidance also required, as part of the before and after submissions, that each New Starts project sponsor provide specific information on contractor performance. Specifically, FTA requires project sponsors to identify the contractor responsible for the capital and operating cost estimates and ridership forecasts and include a description of the contractor's role and responsibilities in developing these forecasts. FTA is currently updating this guidance to reflect the new SAFETEA-LU requirements.

Finally, FTA is now in the process of developing a *Notice of Proposed Rulemaking* to implement the changes made in the New Starts program by SAFETEA-LU. This rulemaking will include any changes needed to the requirement for *Before and After Studies* made by SAFETEA-LU.

FTA looks forward to completion of the first of the *Before and After Studies* and to providing Congress with summaries of these reports. These studies represent an important mechanism for determining the impact of these significant Federal transportation investments and for determining how the forecasts of costs and benefits of these projects can be made even more reliable.

An identical letter has been sent to the Chairman and the Ranking Member of the House Committee on Transportation and Infrastructure and the Ranking Member of the Senate Committee on Banking, Housing, and Urban Affairs. We have also provided copies of this report to the Chairmen and the Ranking Members of the Appropriations Committees of both the House and Senate.

Sincerely,

James S. Simpson