



THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

January 13, 2010

Dear Transportation Leader:

I am writing to let you know that, effective immediately, the U.S. Department of Transportation's Federal Transit Administration (FTA) is restoring the statutorily prescribed process for recommending New Starts and Small Starts projects for discretionary Federal funding assistance. We will also be initiating some additional steps to further improve the process for rating and evaluating such projects.

As you may recall, on March 9, 2005, the FTA Administrator issued a "Dear Colleague" letter announcing that the Administration would limit its New Starts funding recommendations to projects that achieved a "medium" or higher rating for cost-effectiveness. As of today, that letter is no longer in effect, and the Administration will no longer use it in making funding recommendations.

Instead, we will rely on the statutory framework contained in Sections 5309(d) and (e) of Title 49, United States Code, as amended. Thus, in order to be recommended for funding, a project must receive an overall rating of at least "medium." To achieve this rating, as provided for in the law and its implementing regulations, a project must receive a rating of at least "medium" on both project justification and local financial commitment.

We are making this change in order to give meaningful consideration to the full range of benefits that transit can provide. These include not only mobility-oriented benefits such as transit travel time, but also important economic development, environmental, social, and congestion relief benefits. By taking all these factors into account, we will more fully realize the livability and sustainability goals of the Obama Administration.

Consistent with this change in policy, I am also announcing our intention to change our regulatory framework so that it more fully and accurately reflects the wide range of benefits that result from major transit investments. This effort will include a revised cost effectiveness measure that will recognize these benefits. Shortly, FTA will initiate a rulemaking process to accomplish this goal. As the Administration works to develop measures to appropriately capture the full range of public benefits that transit projects provide, I encourage you to participate and comment on our new proposed approaches through the rulemaking process.

We very much appreciate your continued support of our efforts to make the New Starts program a model for a local, State, and Federal partnership. We look forward to working with all of you to continue to demonstrate transit's valuable contribution to our environment and to the accessibility, mobility, and economic vitality of our communities.

Sincerely yours,

Ray LaHood

A large, stylized handwritten signature in black ink is written over the typed name "Ray LaHood". The signature is highly fluid and cursive, extending across the width of the signature block.