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File:	<b>Southern Maine Funding Prioritization Framework – DRAFT</b>	Date:	May 1, 2017

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## Reference: Southern Maine Funding Prioritization Framework – DRAFT

### Introduction

Destination 2040 is a long-range transportation plan that acts as a vision for the future of transit, transportation infrastructure, and active transportation in Southern Maine. Its emphasis is on the coordination between land-use decisions and the regional transportation system, and on multimodal investments in priority corridors and centers. This focus will ensure that future transportation projects deliver a positive impact to communities in terms of livability, economic prosperity, and environmental sustainability. At the same time, Destination 2040 is not only focused on expansion but acknowledges the need to maintain and manage existing transportation assets in the most effective and efficient manner possible.

The Portland Area Comprehensive Transportation System (PACTS) is responsible for evaluating funding requests from agencies across the 18 communities in Southern Maine, including the region's seven public transit service providers. These funding requests will have varying levels of alignment with Destination 2040 priorities, a varying amount of benefits in relation to their costs, and may be related to service expansion or existing services. In an environment where funding requests exceed the amount of funding available, it is necessary for PACTS to evaluate funding requests against a set of criteria, such that projects can be prioritized in the most appropriate manner. This document describes a proposed method for funding prioritization of prospective transit projects in Southern Maine.

### Overview of Evaluation Criteria

The first evaluation criteria reviewed were those that are described in the PACTS Transit Expansion & Enhancement Procedures Document. Whereas in the procedures document, criteria were grouped into three categories – type of project, financial sustainability, and demonstrated need – for the purposes of this report, this hierarchy will be ignored. In some cases, the hierarchy outlined in the procedures document was limiting because a project could result, for example, in both an improvement to existing core service and an expansion in service beyond the existing system, however only one out of the two options are eligible for selection under 'type of project'.

The criteria from the PACTS Transit Expansion & Enhancement Procedures Document are as follows

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1. **Improve existing core service**, e.g. increase frequency, extend service hours, or link two or more routes. This criterion is fundamental to many transit projects; however, it is quite subjective. As an example, the benefits that accompany increased frequency vary from service to service and from route to route, even if the capital requirements are the same. To properly evaluate this criterion, PACTS should consider requesting that funding proposals include estimates of anticipated revenue and ridership impacts as well as expected travel time impacts, so proposals can be scored objectively. It is important to consider both measures, as quantifying revenue and ridership impact will be biased towards systems operating in dense urban areas, whereas travel time impact will be biased towards commuters in lower density areas who typically have longer commute times. It is important for PACTS to ensure that its criteria are not biased toward any one transit system(s). To further improve this criterion, PACTS should also consider the impact to system utilization, which may be evaluated in terms of daily passenger miles divided by daily revenue miles, a recognized measure of service efficiency.
2. **Enhance rider experience**, e.g. improve ticketing equipment, upgrade technologies, improve passenger amenities, etc. This criterion applies to fewer projects and is more difficult to assign points to on an objective basis. Rider experience enhancements are focused on improving the satisfaction of existing riders, but public-facing enhancements such as upgrades at transit stops might serve to give transit a more refined image and indirectly lure new riders to the service. For evaluation purposes, PACTS can request ridership and revenue impact estimates resulting from the rider experience improvements, along with a supporting rationale for the estimates. By keeping this data requirement consistent with that of the first criterion, PACTS would not be creating any additional reporting requirements for its member agencies. In addition, it is important to recognize that certain rider experience enhancements might be appropriate only for the agency submitting the given funding request, while others might be a part of a regional initiative as would be the case for regional fare integration, for example. To properly evaluate this criterion, some consideration should also be given to the extent to which the funding request is in alignment with regional transit objectives and priorities.
3. **Expand service beyond the existing system**, e.g. the launch of new routes or extensions of existing routes. This criterion is similar to #1 with the distinction being that it relates to new service rather than existing service. As such, the benefits and recommended evaluation measures are similar, in that ridership and revenue increase, and anticipated travel time savings, can be forecasted. In addition, it is important to consider the extent to which service expansion initiatives align with regional transit priorities, particularly as it relates to the creation of additional transfer points from one transit service to another.
4. **Supported by additional level of committed local funding**, at least 15% local match for ADA accessible buses, 20% match for other capital expenditures, and 50% match for operating expenditures. Inherent in this criterion are two evaluation measures: the



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percentage of funding matched by the local agency (and state contribution), and the nature of the expense. By considering these evaluation measures separately, it is easier to understand both of these project elements at first glance. Naturally, the greater the local match, the more likely the project will be given a high priority; and, by understanding the nature of the expense, PACTS is able to prioritize the most pressing issues at any given moment.

5. **Leveraged multiple funding sources**, outside of 5307 and local match funds. The more funding that can be secured from additional sources, the lesser the financial burden on any on any one entity, and the greater the financial resilience of the project. Whereas the percentage of funding match is a measure that illustrates local commitment to the project, it is reasonable for PACTS to also evaluate the funding request in terms of percentage of total expected project costs. Understanding these two measures separately is an appropriate means of evaluating the extent to which multiple funding sources are leveraged.
6. **Demonstrated local financial commitment over the lifecycle of the project**. This criterion is more subjective than the others, and the further one looks into the future, the more uncertainty there can be. Rather than treating this as a separate criterion, PACTS should focus only on the percentage local funding match, but specify that this measure should consider the total project costs discounted over the project's lifecycle.
7. **Projected performance after 3 years**, e.g. changes in ridership, passenger miles, cost per boarding, etc. This criterion is vague given that performance may be defined in different ways and it places the onus on PACTS to ensure performance is being evaluated fairly and consistently from application to application, which can be a laborious exercise. For consistency, projects should be evaluated based on the extent to which the project brings improvements to current conditions. However, the nuance that performance can be evaluated against industry or regional standards is an important one because design standards and operating regulations can change over time and certain projects may be a direct result of these changes. To give additional consideration to projects that are motivated by achieving compliance with recently updated standards and regulations, it is important for PACTS to evaluate this in the funding applications. However, in terms of project performance, it is best for PACTS to focus only on ridership and productivity, as measures such as cost per boarding are inherent in the costs and are not in themselves measurable benefits.
8. **Alignment with past studies**, as well as past plans and models. This criterion brings an important distinction regarding the importance of local priorities. While the focus of the RTDP is on improving public transit at the regional level, each community within the Southern Maine region is unique in its own way. While transit initiatives should be supportive



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of regional objectives, they also should be suitable for the individual communities that will be impacted by the given project.

9. **Alignment with regional and state priorities**, is a criterion that was touched on already in #3. For simplicity in evaluation, it is recommended that PACTS focus on evaluating the project's alignment with the regional and state priorities detailed in Destination 2040. Otherwise, it will be too complicated and inconsistent if PACTS considers (and evaluates to) its full suite of regional and state plans that have been conducted over the last few years.
10. **Alignment with local priorities**, is a criterion that was touched on already in #8. Similar criteria should be consolidated as best possible to make the funding proposal evaluation process less cumbersome.

It is recommended that PACTS also consider these additional criteria –

1. **Multimodal benefits associated with project**. As an example, improved transit in Southern Maine may bring benefits to the freight industry, particularly in the case where improvements to Casco Bay Lines or the Amtrak Downeaster are made. Additionally, some transit projects may be part of a larger transportation initiative as is the case in complete streets projects, which often bring benefits to users of all relevant transportation modes. Although this criterion is somewhat subjective and more difficult to quantify, PACTS would be remiss not to consider it in its project evaluation framework, particularly when documents such as the Transportation Improvement Plan (TIP) Policies and Procedures for 2017 and 2018 demonstrate that PACTS is already reviewing transportation projects from this multidisciplinary perspective.
2. **Improved local economy**, resulting directly from a given project's transit improvements. Transit is a less costly means of travel, which frees up disposable income for people to invest elsewhere in the local economy. Moreover, improved transit connectivity gives people improved access to retail, recreation, and other places where money is spent. This criterion is referenced in the TIP Policies and Procedures document and can be difficult to evaluate, but we can assume that priority corridors and centers outlined in Destination 2040 are representative of key economic locations in Southern Maine. It would be prudent, therefore, for PACTS to use the percentage of the project located in priority corridors and centers as a basis for prioritization.
3. **Minimized disruptions associated with project**, or in other words, to what extent (if any) does the project infringe on the natural environment (parks, wetlands, etc.) or create noise in residential neighborhoods, etc. Projects should minimize the disruption to the natural environment and to the lives of Southern Maine residents as best possible. A limitation of this criterion is that it is subjective in nature, but it is an important one to include and can



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help give priority to smaller projects with minimal disruptions. In turn this will help bring balance to the prioritization framework since several other criteria such as ridership impact tend to naturally benefit the larger projects. Disruption is a criterion that is addressed throughout MetroPlan Orlando's project prioritization framework and is appropriate for Southern Maine as well.

4. **Maintain a state of good repair.** This criterion can often be overlooked, and can be difficult to evaluate, but priority should be given to projects that promote a state of good repair. It is always more efficient and cost effective to maintain to a state of good repair rather than to wait for failures to occur and react accordingly. This criterion can be embedded within the aforementioned "type of expense" criterion. State of good repair is considered in the project evaluation criteria for San Diego Forward: The Regional Plan, whereby preference is given to projects that promote maintenance of what has already been built, rather than to new projects that improve the transportation system. However, this criterion is considered qualitatively and is not handled explicitly in San Diego's scoring methodology. BC Transit is another example – in their prioritization framework criteria, fixes to the existing system (as opposed to system expansions) are given maximum points, 50 out of a possible 175. In Southern Maine's case, this weighting may be a little extreme, but maintaining a state of good repair is still appropriate for inclusion in the framework.
5. **Improved environmental sustainability.** Environmental sustainability can be linked to ridership growth as a result of modal shift, although it is important to also consider environmental sustainability separately as there exist some unrelated opportunities for improved environmental sustainability. Transit projects related to environmental sustainability may be as small as tweaked procurement and refurbishment practices, or as large as investment in a hybrid, electric, or compressed natural gas fleet. PACTS can consider environmental sustainability in its project prioritization framework by requiring an estimate of the anticipated reduction in harmful emissions (CO<sub>2</sub>, VOC, PM, NO<sub>x</sub>, and SO<sub>x</sub>) resulting from the project. Including this measure in the prioritization framework can be viewed as an industry best practice; and it is one that is considered in San Diego Forward's robust evaluation criteria.
6. **Improved transit accessibility for disadvantaged individuals**, including the disabled, seniors, low income individuals, and minorities. This criterion can theoretically be quantified in terms of the estimated change of total transit trips taken by disadvantaged individuals. San Diego Forward has opted for such an approach, but given the level of uncertainty in estimation, it is recommended that PACTS evaluate this in terms of the percentage of the project located in areas with high concentrations of disadvantaged individuals (to be pre-determined by PACTS). In a sense, areas with a high density of disadvantaged individuals will be treated similarly to priority centers and corridors, only with a unique percentage weighting.



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7. **Favorable benefit/cost ratio.** While PACTS has placed emphasis on the funding commitment and local funding match in its Transit Expansion & Enhancement Procedures, it is also important for the project to bring a greater quantity of monetized benefits to the Southern Maine community than the amount of costs incurred. As such, PACTS should request an estimation of the benefit/cost ratio, to ensure that dollars are spent cost effectively. This is a hallmark criterion of many project prioritization frameworks across the nation.

Suggested Long-Term Criteria

It is proposed that PACTS restructure its criteria to be focused on each unique measurable item, rather than the conceptual, more high level items described in the Transit Expansion & Enhancement Procedures document, as this will facilitate a more objective and expeditious evaluation of the funding proposals received. Further, it is proposed that PACTS consolidate its criteria as best possible for simplicity when evaluating funding requests. The criteria outlined in the TIP Policies and Procedures document, while comprehensive, have noticeable overlap. For example, crash reduction, congestion reduction, and emissions reduction can all be linked to a single measure – an increase in ridership – which should be given a sufficient score considering it encompasses a multitude of benefits. For organization purposes, criteria have been grouped into categories as follows:

- System Connectivity (35% of evaluation)
- Financial Suitability (25% of evaluation)
- Service Productivity (15% of evaluation)
- Social and Environmental Sustainability (15% of evaluation)
- Alignment with Impact Areas (10% of evaluation)

Each of these categories has been assigned a percentage weight according to their relative importance. System connectivity was given the highest weighting given the regional nature of the RTDP, followed by financial suitability, service productivity, and social and environmental sustainability. Alignment with impact areas was given the lowest weighting as there is some inherent overlap with the previous categories. The category weightings add up to 100%, and the criteria within each category add up to 100 points. This hierarchical structure for prioritization is similar to that used by Southern Maine's peers, including Metropolitan Council (Minneapolis) in its Service Improvement Plan 2015-2030. The intention is for each project to be evaluated out of 100, and then projects will be prioritized based on how many points they were assigned relative to other projects.



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**Category: System Connectivity (35%)**

<u>Criteria</u>	<u>Description</u>	<u>Calculation</u>	<u>Score</u>
Anticipated travel time savings	How will users' travel time or travel reliability be impacted after the project is complete? (side benefits include crash reduction, reduced emissions, and reduced road congestion)	Anticipated avg. number of minutes saved on any given commute	50
Percentage of project located in priority corridors and centers	To what extent does the project help improve transit service throughout the priority centers and corridors identified in Destination 2040?	Capital costs to be invested in priority corridor or priority center areas, divided by total project capital costs	30
Amount of multimodal benefits	How will the transit project bring benefits to other aspects of the regional transportation network? (roads, active transportation, etc.)	Qualitative assessment of the bigger-picture transportation benefits and how this will improve users' abilities to transfer onto transit from other modes	20

**Category: Financial Suitability (25%)**

<u>Criteria</u>	<u>Description</u>	<u>Calculation</u>	<u>Score</u>
Project benefit/cost ratio	Do the project's benefits exceed its costs, net of the incremental revenues?	Total monetized project benefits divided by total project costs (both discounted over the project lifecycle)	40
Percentage funding ask	What percentage of total project costs (discounted over the project lifecycle) are requested to be funded by PACTS?	Project costs funded by PACTS, divided by total project costs	40
Percentage local funding match	What percentage of total project costs (discounted over the project lifecycle) are to be funded by the local agency?	Project costs funded by local agency, divided by total project costs	10 (lower due to overlap with percentage funding ask)



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Achieving compliance with regulations or standards?	What percentage of the total project costs pertain to upgrades related to compliance with regulations and standards, thereby negating the need for future noncompliance costs?	Project costs related to achieving compliance, divided by total project costs	10
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**Category: Service Productivity (15%)**

Criteria	Description	Calculation	Score
Anticipated ridership impact	Will the project benefit transit ridership (both new riders and more frequent trips from existing riders) in Southern Maine? (side benefits include crash reduction, reduced emissions, and reduced road congestion)	Anticipated weekly ridership one year after project's completion, minus anticipated weekly ridership at the same MM/YY without the project proceeding	70
Anticipated change in system utilization	Does the project allow transit service providers to deliver service more efficiently?	Weekly passenger miles divided by weekly revenue miles (after project), minus weekly passenger miles divided by weekly revenue miles (before project)	30

**Category: Social and Environmental Sustainability (15%)**

Criteria	Description	Calculation	Score
Percentage of project located in areas with disadvantaged individuals	To what extent does the project help improve transit service throughout areas of Southern Maine with a high density of disadvantaged individuals?	Capital costs to be invested in areas with disadvantaged individuals, divided by total project capital costs	35
Anticipated reduction in emissions	Does the project involve any environmental benefits over and above what is already implied in increased ridership and travel time savings?	Weekly tons of CO <sub>2</sub> , PM, VOC, NO <sub>X</sub> , and SO <sub>X</sub> emitted (after project), minus weekly tons of CO <sub>2</sub> , PM, VOC, NO <sub>X</sub> ,	35



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		and SOX emitted (before project)	
Anticipated disruptions	Does the project cause noticeable disruption (noise, pollution, etc.) to ecosystems or residential areas?	Qualitative assessment	30

**Category: Alignment with Impact Areas (10%)**

Criteria	Description	Calculation	Score
Alignment with regional transit priorities	To what extent is the project in alignment with regional transit priorities as described in Destination 2040? (Recall that it is recommended that PACTS focus only on Destination 2040, though reviewing other regional plans is certainly an options)	Qualitative assessment	40
Alignment with local transit priorities	To what extent does the project align with local transit priorities, specific to the particular service area?	Qualitative assessment	30
Type of expenditure	How will the project funds be used (capital, operating, ADA fleet, etc.) and is this a pressing need at the particular moment? Priority given to projects related to maintaining a state of good repair, rather than to projects related to service expansion.	Qualitative assessment	30

Short-Term Criteria

In the short-term, until PACTS is able to refine all of the criteria, category weightings, and scores discussed above, and then communicate the reporting requirements and their relevance to the properties applying for funding, it is important to develop a simplified version of the criteria for use in the interim. In doing so, it is recommended that PACTS narrow down the table into 5-6 of the most important criteria including:

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- Anticipated travel time savings
- Percentage of project located in priority corridors and centers
- Project benefit/cost ratio
- Percentage funding ask
- Anticipated ridership impact

These criteria represent a reasonable distribution across the categories, and gives PACTS a rudimentary basis for prioritizing projects. At this point, rather than assigning scores to each of the categories, PACTS should consider assigning a pass/fail grade and filtering projects out accordingly. Across each of the categories, PACTS will be expected to use its judgment, as transit properties may not be in the habit of estimating travel time savings a certain way or calculating the benefit/cost ratio, etc., and these estimations may not be included in the funding request. It is recommended that PACTS be relatively stringent in its initial pass/fail gradings to filter out the majority of projects. Then, as funding becomes available, PACTS can relax its pass/fail evaluations so a small number of additional projects make it through the filter with each iteration.

For the percentage of project located in priority corridors and centers, and the percentage funding ask, PACTS should consider setting a threshold above (or below) which projects will be considered, and below (or above) which they will not. For instance, projects may be required to be situated at least 50% within priority corridors and centers, and the funding ask must be no more than 50% of the total project costs. These thresholds, too, may be relaxed over time as additional funding becomes available.

### Conclusion

The prioritization criteria discussed in this document represent a robust and effective method for evaluating funding requests and prioritizing projects appropriately. As time passes, regional goals and objectives may change, therefore it is intended for this to be a “living document,” whereby the criteria, category weightings, and scores are updated on an as-needed basis. Furthermore, as an increasing number of projects are evaluated against these criteria, PACTS will be well positioned to create standards by which projects may be scored more easily and consistently going forward. For example, PACTS may consider a scoring framework whereby if ridership impacts are expected to be greater than X, then a score of 70/70 is assigned, and if ridership impacts are expected to be in between X and Y, then a score of 60/70 is assigned, etc.

Independent of the prioritization framework, PACTS must also be mindful of the importance of balancing the funding across the different service providers as appropriate, and not necessarily allocating funding to only the top ranked projects in the event these projects all pertain to the same transit property. It is important for PACTS to also exercise its own judgment when evaluating each project, as transit properties tend to have a reputation for being overly optimistic in forecasting exercises. As time passes, PACTS will identify which properties tend to be more optimistic than others, and will develop a better sense of the forecasted performance that is



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realistic. These judgments should be considered in the evaluation, such that PACTS can assign more appropriate scores than those which might result if the transit properties' projections were taken at face value.



## STATE OF GOOD REPAIR PROJECTS – PRIORITIZATION FRAMEWORK

### Category: Financial Suitability (50%)

Criteria	Description	Calculation	Score
Project benefit/cost ratio	Do the project's benefits (ongoing O&M savings, improved asset utilization, etc.) exceed its costs, net of the cost of doing nothing?	Total monetized project benefits divided by total project costs (both discounted over the project lifecycle)	50
Achieving compliance with regulations or standards?	What percentage of the total project costs pertain to state of good repair related to compliance with regulations and standards, thereby negating the need for future noncompliance costs?	Project costs related to achieving compliance, divided by total project costs	25
Percentage funding ask	What percentage of total project costs (discounted over the project lifecycle) are requested to be funded by PACTS?	Project costs funded by PACTS, divided by total project costs	15
Percentage local funding match	What percentage of total project costs (discounted over the project lifecycle) are to be funded by the local agency?	Project costs funded by local agency, divided by total project costs	10

### Category: Alignment with Impact Areas (35%)

Criteria	Description	Calculation	Score
Alignment with regional transit priorities	To what extent is the project in alignment with regional transit priorities as described in Destination 2040? (It is recommended that PACTS focus only on Destination 2040, though reviewing other regional plans is certainly an option)	Qualitative assessment	30



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Alignment with local transit priorities	To what extent does the project align with local transit priorities, specific to the particular service area?	Qualitative assessment	30
Type of expenditure	How will the project funds be used (infrastructure, vehicles, parts/components, and for which particular service, etc.) and is this a pressing need at the moment?	Qualitative assessment	30
Multimodal impacts	How will the project bring benefits to other aspects of the regional transportation network? (as an example, repairing bike racks on buses benefits both transit users and cyclists)	Qualitative assessment	10

**Category: Project Location (15%)**

<u>Criteria</u>	<u>Description</u>	<u>Calculation</u>	<u>Score</u>
Percentage of project located in priority corridors and centers	To what extent is the project located in the priority centers and corridors identified in Destination 2040?	Capital costs to be invested in priority corridor or priority center areas, divided by total project capital costs	70
Percentage of project located in areas with disadvantaged individuals	To what extent is the project located in areas of Southern Maine with a high density of disadvantaged individuals?	Capital costs to be invested in areas with disadvantaged individuals, divided by total project capital costs	30

Changes from broader prioritization framework

1. The categories of 'system connectivity', 'service productivity', and 'social and environmental sustainability' were removed as they will not be applicable to many state of good repair projects.
2. The category of 'project location' was added. The criteria 'percentage of project located in priority corridors and centers' and 'percentage of project located in areas with disadvantaged individuals' were reallocated to this category from 'system connectivity' and 'social and environmental sustainability' respectively.



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3. The criterion 'amount of multimodal benefits' was restated as 'multimodal impacts' and was reassigned to the 'alignment with impact areas' category.
4. Criterion scores were updated. Under 'financial suitability', due to the urgent nature of many state of good repair projects, higher scores were assigned to 'project benefit/cost ratio' and 'achieving compliance with regulations or standards', while lower scores were assigned to 'percentage funding ask' and 'percentage local funding match'. Under 'alignment with impact areas', the criterion 'multimodal impacts' was assigned a lower score as this may not be applicable to many state of good repair projects. Criteria scores within 'project location' were also updated, but remain at similar relative weightings within the larger prioritization framework.

Short-Term Criteria

In the short-term, until PACTS is able to refine all of the criteria, category weightings, and scores discussed above, and then communicate the reporting requirements and their relevance to the properties applying for funding, it is important to develop a simplified version of the criteria for use in the interim. In doing so, it is recommended that PACTS narrow down the table into the most important criteria including:

- Project benefit/cost ratio
- Achieving compliance with regulations or standards?
- Percentage of project located in priority corridors and centers
- Alignment with regional and local priorities

These criteria represent a reasonable distribution across the categories, and gives PACTS a rudimentary basis for prioritizing projects. At this point, rather than assigning scores to each of the categories, PACTS should consider assigning a pass/fail grade and filtering projects out accordingly. Across each of the categories, PACTS will be expected to use its judgment, as transit properties may not be familiar, for example, with best practices to calculate the benefit/cost ratio. It is recommended that PACTS be relatively stringent in its initial pass/fail gradings to filter out the majority of projects. Then, as funding becomes available, PACTS can relax its pass/fail evaluations so a small number of additional projects make it through the filter with each iteration. In particular, it may become appropriate to assign a 'pass' grade by default to all state of good repair projects for 'achieving compliance with regulations or standards', if only a small number of projects are actually compliance-related and there is more funding to be allocated.

For the percentage of project located in priority corridors and centers, PACTS should consider setting a threshold above which projects will be considered, and below which they will not. For instance, projects may be required to be situated at least 50% within priority corridors and centers. These thresholds, too, may be relaxed over time as additional funding becomes available.