

Metropolitan Transportation Commission Programming and Allocations Committee

November 9, 2011

Item Number 4a

MTC Resolution No. 4036

Subject: FTA Section 5311 Nonurbanized Area Formula Program – Funding Objectives and Criteria

Background: The Federal Transit Administration (FTA) Nonurbanized Area Formula Program (Section 5311) makes funding available to each state for public transportation projects in nonurbanized areas. Eligible applicants include public agencies, non-profit agencies, and American Indian tribes.

MTC annually develops a regional Program of Projects for submittal to Caltrans. Caltrans then submits a statewide program to FTA for approval.

During the FY2010 and FY2011 funding cycles, there was unprecedented demand for the Section 5311 funds. As a result of transit operator feedback during those funding cycles, MTC staff, in consultation with interested transportation providers, evaluated the Section 5311 Objectives and Criteria and is proposing revisions with the goal of providing a reliable level of funding to transit operators each year based on population and service in nonurbanized areas. The following are the major changes that are proposed:

Distribute funds by formula (with policy guidelines)

Staff proposes to replace the existing priority ranking system with a formula distribution based on 50% nonurbanized area population served (i.e., according to the number of nonurbanized area residents that live within three-quarters of a mile of the operators' transit stops) and 50% according to the number of route miles provided in the nonurbanized area.

According to state and federal guidelines, a competitive process is not required for the 5311 program. In addition, research indicated that a formula approach is common practice in other regions of California, including Sacramento, Riverside, Kern and San Bernardino counties.

A formula program would allow operators to plan for their annual allocations in advance, compared to the relative uncertainty of the current discretionary-based process. The formula approach is generally supported by the transit operators.

The following policies are proposed to accompany the formula system:

- (a) Require recipients to prioritize the replacement of capital equipment. If recipients request funds for operations, they will be required to submit documentation explaining why the funds are not needed for basic capital. This is consistent with the current 5311 policy, which identifies capital replacement as the highest priority.
- (b) If an operator does not want to participate in the 5311 program (e.g., if the operator's 5311 share is so small that the administrative effort required to apply for and report on the funds outweighs the benefits to

the operator), then they will not submit Section 5311 project justification sheets, and MTC will not program any funds to that operator.

The table below shows the percentages to be used in the proposed formula and notes which operators have not historically requested FTA Section 5311 funds.

Per the request of the Solano Transportation Authority (STA), MTC staff recommends providing a target programming amount for all of Solano County, including the Dixon, Fairfield and Suisun Transit, Rio Vista, SolTrans (Vallejo Transit/Benicia Breeze), and Vacaville amounts. STA will work with those operators to determine individual shares (see Attachment 1).

FTA Section 5311 Proposed Formula Distribution*

Transit Operator	Combined Population & Route Miles Percentage	Note
AC Transit	7%	**
CCCTA	3%	**
LAVTA	3%	
Marin County Total	11%	
<i>Marin Transit (Local Service)</i>	8%	
<i>West Marin Stagecoach</i>	2%	
NCTPA	12%	
Petaluma Transit	1%	**
SamTrans	8%	
Santa Clara VTA	7%	
Santa Rosa CityBus	1%	**
Solano Transportation Authority	20%	
<i>Dixon</i>	5%	
<i>Fairfield and Suisun Transit</i>	9%	
<i>Rio Vista</i>	4%	
<i>Vallejo Transit/Benicia Breeze</i>	2%	
<i>Vacaville City Coach</i>	1%	
Sonoma County Transit	21%	
TriDelta Transit	5%	**
Union City Transit	1%	**
WestCAT	1%	**
Total	100%	

* This distribution does not include the proposed minimum award adjustments for FY2012 and FY2013.

** Operators that have not historically requested FTA Section 5311 funds.

Minimum award during a transition period

Some transit operators will receive significantly less funding under a formula program than they have in recent years with the priority ranking system. To cushion this impact, staff recommends that during the first two years of the new formula-based policy, recent 5311 recipients (i.e., those

that received funds in FY2007 through FY2011) would receive the following minimum awards:

- In the FY2012 Grant Cycle, transit operators will receive no less than 80 percent of their average award during the FY2007 through FY2011 period
- In the FY2013 Grant Cycle, transit operators will receive no less than 40 percent of their average award during the FY2007 through FY2011 period

Following FY2013, the minimum award policy would not apply and the distribution would be based solely on the proposed formula without adjustments.

Two-Year Programming Cycle

Staff proposes to issue a Call for Projects every two years, adopt a two-year program, and make annual adjustments to constrain the program to the available revenues. Each year's program will only be added to the TIP when actual revenues are apportioned by Caltrans.

If approved by the Commission, staff will use the new Funding Objectives and Criteria to program MTC's regional apportionment in the upcoming FY2012 funding cycle, which is expected to take place in late 2011 or early 2012.

Issues: None.

Recommendation: Refer MTC Resolution No. 4036 to the Commission for approval.

Attachments: Attachment 1 – Letter from Solano Transportation Authority
MTC Resolution No. 4036



SOLANO TRANSPORTATION AUTHORITY

Member Agencies:
Benicia • Dixon • Fairfield • Rio Vista • Suisun City • Vacaville • Vallejo • Solano County

One Harbor Center, Suite 130, Suisun City, CA 94585-2473 • Telephone (707) 424-6075 / Facsimile (707) 424-6074
Email: staplan@sta-snci.com • Website: sta.ca.gov

October 17, 2011

Kristen Mazur
Metropolitan Transportation Commission
101 Eighth Street
Oakland, CA 94607

**RE: Proposal for Solano Transportation Authority to Distribute Section 5311
Funding to Transit Operators in Solano County**

Dear Ms. Mazur:

Solano Transportation Authority (STA) is supportive of the option to distribute Section 5311 to transit operators in Solano County. Metropolitan Transportation Commission (MTC) will be distributing 5311 funds to the region using a formula and has proposed an option for the STA to decide how Solano County's 5311 share be distributed on an annual basis. This method would allow more flexibility at the local level.

In Solano County, there are currently four transit operating receiving Section 5311 funding; Fairfield, Dixon, Rio Vista and Vallejo. The County of Solano operates an ADA Paratransit service in the rural area of Solano County and may also be eligible for 5311 funding. The STA Board includes representatives from all five jurisdictions potentially eligible to apply for and receive 5311 funds. With potentially five operators eligible for Section 5311 funding, the STA recommends the distribution of funding be allocated to STA to allow the flexibility to address the changing needs of the transit operators and transit service in Solano County.

The two small operators, Fairfield and Vallejo are eligible for Transit Capital Priorities (TCP) funds and receive funding from Section 5307. The two rural operators Dixon and the Rio Vista are not eligible for 5307, this 5311 funds is a critical revenue source for their capital and operating expenses. For instance, Rio Vista and Dixon use 5311 for bus replacement, they will not have any 5311 funding for operating assistance in the same year. Currently, Rio Vista relies on 5311 funding to cover 28% of their operating budget and Dixon relies on 9%. This potential issue should be addressed at the local level.

If you have any questions or need additional information, please contact Liz Niedziela, STA's Transit Program Analyst/Manager at (707) 399-3217.

Sincerely,

Daryl K. Halls
Executive Director

Cc: Supervisor James P. Sperring, MTC Commissioner
STA Board Members
Ann Flemer, Deputy Executive Director, MTC
Alix Bockelman, Programming and Allocations Director, MTC
STA TAC Members
SolanoExpress Transit Consortium Members

Date: November 16, 2011
W.I.: 1512
Referred By: PAC

ABSTRACT

Resolution No. 4036

This resolution adopts the Federal Transit Administration (FTA) Section 5311 Nonurbanized Area Formula Program Funding Objectives and Criteria for the San Francisco Bay Area.

The resolution includes the following attachment:

Attachment A - FTA Section 5311 Nonurbanized Area Formula Program Funding
Objectives and Criteria for the San Francisco Bay Area

Further discussion of this action is contained in the MTC Programming and Allocations Committee Summary sheet dated November 9, 2011.

Date: November 16, 2011
W.I.: 1512
Referred By: PAC

Re: Federal Transit Administration (FTA) Section 5311 Nonurbanized Area Formula Program Funding Objectives and Criteria for the San Francisco Bay Area

METROPOLITAN TRANSPORTATION COMMISSION
RESOLUTION NO. 4036

WHEREAS, the Metropolitan Transportation Commission (MTC) is the regional transportation planning agency for the San Francisco Bay Area pursuant to Government Code sections 66500 et. seq.; and

WHEREAS, MTC is the designated metropolitan planning organization (MPO) for the nine-county San Francisco Bay Area; and

WHEREAS, the U.S. Department of Transportation (DOT) has adopted rules and regulations (23 CFR 450 and CFR 613) which require that the MPO, in cooperation with the state and publicly-owned operators of mass transportation services, carry on a continuing, cooperative and comprehensive transportation planning process that results in plans and programs consistent with the comprehensively planned development of the urbanized area, as a condition to the receipt of federal capital or operating assistance; and

WHEREAS, Section 5311 Title 49 of the United States Code (formerly Section 18 of the Federal Transit Act (FTA) provides a formula grant program for public transportation projects in areas other than urbanized areas (49 U.S.C. Section 5311); and

WHEREAS, MTC has developed, in consultation with interested transportation providers, the FTA Section 5311 Nonurbanized Area Formula Program Funding Objectives and Criteria for the San Francisco Bay Area, attached hereto as Attachment A, and incorporated herein as though set forth at length; now, therefore, be it

RESOLVED, that MTC adopts the FTA Section 5311 Nonurbanized Area Formula Program Funding Objectives and Criteria for the San Francisco Bay Area as provided in Attachment A; and be it further

RESOLVED, that MTC will use these funding objectives and criteria to program MTC's regional apportionment of FTA Section 5311 Nonurbanized Area Formula Program funds; and be it further

RESOLVED, that the Executive Director of MTC shall forward a copy of this Resolution, and such other information as may be required, to such other agencies as may be appropriate.

METROPOLITAN TRANSPORTATION COMMISSION

Adrienne J. Tissier, Chair

The above resolution was entered into by the Metropolitan Transportation Commission at a regular meeting of the Commission held in Oakland, California, on November 16, 2011.

Date: November 16, 2011
W.I.: 1512
Referred By: PAC

Attachment A
Resolution No. 4036
Page 1 of 5

**FTA Section 5311 Nonurbanized Area Formula Program
Funding Objectives and Criteria
for the San Francisco Bay Area
Metropolitan Transportation Commission**

I. Funding Principles for the Section 5311 Program

The funding principles are intended to guide our funding decisions and establish the basis for developing the programming process. The funding principles for the Section 5311 program are as follows:

1. *Maintain existing needed transit services:* MTC dedicates capital and operating funds for essential projects and programs in an effort to maintain needed existing transit services.
2. *Provide a reliable, equitable and flexible program:* MTC will use a formula distribution system in an effort to provide a reliable and equitable level of funding to transit operators each year. Policy guidelines will accompany the formula in order to give operators flexibility in selecting projects that are consistent with regional priorities.
3. *Fund basic capital requirements:* MTC will require recipients to prioritize the replacement of capital equipment. If recipients request funds for operations, they will be required to submit documentation explaining why the funds are not needed for basic capital.
4. *Maintain a multi-year program of projects:* In order to foster planning it is important that MTC continue to program projects on a multi-year basis, within the constraints of available federal funding programs and subject to changes within those programs. Whenever possible, MTC will adopt a two-year program, with annual adjustments to constrain the program to the available revenues. Each year's program will only be added to the TIP when actual revenues are apportioned by Caltrans.
5. *Maintain Timely Use of Funds Policy:* The Caltrans policy requires that all FTA Section 5311 funds be obligated within two years of programming or the funds will be lost to the region. In order to avoid lost funds to the region, MTC reserves the right to only program funds to those agencies that have submitted their prior year's 5311 application and quarterly reports to Caltrans satisfactorily and in a timely manner.

II. Funding Formula, Policy Guidelines and Screening Criteria

A. Funding Formula

Funds will be distributed to transit operators according to each operator’s nonurbanized area population and nonurbanized area route miles. The formula will distribute half of the funds according to the nonurbanized area population served (i.e., according to the number of nonurbanized area residents that live within three-quarters of a mile of the operators’ transit stops) and the other half of the funds according to the number of route miles provided in the nonurbanized area. The table below shows the formula distribution. Population data for the proposed formula is based on the 2000 Census.

FTA Section 5311 Formula Distribution¹

Transit Operator	Non UA Population (2000) within 3/4-mile of transit stops		Non UA Route Miles		Combined Population and Route Miles Percentage
	Population	Percentage	Miles	Percentage	
AC Transit	23,057	9%	250	5%	7%
CCCTA	10,827	4%	70	1%	3%
LAVTA	8,028	3%	116	2%	3%
Marin County Total	16,401	7%	765	15%	11%
<i>Marin Transit (Local Service)</i>	9,722	4%	659	13%	8%
<i>West Marin Stagecoach</i>	6,679	3%	106	2%	2%
NCTPA	20,668	8%	831	17%	12%
Petaluma Transit	2,953	1%	10	0%	1%
SamTrans	22,412	9%	344	7%	8%
Santa Clara VTA	20,174	8%	307	6%	7%
Santa Rosa CityBus	4,143	2%	2	0%	1%
Solano Transportation Authority ²	44,090	18%	1075	21%	20%
Sonoma County Transit	55,337	22%	986	20%	21%
TriDelta Transit	15,623	6%	222	4%	5%
Union City Transit	2,673	1%	4	0%	1%
WestCAT	3,745	1%	45	1%	1%
Total	250,131	100%	5,026	100%	100%

¹ Note: This distribution does not include the proposed minimum award adjustments for FY2012 and FY2013.

² The Solano Transportation Authority amount is the sum of the Dixon, Fairfield and Suisun Transit, Rio Vista Delta Breeze, SolTrans (Vallejo Transit & Benicia Breeze), and Vacaville amounts. The Solano Transportation Authority (STA) will work with these operators to determine individual shares.

B. Policy Guidelines

The following policies will accompany the formula system:

1. *Capital Priority.* Recipients will be required to prioritize the replacement of capital equipment, with top priority for capital assets needed to maintain needed existing transit services. If recipients request funds for operations, they will be required to submit documentation explaining why the funds are not needed to maintain or replace capital equipment. Furthermore, if recipients request funds for operations expansions,

they will be required to submit documentation explaining why the funds are not needed to maintain existing transit operations.

2. *Project Justification Sheets.* MTC will program funds only to those operators who submit Section 5311 project justification sheets during the Call for Projects. The Section 5311 project justification sheets will contain basic project information, including project title, brief project description, project type, contact information, total project cost, local match amount and funding source, prior programming information (if the project is already included in the TIP), screening criteria, and, for operations requests, an explanation of why the funds are not needed for basic capital. If an operator does not want to participate in the 5311 program (e.g., if the operator's 5311 share is so small that the administrative effort required to apply for and report on the funds outweighs the benefits to the operator), then they will not submit Section 5311 project justification sheets, and MTC will not program any funds to that operator.
3. *Minimum award during a transition period.* During the first two years of the new formula-based policy, recent 5311 recipients (e.g., those who received funds in FY2007 through FY2011) will receive the following minimum awards:
 - (a) In the **FY2012** Grant Cycle, transit operators who received 5311 funds in FY2007 through FY2011 will receive no less than **80 percent** of their average award during the FY2007 through FY2011 period
 - (b) In the **FY2013** Grant Cycle, transit operators who received 5311 funds in FY2007 through FY2011 will receive no less than **40 percent** of their average award during the FY2007 through FY2011 period

C. Project Screening Criteria

The project screening criteria are intended to eliminate projects that do not meet minimum program standards. MTC will review each applicant's Project Justification Sheets to ensure that each project proposed for the Section 5311 program of projects meets the following criteria:

1. *Availability to the general public.* Section 5311- funded services may be designed to maximize use by members of the general public who are transportation disadvantaged persons, including elderly and disabled persons, however such services should be open to the general public, or part of an array of public transit services, such as ADA complementary services.
2. *Identified local match.* The applicant must identify a funding source for the minimum required local match. The minimum local match is 44.67% for operations projects, and 11.47% for capital projects.

3. *Identified and documented need for a project.* The need for a particular project must be adequately documented and justified on the Section 5311 project justification sheets (e.g., if an operator is requesting funds to replace a vehicle, the existing vehicle to be replaced must meet the asset replacement age). If the applicant prepares a Short Range Transit Plan (SRTP), the project should be identified and justified in the plan.
4. *Project readiness.* The applicant must be prepared to submit an application for the project and be ready to implement/construct the project in the year indicated in the program of projects. If funds for a project are not applied for in the year they are programmed, future programming of federal funds for that project and applicant could be jeopardized.
5. *Consistency with Regional Transportation Plan (RTP).* The applicant must confirm that the project is consistent with the region's Long Range Plan in effect at the time of the application.

III. Fund Programming and Project Review Process

The steps in developing the region's Section 5311 program of projects are outlined as follows.

MTC will issue a Call for Projects every two years, and will adopt a two-year program. MTC will make annual adjustments to constrain the program to the available revenues. Each year's program will only be added to the TIP when actual revenues are apportioned by Caltrans.

A. Call for Projects Year (first year of two-year program)

- MTC receives estimate of available Section 5311 funding for the first program year from Caltrans. MTC will estimate the amount of Section 5311 funding available for the second program year.
- MTC uses the funding formula to estimate the amount of Section 5311 funds available to each transit operator, based on the assumption that all eligible operators will submit proposed projects.
- MTC notifies all potential Section 5311 applicants of the amount of Section 5311 funds available, including fund estimates by transit operator, and requests that projects be proposed (in project justification sheets) for the program of projects.
- For each proposed project, applicants complete and submit Section 5311 Project Justification Sheets to MTC.
- MTC staff reviews proposed projects and develops a preliminary program of projects. If there are remaining Section 5311 funds (i.e., if some eligible operators did not submit Project Justification Sheets), MTC will use the funding formula to distribute the

remaining balance to the operators that proposed projects. MTC will confer with applicants to finalize the program of projects.

- The program of projects is presented to and considered by MTC's Programming and Allocations Committee.
- If approved by the Committee, the program of projects is presented to and considered by MTC's full Commission and upon approval is forwarded to Caltrans.
- When actual revenues are apportioned by Caltrans, MTC will make adjustments (if needed) to constrain the program to the available revenues and add the first year projects to the Transportation Improvement Program (TIP)

B. Adjustment year (second year of two-year program)

- MTC receives estimate of available Section 5311 funding for the second program year from Caltrans.
- MTC will make adjustments (if needed) to constrain the program to the available revenues. Staff will confer with operators if adjustments are needed.
- If there are changes to a project in the current program (e.g., scope of project, costs, etc.), a revised project justification sheet should be completed and sent to MTC.
- The revised program of projects is presented to and considered by MTC's Programming and Allocations Committee.
- The revised program of projects is presented to and considered by MTC's full Commission and upon approval is forwarded to Caltrans.
- MTC will add the second year projects to the Transportation Improvement Program (TIP).

In any year, operators are responsible for submitting their own applications to Caltrans. MTC will assist with the Regional Agency/Transportation Planning Agency (TPA) Certifications and Assurances as needed.