



Oregon

Theodore R. Kulongoski, Governor

March 06 PTAC Agenda Item C

January 25, 2006

To: Public Transportation Advisory Committee
Section 5311 Program Participants
Interested Parties

From: Sharon Peerenboom, Section 5311 Manager

Re: Proposed Section 5311 Allocations for Fiscal Year 2007

To plan for the next year's budget, transportation agencies need to know how much funding will be available early in their process. The Public Transit Division (PTD) is distributing its proposed Section 5311 allocations for Fiscal Year 2007 for review and comment.

Background:

PTD allocates Federal Transit Administration (FTA) Section 5311 funds to program participants through a formula. Current practice is to hold a modest new starts reserve and allocate the balance available as follows:

Each participant receives a base allocation of \$20,000. The rest of the money is allocated based on three factors:

- 50% of funds allocated based on each participant's service area population relative to the population served by all participants,
- 25% of funds allocated based on each participant's service miles relative to all participants' service miles, and
- 25% of funds allocated based on each participant's number of rides provided relative to the number of rides provided by all participants.

"Caps" and "floors" (i.e., limitations on increases and decreases) from the previous year's allocations were used to help increase stability and funding predictability.

Issue:

Passage of the Safe, Accountable, Flexible, and Efficient Transportation Equity Act - A Legacy for Users (SAFETEA-LU) significantly increased rural program funding. Consequently, the amount of grant funding available to Oregon's rural transportation providers in FY 2007 will more than double what was available in FY 2005.

The question is how to best distribute the funds in a prudent and accountable manner while maximizing the benefits of the increased funding levels. It seems

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desirable to minimize change in the short run while details of the SAFETEA-LU implementation plan are still being worked out.

The Proposed Model:

PTD evaluated several options for allocating the increased funding, and the recommendation follows.

For FY 2007, PTD proposes using the current model with adjustments to the “cap” and “floor.” That is, we would increase the base allocation or “floor” to \$50,000 and raise the “cap” on increases to a maximum of 225% of the FY 2006 allocation, with other allocation criteria unchanged.

This model is proposed for the following reasons:

- It minimizes change.
- It allocates the most money of the models considered.
- The largest number of participants (23 of 35) receive the highest allocation with this model.
- Increased funding is distributed both through the base amount (which favors smaller areas) and the formula’s three variables (which tends to favor areas delivering more rides).
- It leaves an adequate reserve for new starts.

Caveats:

The allocations calculated using the proposed model were done before the final Section 5311 apportionments were published in the Federal Register. Any difference between the estimate used to calculate allocations and the final apportionment will be adjusted when the final apportionment is known. Furthermore, the Oregon Transportation Commission has to approve this proposal.

Other Issues:

While the allocation method is the most pressing and important issue, there are five other important issues on which PTD needs input from the Public Transportation Advisory Committee (PTAC), program participants, and other stakeholders. They are as follows:

1. **Program Purpose** – A large funding increase provides a good opportunity for reflection. It makes sense to revisit what we are trying to accomplish. Are there programmatic changes that should be made to increase overall efficiency and effectiveness? To help in this, we will ask each subrecipient to tell us what they plan to do with this increase, and what difference it is likely to make to their system and community.

There are likely to be a lot of right answers, but we do need them. For example, some participants may add new routes, extend hours, or add days

of service. Other participants may need more money just to sustain existing services. The Division wants to be able to report the added value that increased funding has provided and demonstrate the return on the transit investment.

2. **Capital** - The formula allocations have previously been for operations only, on a yearly "use it or lose it" basis. PTD is considering allowing the option to use part of the formula allocations for capital purchases (at a 20% match rate). In this scenario, participants would need to decide up-front how the money would be divided.
3. **System Planning** - SAFETEA-LU grant decisions for most FTA-funded programs need to be preceded by a locally developed, coordinated plan. Although there is no such requirement for Section 5311, most program participants are involved in programs where planning is required, and it would be better to plan based on a systematic assessment of community needs rather than individual program requirements. The Division would like to see transit agencies play a major role in whatever transportation planning that takes place. This sort of planning could be funded with part of the Section 5311 allocation at a 20% nonfederal matching rate.
4. **Safety & Security Plans** – Several years ago, FTA came under pressure from Congress and safety agencies to impose safety and security requirements. The compromise resulted in a memo of understanding signed by FTA and major transit organizations that called for a voluntary program to implement best management practices (BMPs). The notion was that if a reasonably high level of voluntary compliance were attained, there would be no need for regulatory compulsion.

One of the best management practices adopted was a recommendation that every general public transit agency develop both a safety plan and a security plan. Good templates have been developed and posted on the Center for Urban Transportation Research web site (<http://www.cutr.usf.edu>).

Community Transportation Association of America and others offer training and consulting assistance in this area. It is not clear how much progress rural Oregon agencies have made in this area, but it makes sense to use some of the additional funding to implement safety and security BMPs. As a planning activity, this would be funded at the 20% nonfederal matching rate.

5. **National Transit Database (NTD) Reporting** - SAFETEA-LU imposes new data reporting requirements on rural program recipients. Details are still being worked out, but it appears that by September 30, 2006, all Section 5311 recipients will have to report 14 data elements for all Section 5311 sub-recipients for the fiscal year running from July 1, 2005 through June 30, 2006. SAFETEA-LU [49 USC 5311 (b) (4) (A)-(G)] requires the following seven data elements to be reported:

- a. Total annual revenue,

- b. Sources of revenue,
- c. Total annual operating costs,
- d. Total annual capital costs,
- e. Fleet size and type and related facilities,
- f. Revenue vehicle miles, and
- g. Ridership.

In a conference call with FTA Headquarters staff last week, we learned that FTA also plans to ask us to provide information on:

- h. Service area,
- i. Volunteer drivers,
- j. Personal vehicles in service,
- k. Federal, state and local capital funding,
- l. Annual vehicle hours,
- m. Major incidents, and
- n. Major injuries.

More information will follow as it becomes available.

Recommended Next Steps:

If significant issues regarding the proposed allocations are raised in the review of this proposal, they will be discussed at the next PTAC meeting in March and resolved as appropriate. If there is no substantial opposition to the proposal, it will be sent to the Oregon Transportation Commission for final approval.

Please contact me if you have any questions or comments about the proposed allocation model. My telephone number is (503)986-4414. My email address is Sharon.k.peerenboom@odot.state.or.us.

Anyone who has serious concerns about this proposal being implemented should contact me by February 24, 2006 so it can be added to the March PTAC agenda. Please include any relevant information so it can be shared with committee members and program participants prior to the meeting.

Conclusion:

We are very excited about the increased level of funding for the Section 5311 program and look forward to working with our partners to improve transportation services for Oregonians in small cities and rural areas.

Attachments: Allocation Key and Proposed Allocations