



Oregon

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Department of Transportation

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Date: July 14, 2008
To: Public Transportation Advisory Committee
From: Michael R. Ward, Public Transit Division Administrator
Subject: Agenda Item G; Discussion Topic: Discretionary Grant Program Options and Design

PTAC is asked to provide input on the following:

1. Comment on the recommendations pertaining to Grant Program Options (see middle of page 2 to top of page 3.)
2. Comment on the selection of Formula Factors and Fund Allocation Process (see lower page 3 to top of page 4.)
3. Comment on the recommendation regarding Flexible Use of the STF portion of the target (see middle of page 4.)
4. Comment on the proposed grant program design (see middle page 4 through top of page 6.)

Background: The Public Transit Division (PTD) Administrator, Michael Ward, requested that the Public Transit Division Advisory Committee (PTAC) provide PTD with guidance regarding the design of the Public Transit Division Discretionary Grant Program. The primary issue is that the current program is too complex and cumbersome for both the applicants and the division. The goal is to simplify the program. The PTAC recommended that the division identify a subcommittee composed of PTAC members and affected agencies to assist PTD to identify alternatives to the current program.

The PTAC discretionary grant subcommittee met several times in the past two months to evaluate and identify concepts that would improve and simplify the discretionary grant program.

The evaluation of the grant program occurred in several steps. The first step was to identify why PTD offers a discretionary grant programs, and the goals for improving the programs. These purposes and goals were reviewed by the PTAC at their May 2008 meeting.

Purpose of the grant programs:

1. Implement the Oregon Transportation Plan, and align the program to meet strategies of the Governor's Climate Change Initiative;
2. Support the network of transportation services;
3. Give flexibility to PTD to allocate funds to meet statewide goals, equity and preservation needs;

4. Meet Federal Transit Administration and State program purposes and guidelines;
5. Support transportation services for all Oregonians with an emphasis on people with low income, people with disabilities and older adults.

Goals for improving the grant programs:

1. Simplify program applications and processes;
2. Program supports provider/applicant needs, including consideration of local match issues;
3. Leverage local and STF discretionary funds for matching federal funds;
4. Preserve current services and infrastructure;
5. Support local decision-making and coordination efforts;
6. Ensure equity (including geographic distribution), and fairness;
7. Use objective criteria to rank project priorities; and
8. Stabilize fund expectations of providers.

Grant Program Options

1. After identification of the purpose and goals of the discretionary grant programs, the subcommittee reviewed three options:
 - a. Focus the discretionary grant program on the funding sources specific to special transportation: 5310, STF Discretionary, New Freedom and JARC. The Intercity, Mass Transit, TO, Innovation and Planning programs would be offered separately.
 - b. Divide all of the fund sources into their separate programs, and offer each program separately.
 - c. Keep the discretionary grant program as is, with modifications to streamline the application and provide additional information and support to the applicants.

Recommendation: The subcommittee recommended #1a. In this option,

- The “Coordinated Plans” will be used to assist in identifying and prioritizing projects.
- The STF Agencies will continue in their lead agency and coordinator roles to identify appropriate projects for all three programs.
- FTA 5310 and state Special Transportation Discretionary grant funds will be combined in a jointly-managed grant opportunity. The funds available include \$13 million of FTA 5310 and \$2.5 million of STF discretionary.

- The FTA New Freedom and Job Access & Reverse Commute programs will be offered concurrently as coordinated, but separately managed, grant opportunities.

2. After the basic construct of the grant program was identified, the subcommittee was asked to provide guidance as to the best method for identifying and selecting the projects for funding. They reviewed three options:

- a. Allocate all of the available 5310 and STF discretionary funds to the STF Agencies. The allocation is referred to as a “target.” Each target would be composed of 5310 and STF discretionary funds. (The majority of funds would be 5310.)

The funding target would be based on factors pertaining to seniors and people with disabilities. The projects would be documented in an application to PTD and, pending eligibility issues, PTD staff would approve projects that are eligible. Additional discretionary grant opportunities would be available from the New Freedom and JARC grant programs.

- b. In this option, which is similar to option a, allocate a portion of the 5310 and STF discretionary funds to each STF Agency, and PTD would retain a portion for a discretionary application process. High priority projects not eligible for funding from the target, or for which there are not enough funds, could be applied for from the discretionary program, or from New Freedom and JARC grant programs.
- c. Stay the same: the traditional application and review process.

Recommendation: The subcommittee recommended #2a.

Formula Factors and Fund Allocation Process

Factors: The subcommittee recommended that PTD consider using the following factors when creating a formula for allocating the 5310 and STF discretionary funds:

- Percentage of seniors in each STF area to the total statewide number of seniors;
- Percentage of people with disabilities in each STF area to the total statewide number of people with disabilities;
- Percentage of people reporting low income in each STF area to the total statewide number of people reporting low income;

Recommendation: The subcommittee recommends that only the factors for seniors and people with disabilities be used. They do not recommend the factor for poverty.

Fund allocation process: The subcommittee considered two options for distributing the funds to each STF Agency:

1. Each STF Agency would receive an amount of funds based on its share of the state's population **plus** an additional amount based on proportion of seniors and people with disabilities.
2. Each STF Agency would receive an equal amount of funds **plus** an additional amount based on proportion of seniors and people with disabilities.

Recommendation: The subcommittee recommends #1.

Flexible Use of Special Transportation Discretionary Funds

As a result of comments made by the subcommittee and as recommended by PTD staff, we recommend that the STF Agencies be allowed to use the STF discretionary portion of the target flexibly and without the limitations normally imposed by the federal funds.

Recommendation:

- The STF portion of the target would not require match, and
- Could be used as match for other federal transit grants, including Small City and Rural Area (rural general public §5311) formula awards.

Overview of Proposed Grant Program Design

The following is a brief description of the key points of the proposed grant program design.

Entry-level eligibility for funds: There will be pass-fail requirements to qualify for the target funds. STF Agencies would be eligible for the target allocation only if:

- 1) They have adopted the required Coordinated Plan and submitted the adopted plan to PTD, and
- 2) There is need for the funds, meaning that there is a financial need. STF Agencies with unobligated STF formula funds would be expected to use their funds first, before allocating projects to the target.

Applications: Although the funds would be allocated as a target for STF Agency decision, they are still discretionary funds. Applications for funding are required. The applications will be as similar as possible, with exceptions for the match and purpose, as appropriate to the programs.

Application review and approval: PTD will review all projects proposed for funding. The review criteria will include factors including PTD concurrence that a project is derived from the adopted coordinated plan, and that the project and applicant are eligible for funds. Eligibility will include past grant performance, availability of local match (as appropriate to the project) and other grant program criteria, including fiscal, operational and managerial capacity.

The PTAC will make final recommendations for funding.

Local Process: Once PTD determines that the STF Agency is eligible for the target allocation, the STF Agency would lead a process to identify the projects to be funded with the target.

- The STF Agency solicits for potential projects from providers in its STF area.
- The STF Advisory Committee, complemented by additional representation of people with low income and other individuals as necessary to ensure a well-rounded local review committee, will review the proposed projects in reference to the adopted Coordinated Plan.
- The projects will be ranked according to priority, and the target funds will be applied to the projects.
- Projects appropriate for New Freedom and JARC may be identified in this process, and set aside for application to those programs.
- STF Agencies will be encouraged to identify additional high priority projects for funding, pending additional funds becoming available during the grant period (July 1, 2009 through June 30, 2011.)
- The STF Agency will identify the projects to fund with the target and those which come forward to the New Freedom and JARC grant programs. Since each target will be composed of 5310 and STF discretionary funds, the STF Agency will be required to determine which source of funds to use for the selected projects.

Project eligibility and match: The majority of funds will be §5310. §5310 funds require local match.

Projects eligible to be funded with the 5310 portion of the target include:

- Vehicle replacement (89.73% federal share /10.27% local share)
- Expansion vehicles (89.73/10.27%)
- Preventive maintenance (89.73/10.27%)
- Mobility management (89.73/10.27%)
- Purchased Service (89.73/10.27%)
- Other capital, e.g., passenger shelters, computer equipment and associated software and installation (89.73/10.27%)
- 5310 Pilot Operations program (56.08/43.92%) (*NOTE PTD will be providing guidance on the use of funds for the pilot program, which has a statewide limitation of \$900,000.*)

STF discretionary does not require local match and may be used for any eligible purpose under the STF law and rule, including providing match for federal transit or other federal funds.

Program Schedule:

- July through December 2008: STF Agencies are updating their Coordinated Plans in anticipation of making application to the programs.
- August and September 2008: Preliminary information about the new program is distributed to the STF Agencies and other stakeholders via email and posted to PTD website.
- October 2008: Applications and program materials published.
- October through December 2008: Grant-related training and technical assistance offered throughout the state.
- February 13, 2009 (Friday): Grant applications due to PTD.
- April 2009 (tentative): Special PTAC meeting to review grant applications.
- May 2009: Final selection of projects published.
- May and June 2009: PTD distributes grant agreements.