



French Broad River  
Metropolitan Planning Organization

# Urban Transit Funding Formula Study

FBRMPO TCC Meeting

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# Background

- Asheville UZA – Includes Multiple Recipients of Section 5307 Funds
  - Designated recipient (City of Asheville) and MPO (FBRMPO) responsible for determining sub-allocation
- Sub-Allocation Process of Section 5307 Funds
  - Must be locally developed that best serve the needs of the region

# Transit Funding - Asheville UZA

- 2010 U.S. Census impacts on Transit Funding
  - The new urbanized area is eligible for slightly more FTA funding under S.5307
  - Simultaneously, as the urbanized area has grown and the areas considered rural have contracted, several counties are seeing a reduction in their S.5311 rural transit funds
  - Increase in size of the urbanized area – additional transit operators and their services eligible for S. 5307 funding
  - Increase in S. 5307 funding allocation is not large enough to meet these additional needs

# How Funds can be Used

- Projects
  - Planning, engineering design and evaluation of transit projects
  - Technical transportation-related studies
  - Capital investments in bus and bus-related activities
  - Construction of maintenance and passenger facilities
  - All preventive maintenance costs
  - Some Americans with Disabilities Act complementary paratransit service costs are considered capital costs
- Operating assistance
- Cannot be used for administrative costs

# Operating Assistance

- Operating Assistance Special Rule
  - FTA provides funding to eligible recipients for costs incurred in the operation of public transportation service
  - Operating expenses usually include costs such as driver salaries, fuel, and items having a useful life of less than one year
  - Eligible agencies may use program funds for operating assistance up to the amount published by FTA for a given fiscal year
  - Note - this amount might be less contingent upon if the locality contracts out service and/or maintenance (Capital Cost of Contracting)

# Main Decision Topics

1. Oversight of the Section 5307 Program and Approach of How the Sub-Allocation was Managed
2. Financial Allocation Model to Equitably Split the Section 5307 Funds
  - Elements of this process
    - Equitable
    - Defensible
    - Transparent

# Oversight and Sub-Allocation Management

- City of Asheville - designated recipient for the UZA
  - Direct Recipient
    - Continue with responsibility for complying with FTA regulations
    - Manage grants directly with FTA and manage the subrecipient(s)
  - Subrecipients – Buncombe, Haywood and Henderson Counties
    - Subrecipients agree to maintain sufficient legal, financial, technical and managerial capacity
    - Subrecipients submit a detailed schedule to the city for the project as described in their annual application
- Provides greatest flexibility to transfer funds regionally between local agencies

# Implications

- New sub-recipient agreements would be required between the CoA and subrecipients: Buncombe, Henderson and Haywood Counties
- Since Haywood Public Transit/Mountain Projects is a private non-profit, Haywood County would have to become a subrecipient
- A request to set aside Haywood's portion into JARC funding category for the first year so that a non-profit can apply
- Each public agency purchasing vehicles with Section 5307 funds would hold the title to those vehicles



# Financial Allocation Model Factors Explored

- Demographic Factors
  - Population
  - Population density
  - Employment
- Transit Service Supply Factors
  - Revenue hours
  - Revenue miles
- Transit Service Consumption Factors
  - Passenger trips
  - Passenger miles

# Endorsed Allocation Alternatives

## 1. Alternative 1: FTA S. 5307 Apportionment Formula

- Non-incentive bus portion tier – 90.8%
  - 50% apportioned based on bus revenue vehicle miles
  - 25% apportioned based on population
  - 25% apportioned based on population x population density
- Incentive bus portion tier – 9.2%
  - Bus passenger miles x bus passenger miles/operating cost

## 2. Alternative 9: FTA S. 5307 Apportionment Formula w/o Revenue Miles

- Non-incentive bus portion tier – 90.8%
  - 50% apportioned based on population
  - 50% apportioned based on population x population density
- Incentive bus portion tier – 9.2%
  - Bus passenger miles x bus passenger miles/operating cost

# Summary of Alternatives

- Asheville UZA FTA S.5307 Allocation Split Details
- Potential 3-Year Phase-In

**Alternative 1 - FTA Section 5307 Apportionment Formula\***

| Year     | City of Asheville/<br>Asheville Transit<br>Services | % of<br>Total | Buncombe County/<br>Mountain Mobility | % of<br>Total | Haywood County/<br>Mountain Projects | % of<br>Total | Henderson County/<br>Apple Country Public<br>Transit | % of<br>Total | Total Section<br>5307 Allocation |
|----------|---|---------------|---------------------------------------|---------------|--------------------------------------|---------------|--|---------------|----------------------------------|
| FY 2015  | \$1,932,059   | 83%           | \$0                                   | 0%            | \$0                                  | 0%            | \$400,192  | 17%           | \$2,332,251                      |
| 1st Year | \$1,593,107   | 68%           | \$252,827                             | 11%           | \$110,816                            | 5%            | \$385,391  | 16%           | \$2,342,141                      |
| 2nd Year | \$1,330,608   | 57%           | \$497,657                             | 21%           | \$143,285                            | 6%            | \$370,591  | 16%           | \$2,342,141                      |
| 3rd Year | \$1,068,110   | 46%           | \$742,487                             | 32%           | \$175,754                            | 8%            | \$355,790  | 15%           | \$2,342,141                      |

\*10% set-aside funds for JARC.

**Alternative 9 - FTA Section 5307 Apportionment Formula without Revenue Miles\***

| Year     | City of Asheville/<br>Asheville Transit<br>Services | % of<br>Total | Buncombe County/<br>Mountain Mobility | % of<br>Total | Haywood County/<br>Mountain Projects | % of<br>Total | Henderson County/<br>Apple Country Public<br>Transit | % of<br>Total | Total Section<br>5307 Allocation |
|----------|---|---------------|---------------------------------------|---------------|--------------------------------------|---------------|--|---------------|----------------------------------|
| FY 2015  | \$1,932,059   | 83%           | \$0                                   | 0%            | \$0                                  | 0%            | \$400,192  | 17%           | \$2,332,251                      |
| 1st Year | \$1,560,783   | 67%           | \$228,556                             | 10%           | \$126,695                            | 5%            | \$426,107  | 18%           | \$2,342,141                      |
| 2nd Year | \$1,279,640   | 55%           | \$449,454                             | 19%           | \$161,023                            | 7%            | \$452,023  | 19%           | \$2,342,141                      |
| 3rd Year | \$998,500   | 43%           | \$670,352                             | 29%           | \$195,350                            | 8%            | \$477,939  | 20%           | \$2,342,141                      |

\*10% set-aside funds for JARC.

# Considerations/Data Assumptions

- Three year phase-in for FY 2018, 2019 and 2020
  - Applied to FTA apportionment amounts for FY2016, FY2017, & FY2018
- Retain 10% JARC set-aside
- Formula inputs that are variable
  - Utilize NTD Data (form FFA-10) or other agreed upon methodology
  - To be applied starting in FY 2021 (FTA apportionment FY 2019)
- Haywood County Allocation
  - Initially a JARC set-aside, right of first refusal in applying for this portion of JARC funding
- Regional allocation formula – reconsidered after the next Census