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TRAC - October 13, 2017

DATE: October 19, 2017
TO: Transportation Commission
FROM: Mark Imhoff, Director; Division of Transit & Rail
SUBJECT: Reprogramming of Annual Transit Funds

Purpose

The purpose of this memo is to present the Transportation Commission with the recommended framework for reprogramming the annual stream of transit funds to better meet the transit needs across Colorado. CDOT currently programs nearly all of the FASTER Transit funds for capital grants, but operating is also an eligible expenditure. When one-time funds like SB 228 and SB 267 come in, they are only appropriate for capital expenditures, but what transit organizations really need is additional operating assistance. The purpose of this discussion is to determine if a shifting of some FASTER Transit funds from capital to operating would best serve the needs of Colorado Transit agencies.

Action Requested

No Action. Framework for discussion with the Transportation Commission. If acceptable, without or with modification, action will be scheduled for November.

Background

Annually CDOT receives multiple FTA formula grants and state FASTER funds, and periodically is allocated additional state funds for limited periods. The current CDOT transit program is established to methodically distribute the consistent, sustainable annual FTA and FASTER funding streams. When additional funding becomes available (e.g. SB 228 and SB 267) those funds have historically been allocated separately.

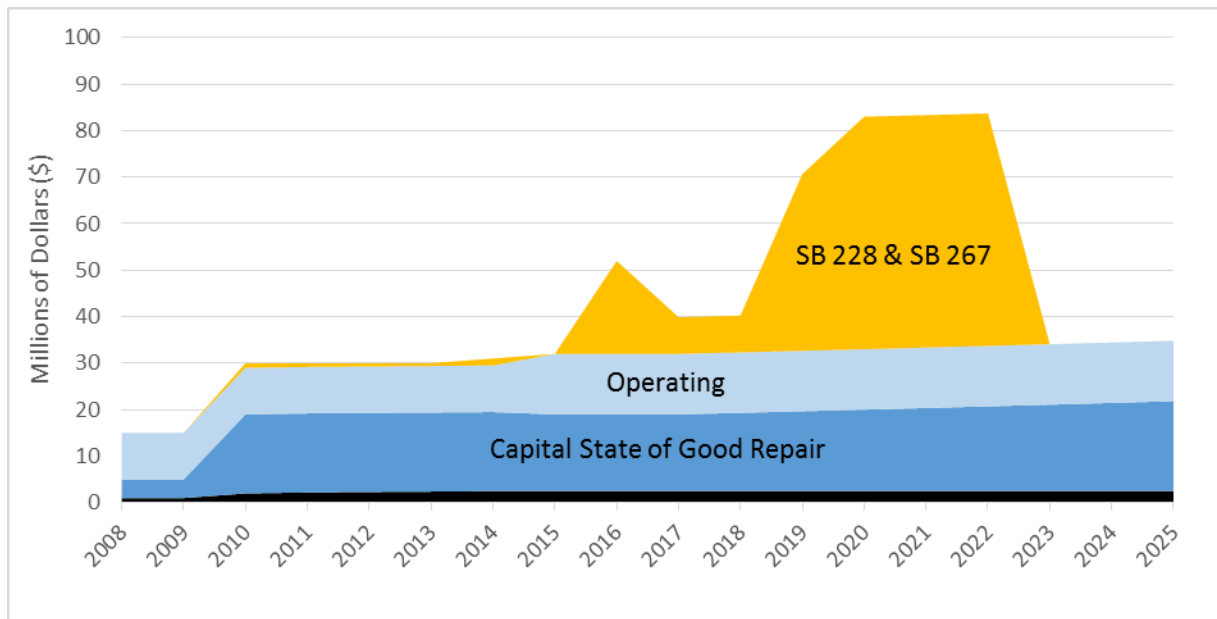
Rural transit systems are in need of additional transit operating funds in order to provide the services required to meet their individual demands. This is particularly true in very rural parts of the state where human service transportation needs are growing and local match funds are scarce. Currently FASTER funds amount to less than 1% of the combined statewide rural transit operating costs; the national average is 23% coming from state funds. The 5311 Redistribution process reemphasized the need for additional rural operating funds, and stimulated a lively debate over the benefits, needs and uses of operating funds by competing transit systems.

Figure 1 below depicts the annual flow of transit funds and the general uses; rural operating (FTA), rural capital state of good repair (FTA and FASTER), urban and rural capital expansion (SB 228 and SB 267), and administration (FTA and FASTER). Rural operating funding basically has been flat, with minimal increases year to year that do not keep pace with either inflation or increasing operating costs. The FASTER Transit program greatly enhanced the rural capital transit state-of-good-repair, and to date has not been utilized for rural transit operations. As shown, the influxes of short term funding from SB 228 and SB 267 bring surges of expansion funding to the program, but are not consistent and sustainable, so not suitable for rural operations. The dilemma this picture portrays is that



rural transit systems are sized to deliver the service consistent with their annual operating funding, and without additional operating funding they cannot put expansion funds to good use.

Figure 1: Existing Transit Funds & Uses



At the July, 2017 T&I Committee meeting staff suggested a fresh look at the overall CDOT approach to the distribution of transit funds, and the Committee asked for a deeper dive. Figure 2 below depicts the Transit Reprogramming Framework that is being recommended. It reallocates FASTER Local funds annually for rural transit operations, and back-fills the rural capital state of good repair funding flow from periodic funding pools like SB 228 and SB 267. This programmatic approach increases rural transit operating funding by 25% and increases the state’s contribution to 3% of the combined rural transit operating costs, maintains rural transit capital state-of-good-repair, and provides a platform to utilize transit expansion funds (like SB 267) for significant projects, both urban and rural. The framework of this scenario is further explained below.

Details

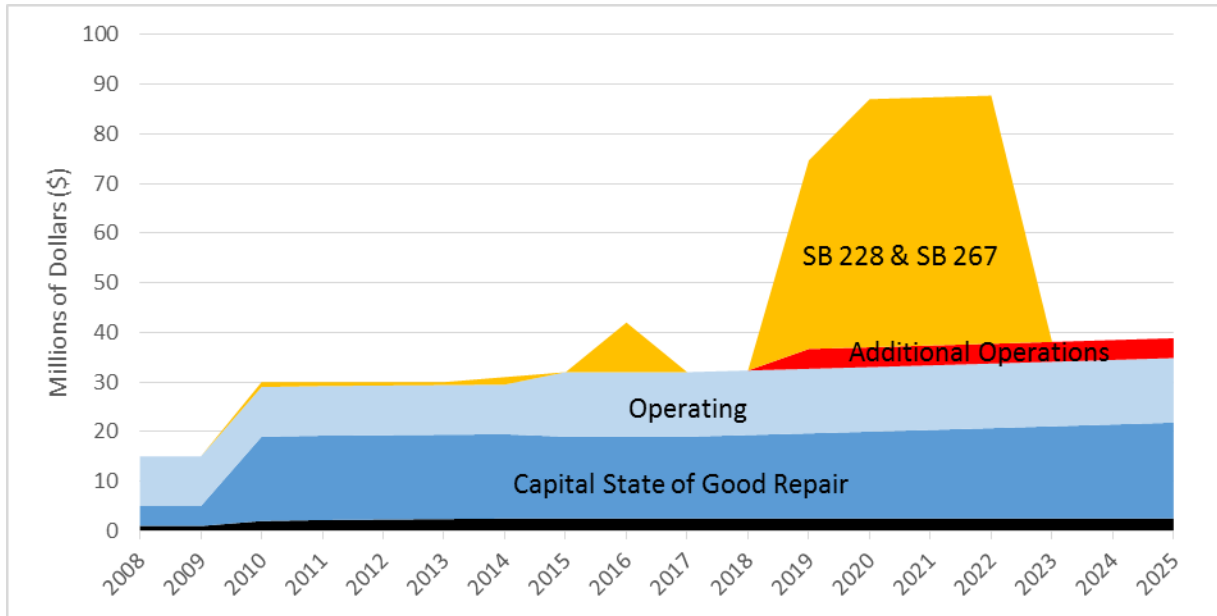
At the September T&I Committee meeting staff presented a Reprogramming Framework including the recommended uses of the reprogrammed funds. Productive discussion followed, and there was general concurrence with the Framework. The T&I Committee requested that the Framework be presented to the full TC at an October Workshop. The elements of the Framework for consideration are as follows:

- Utilize sustainable funding sources, FTA and FASTER, for transit operation needs/purposes. And utilize the remainder of the FTA and FASTER for capital needs/purposes, supplemented by one-time or periodic funding sources (e.g. SB 228, SB 267, FTA 5339 Discretionary, VW Settlement, etc.).
- Allocate \$2.0M/year of the FASTER Local funding pool to local transit operations. This increases the 5311 operating pool by 25% (\$8M/year to \$10M/year), and provides flexibility to supplement the most rural communities that rely on demand response service to meet their human service



transportation needs. The 5311 distribution methodology for CY 2019 and beyond will be reassessed by the TC in early 2018, and with the Reprogramming Framework, the increased funding will be included.

Figure 2: Potential Reprogramming of Transit Funds & Uses



- Allocate \$10.0M of the SB 228 Years 2 & 3 (\$6.5M from FY 2018, and \$3.5M from FY 2019) to a Local Capital Account to be spent at a rate of \$2.0M/year for five years (FY 2019 - FY 2023). The Local Capital Account replaces the \$2.0M/year being reprogrammed to local transit operations for five years.
- Establish a TC policy to prioritize future one-time or periodic state transit funding sources to supplement the Local Transit Account beyond FY 2023. The SB 228 \$10M would serve as “seed” money for the Local Transit Account.
- Allocate \$1.5M/year of the FASTER Statewide funding pool to fund operations of an expanded rural regional system. The expanded rural regional system would include Bustang Outrider fixed routes, and assistance to other entities to supplement their regional needs. The expanded rural regional system is conceptual at this time. Approval of the Reprogramming Framework will initiate discussions with local entities around the state to better understand needs, and ultimately a recommended set of rural regional uses within the \$1.5M/year allotment. Summer 2018 is targeted for a recommendation to the TC for the expanded rural regional system. In many instances buses would need to be purchased to prepare for a summer 2019 launch of service.
- Allocate \$0.5M/year of the FASTER Statewide funding pool for expanded Bustang operations. The current Bustang allocation is \$3.0M/year which is augmented with fare box revenues to fund the



existing operations. The current budget funds the Bustang basic service on the North, South and West Routes; weekend service on all three routes; Bustang to Broncos; CSU Rams Route; West Route Seasonal service; and the upcoming daily Grand Junction to Denver service. The additional \$0.5M/year would supplement the existing service and cover operating needs associated with new Park & Rides along I-25 in Longmont and Castle Rock.

- Utilize SB 267 transit funds for strategic statewide or regional transit facility projects, including a shift of planned SB 228 Park & Rides to SB 267 (Idaho Springs, Castle Rock and Longmont).
- As part of the transit fund reprogramming, approve the SB 228 Year 2 projects:
 - \$6.5M - Local Capital Account.
 - \$2.4M - four 45 foot MCI buses at \$600K/bus.
 - \$1.0M - local match pledge for SWC Tiger 9 application.

The Transit Funds Reprogramming Framework outlined above has a number of new or modified policy implications that will be the basis for a November TC action/resolution:

- Manage and administer all transit funds collectively as a program; utilize funding sources as a part of the whole, not individually. This implies that no entity is entitled to a specific portion of any one funding source, but rather funded fairly and equitably out of the overall program.
- Prioritize transit operations from sustainable funding sources; i.e. FTA and FASTER. Transit systems must have a steady, continuous and sustainable source of operating funds; federal, state and/or local. This allows for transit service that the public can rely on.
- Prioritize a Local Capital Account contribution from one-time or periodic funding sources (e.g. SB 228 and SB 267), and maintain the TC policy of priority to state-of-good-repair for local bus replacements. While the funding flow to the bus replacement schedule is important, it is not as critical as that for transit operations, however gaps in funding become problematic after a couple years. The shift of FASTER Local pool funds from local capital projects (largely bus replacements) to operations creates a risk that the replacement schedule could go unfunded for a period that could impact the state-of-good-repair of the statewide bus fleet. Therefore, a policy to prioritize future one-time or periodic state transit funds is recommended.
- Continue CDOT funding control of the rural regional transit system to ensure that service is not interrupted or terminated for lack of local funding constraints. However, the operation of the service is best provided by the local entities when possible. CDOT/local entity partnerships will continue to be an important cornerstone of the rural regional development and deployment.
- Maintain the Bustang and Bustang Outrider brand for the associated fixed route service network, allowing comprehensive marketing, trip planning and ticket purchases; one web site for all. Where appropriate and determined through the development phase, certain communities and areas of the state may have their regional needs better served by locally operated demand response funding assistance.
- Ensure fair and equitable use and distribution of transit funds for rural and urban (small and large) communities. The Transit Funds Reprogramming Framework is geared to better utilization of available funds in rural communities, and most of the FTA funding administered by CDOT is specified for rural areas. However, state funds (FASTER, SB 228 and SB 267) include all areas, rural and urban (small and large) communities, and the urban areas need to be equitably represented



in the Reprogramming Framework. Urban communities can only receive funds for capital projects; not operations.

Next Steps

- If acceptable, without or with modifications, seek approval of the Transit Reprogramming Framework at the November TC meeting. This allows staff to:
 - Continue working with the 5311 Subcommittee on the 2019 distribution of operating funds including the \$2.0M/year increase; TC approval needed in early 2018.
 - Award the FY 2019 projects from the current capital call for projects utilizing \$2.0M of the SB 228 funded Local Capital Account.
 - Begin outreach and development of the rural regional expanded service plan, Outrider and local assistance, to utilize \$1.5M/year of FASTER Statewide funds; TC approval needed in summer 2018.
- A companion TC action will be sought in November to approve the SB 228 Year 2 projects; a September T&I memo provides details on these projects:
 - \$6.5M - Local Capital Account.
 - \$2.4M - four 45 foot MCI buses at \$600K/bus.
 - \$1.0M - local match pledge for SWC Tiger 9 application.

Attachments

- Presentation





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Reprogramming Transit Funds – Why?

- 5311 process brought focus to divergent transit needs
 - Mountain versus Resort versus More Rural Communities
 - Demand Response versus Fixed Route Transit Systems
 - Local abilities to fund transit needs
- What is Fair and Equitable?
 - Consensus that Human Service trips have top priority
 - Service Sector employee commute trips important
 - Congestion reduction important
- More Operating Funds Needed
 - Must be sustainable
 - FTA funding increases not keeping pace with operating costs
 - Nat'l Ave State Funding 23% / Colorado 1%
 - Minimum Wage to exacerbate problem

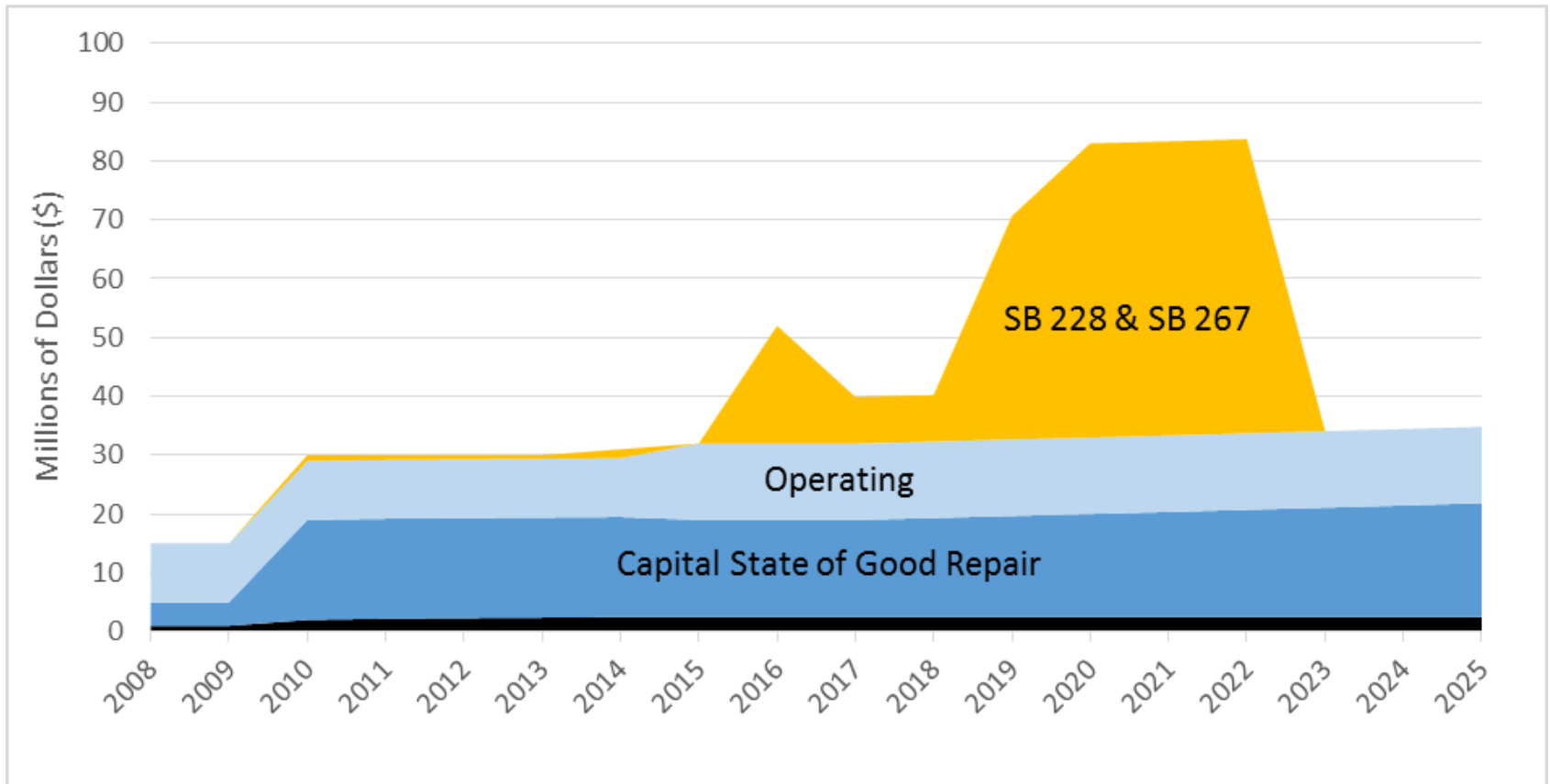


Reprogramming Transit Funds – Why?

- Rural Transit Funding Stream
 - Sustainable – FTA & FASTER Transit
 - Periodic – e.g. SB 228 & SB 267
- Current Annual Uses
 - Operating – FTA funds
 - Capital – FTA and FASTER Transit
- Reprogrammed Annual Uses
 - Operating – FTA and *FASTER Transit*
 - Capital – FTA, FASTER Transit and *SB 228 Local Capital Acct*



Existing Funds & Uses





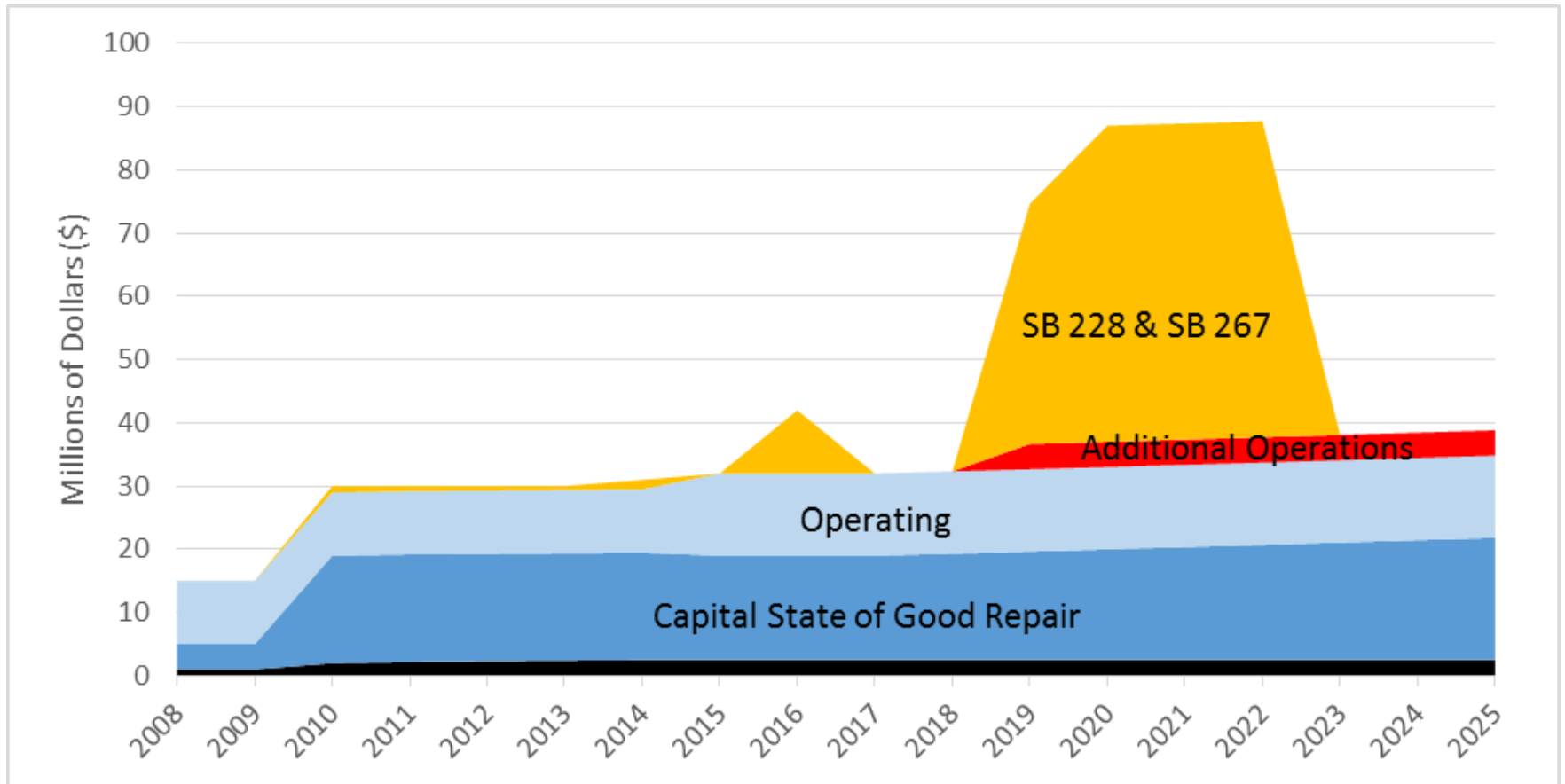
Reprogramming Transit Funds

- Framework Elements

- Utilize sustainable FASTER Transit for operating funds
 - Use FASTER Local funds to increase Local Operating Pool
 - \$2.0M/year, 25% increase to local operating pool
 - Reduces local match, emphasis on most rural communities
 - Use FASTER Statewide funds to increase Interregional and Rural Reg Pools
 - \$0.5M/year for Bustang, 16% increase for service expansion
 - \$1.5M/year for Outrider, 88% increase for new routes or local assistance
- Utilize periodic State funds to backfill capital needs
 - Use SB 228 funds for Local Capital Pool
 - \$10.0M at \$2.0M/year for 5 years
 - Use SB 267 funds for larger facilities
 - Park and Rides, transit centers, maintenance facilities, BRT facilities, etc
 - Commit future periodic State funds to Local Capital Pool



Figure 2: Possible Reprogramming of Funds and Uses





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Reprogramming Transit Funds

New/Revised Policies

- ❖ *Manage and administer all transit funds collectively as a program.*
- ❖ *Prioritize transit operations from sustainable funding sources.*
- ❖ *Prioritize a Local Capital Account contribution from one-time/periodic funding sources.*
- ❖ *Continue CDOT funding control of rural regional system.*
- ❖ *Maintain Bustang and Outrider brand.*
- ❖ *Ensure fair and equitable distribution of transit funds for rural and urban (small and large) communities.*



Associated SB 228/267 Uses

- Longmont (SH 119) Park & Ride
 - SB 228 Year 2 >>> SB 267
- Castle Rock Park & Ride
 - SB 228 Year 2 >>> SB 267
- Idaho Springs Transit Center
 - SB 228 Year 2 >>> SB 267
- SB 228 Year 2 Recommended Projects – *November 2017 TC Action*
 - \$6.5M – Local Capital Account
 - \$2.4M – Four 45 foot MCI buses @ \$600K/bus
 - \$1.0M – Local match pledge for SWC Tiger 9 application.
- SB 228 Year 3 Planned Projects – *Summer 2018 TC Action*
 - \$3.5M – Local Capital Account
 - \$2.4M – Four 45 foot MCI buses @ \$600K/bus
 - \$2.0M – Up to five 35 foot buses @ \$400K/bus



Bustang Service Planning

- **Bustang 2018 Service Expansion – *Current Operating Funds***
 - West Route - “Seasonal” Extra (Dec 15 – Easter)
 - One new MCI bus – SB 228 Year 2
 - West Route - Grand Junction to DUS (Summer 2018)
 - One new MCI bus – SB 228 Year 2
 - South Route – Amtrak “Through Service” DUS to Raton, NM (Summer 2018)
 - One new MCI bus – Sb 228 Year 2
- **Bustang 2019 Planned Exp – *Reprogrammed Operating Funds***
 - North Route – Additional runs to/from Longmont Park & Ride
 - One new MCI bus – SB 228 Year 3
 - South Route – Additional runs to/from Castle Rock Park & Ride
 - Two new MCI buses – SB 228 Year 3
 - Additional Spare (maintain 25% spare ratio)
 - One new MCI bus – SB 228 Year 3



Rural Regional Service Planning

- **Outrider 2018 Reconfiguration – *Current 5311(f) Funds***
 - Lamar to Pueblo (January 2018)
 - Begin with a leased bus
 - Two new 35 foot buses (upon delivery) - SB 228 Year 1
 - Alamosa to Pueblo (Summer 2018)
 - One new 35 foot bus – SB 228 Year 1
 - Gunnison to Denver (Summer 2018)
 - One new 35 foot bus – SB 228 Year 1
 - One new MCI 45 foot bus – SB 228 Year 2
 - Durango to Grand Junction (On-Going)
 - Two new 35 foot buses (upon delivery) – SB 228 Year 1
- **Rural Regional 2019 Service Planning - *Reprogrammed Funds***
 - Community outreach to determine local needs (Now – Spring 2018)
 - Outrider fixed routes and local operating assistance
 - 2019 Service Plan for TC Approval (Summer 2018)
 - Up to five 35 foot buses – SB 228 Year 3



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Questions & Answers