



COLORADO
Department of Transportation
Division of Transit & Rail

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TO: Transit & Rail Advisory Committee

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SUBJECT: 5311 Rural Operating and Administrative Baseline Funding Methodology (Blue Skies) for 2023 -2028

Purpose

This memo outlines a new approach to the FTA 5311 Rural Admin and Operating distribution, by creating a five year baseline funding methodology.

Action

The memo seeks TRAC comments and feedback in preparation for a Transportation Commission Workshop in February 2022.

Background

- In 2016, DTR began a two year effort to create a 5311 operating assistance redistribution formula methodology with TRAC and a newly formed 5311 methodology subcommittee of TRAC.
- In 2017, DTR and the TRAC subcommittee reached consensus on a new distribution methodology.
- On 4/20/2017, TC approved the methodology, based on agency size and equity considerations, for 2018 5311 operating funds distribution.
- On 3/3/2018, TC approved a 5-year transition plan which covers 2019 to 2023 based on the formula methodology. The transition plan allows local agencies to adjust to their increased or decreased funding level through a six-year period (1+5 years, 2018 to 2023).
- Since then, DTR has followed the formula from 2019 to 2022 and allocated the funds to Colorado 5311 operators accordingly. No major issues related to the new methodology were reported by 5311 operators in the past years, except for a protest from the City of Durango due to the formula creating a significant budget cut, resulting in a significant cut in service. Over the past years, 6 new agencies have applied and were awarded with limited operating funds.

Details

- DTR is in the process of preparing the 2023 Call for projects which is expected to be released in late April 2022. During this process.

- The intention of the “Blue Skies” scenario is to ensure baseline funding for existing transit agencies, to retain funding to allow for strategic transit service enhancements to be funded, and to allow available funding for new agencies to enter the 5311 program.
- To prepare this scenario, DTR Staff interviewed 5311 operators who anticipated a significant increase or decrease in funding in 2023 based on the original formula.
- Staff conducted a 5 year fiscal analysis to ensure funding levels of the “Blue Skies” scenario could be met. The 5 year financial analysis includes the following assumptions:
 - o 20% increase on 2022 5311 apportionment and 2% annual increases for the next following years. (Awaiting FTA apportionment)
 - o Roll forward \$6 millions State Admin funds from CARES Act for the next 5 years, \$1.2 million each year.
 - o Retain \$7 million from 2022 5311 funds for the next 5 years’ capital needs, distributing \$1.4 million each year.

Recommendation

- The DTR staff proposes and recommends the following formula modification (Blue Skies Scenario) to 5311 annual distributions:
 - o Agencies expecting an award increase will receive the full anticipated amount.
 - o Agencies expecting an award decrease will hold steady at 2022 funding levels.
 - o Total operating and admin awards to existing transit agencies in the Blue Skies scenario will result in an 8% increase over 2022 (Year 5) formula funding levels. **Attachment 1**
 - o Over the next 5 years a 2% annual increase will be applied to operating allocations.
- DTR Staff will begin evaluating this scenario and the baseline funding levels in 2024.
- 2024-2027 DTR Staff will work with transit agencies to evaluate the effectiveness of the baseline funding levels and any necessary changes that will be necessary in the next update.
- DTR Staff will bring any necessary changes to the methodology to the Transportation Commission for years 2028-2032 in 2027.

Benefits

- The proposed Blue Skies scenario and five-year financial plan provide sustainable funding levels to maintain this scenario over the next five years, moreover this scenario also provides available funds necessary to fund new agencies, expand existing services and to meet a state of good repair.
- The establishment of baseline funding will streamline the annual call for projects. Existing 5311 agencies will not be required to submit a full application. Instead, they will only need to update agency information and certify the services and programs they provide with 5311 funding. This new process will streamline the awarding and contracting process and provide additional time to be given to new agencies or existing agencies seeking expansion.

Next Steps

- Seek feedback from TRAC in January 2022 on this scenario.
- Take to the Transportation Commission for a workshop in February/March 2022.
- Seek Transportation Commission approval from the Transportation Commission in March/April 2022.
- Release the 2023 Call for Projects in late April/early May.
- Execute 5311 Operating contracts prior to January 1, 2023.