

MEMORANDUM

DEPARTMENT OF TRANSPORTATION

Division of Transit and Rail
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TO: Transportation Commission

FROM: Mark Imhoff, Director, Division of Transit & Rail

DATE: September 28, 2012

RE: FTA Transit Grant Loan Request

The purpose of this memo is to provide background and justification for the Budget Supplement request for a Transportation Commission loan to cover FTA grant contracts.

Recommendation DTR is requesting a loan of \$13.442 million to cover the Federal FY 2013 FTA Transit Grant Programs that will be administered by CDOT. The loan will be paid back once funds are appropriated by Congress.

Background For a number of years DTR has requested and received a loan from the Commission, via Supplemental Budget request, to allow the execution of annual calendar year operating contracts with local recipients of FTA funds in a timely fashion. Local agencies need these funds for day-to-day operations of their transit programs. The funds are awarded on a calendar year basis. In order to execute a contract, DTR must have the funds in hand to cover that contract. In recent years the federal government has not appropriated funds before the onset of the federal fiscal year on October 1, and has not appropriated funds for the entire fiscal year until late in the fiscal year. Instead it has passed numerous continuing resolutions that provide funding in small increments--not enough with which to enable DTR to execute annual contracts. The loan enables DTR contracts to be executed in a timely fashion, in December, prior to the calendar year. DTR has always fully repaid its loans once full appropriations were made.

In the past DTR has only requested a loan to cover local recipients' operating expenses. Now the request includes capital grants in order to allow local recipients to proceed with ordering equipment and avoid the higher costs associated with bidding much later. Furthermore, DTR is consolidating available capital funding from both FASTER and the FTA programs to better manage and most efficiently allocate capital needs to the appropriate funding source. It is cumbersome and time consuming to solicit applications, review, recommend, and award separately for each program. DTR is streamlining (and improving customer/local entity satisfaction) by having only one application per year. DTR will select and fund capital requests based on the most appropriate funding source. To really make this

work FTA funds need to be available, overcoming the unpredictable federal appropriations process. In addition, the LEAN process improvement initiative DTR embarked upon over the last year identified a TC loan for FTA capital projects as a high priority.

FY 2013 Request DTR is requesting a loan of \$13.442 million. A six-month spending bill has been approved by the federal government, so half of the loan can be paid back early in calendar 2013, after FTA apportionments to the states are made, grants are approved, and funds are budgeted by CDOT.

The request for FY 2013 is higher than the FY 2012 loan amount of \$5.4M for the following reasons:

- The addition of FTA capital grant programs to the request, as described above.
- In FY 2012, DTR made a concerted effort to obligate unspent funds from older FTA grants that were available. Utilizing the old funds in contracts enabled DTR to request less in a loan. Those old funds have now been spent down and are unavailable.
- MAP-21 increased the state pool for rural operating and capital grants (Section 5311) by over 24%, based mostly on a new provision that benefits states like Colorado that have high rural ridership.
- MAP-21 created a new Section 5339 formula capital program for rural areas and requires the states to administer it.

The loan request is based on the following projected awards to CDOT:

	Estimated award to State	Awards for operating expenses	Awards for capital expenses	Retained for State Admin.	TC loan request amount
FTA Program					
Section 5310	\$ 1,179,827	\$ 530,000	\$ 549,827	\$ 100,000	\$ 1,079,827
Section 5311	\$11,388,424	\$ 8,825,000	\$ 2,287,173	\$ 276,251	\$ 11,112,173
Section 5339	\$ 1,250,000	\$ -	\$ 1,250,000	\$ -	\$ 1,250,000
	\$13,818,251	\$ 9,355,000	\$ 4,087,000	\$ 376,251	\$ 13,442,000

Note: DTR is not requesting that the loan cover State Administration expenses; existing funds will be used.