



**COLORADO**  
Department of Transportation  
Division of Transit & Rail

4201 E. Arkansas Ave., Rm. 227  
Denver, CO 80222

**DATE:** March 15, 2017

**TO:** Transportation Commission

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

**SUBJECT:** Update on Section 5311 Program Funds

Purpose

The purpose of this memo is to describe the recommended methodology that CDOT will use to distribute the FTA Section 5311 program operating funds to rural transit providers for CY 2018.

Action

March Workshop in preparation for an April resolution to approve the recommended FTA Section 5311 operating funds distribution methodology for CY 2018.

Background

Section 5311 funds are an important source of funds allocated, currently, to thirty rural general public transportation agencies across the state. The funds are used primarily for annual transit operations, and limited capital projects. In response to an increasing demand for federal operating funds, CDOT staff formed a 5311 Subcommittee of the Transit & Rail Advisory Committee (TRAC) in October 2016 to assist in creating a new methodology for distributing Section 5311 operating funds. The Subcommittee consists of ten members from around the state and is chaired by the co-executive director of the Colorado Association of Transit Agencies (CASTA); roster provided in Attachment A.

**CDOT staff and the Subcommittee have reached consensus** on how to distribute the 5311 operating funds for CY 2018. The new methodology meets the policy guidelines established by CDOT, and reviewed with the TC at the September Transit Overview Workshop: 1) fair and equitable; 2) available to all eligible providers; 3) stable; 4) transparent; and 5) performance based. CDOT needs to have the new funding distribution methodology finalized to ensure local agency contract execution by January 1, 2018: call for projects; application period; review evaluate and award; contract preparation and execution.

Details

The recommended methodology is detailed below:

- **Categorize Agencies by Size:** CDOT will use a categorization framework as a way to determine appropriate levels of funding for each type of agency. Each agency will be assigned to one of five categories (see table below) based on a combination of four factors: vehicle miles, vehicle hours, ridership, and budget size of agency.
- **Percentage of Budget:** Each category will be assigned a budget factor which is multiplied by the operating budget of each agency within the category to determine the grant level. The table below shows the five categories and their associated budget factors. As shown in the table, agencies in the Very Small category will receive a grant equal to 50 percent of their operating budget, while agencies in the Very Large category will receive a grant equal to 4 percent of their budget.



Category	Budget Factor
Very Small	50%
Small	41%
Medium	22%
Large	15%
Very Large	4%

- CDOT will identify several agencies that will be “held harmless” and not be negatively affected by changing funding levels. These agencies serve areas with a high level of low-income population or other extenuating circumstances such as very low levels of service and covering a large area. Because they are so small, these accommodations have little effect on other agencies.
- Transition Plan: Transit agencies that will be affected by the new methodology have requested several years to adjust to the new funding levels associated with the methodology. This applies to all agencies, regardless of whether their funding levels will go up or down. The consensus of the Subcommittee is to incorporate a transition plan that will phase in the funding changes over five years.

The new methodology reflects the guiding principles identified at the outset of the effort. CDOT staff, CASTA and the Subcommittee believe the methodology to be fair and equitable, the budget factors can be adjusted to reflect new transit agencies or changing levels of federal funding, the new methodology is simple and provides transparency in making grants, and the new methodology will provide a stable funding base for all agencies. The Subcommittee struggled to identify performance measures that could be fairly applied to all agencies. An extensive evaluation was performed with the conclusion that all agencies receiving funds exhibit good performance, and adding additional performance measures complicated the methodology with minimal or no impact on the funding distribution. CDOT will continue to expect good performance from its grant partners and will provide technical assistance to agencies not meeting a certain level of productivity or efficiency. CDOT staff will continue to examine refinements to the methodology as future planning efforts identify opportunities to include performance measures.

The Subcommittee will continue to meet over the summer to monitor the process, and to address a few outstanding items needed to confirm (or modify) the distribution methodology for future years. The Subcommittee will also evaluate the distribution methodology of a companion program, FTA Section 5310, which provides transportation services for seniors and individuals with disabilities. Section 5310 is primarily a capital program with an established distribution methodology, however, it is a companion program to 5311 and deserves a fresh assessment, including the interface with the 5311 program.

#### Next Steps

- Present distribution methodology to the TRAC and seek their recommendation - March 17.
- Present distribution methodology to the STAC and seek their recommendation - March 24.
- Recommended distribution methodology approval by TC - April 20; (discussion at T&I Committee Quarterly meeting if desired).
- CDOT to release CY 2018 FTA Section 5311 Operating Call for Projects - late April.
- Subcommittee to meet over the summer to address outstanding items. Any material modifications or additions will come back to the TC for consideration.
- Execute contracts for CY 2018 operations.

#### Attachment

Attachment A: TRAC Subcommittee Roster



Attachment A: 5311 Distribution Methodology - TRAC Subcommittee Members

Ann Rajewski - Subcommittee Chair; TRAC Chair; and Co-Executive Director of the Colorado Association of Transit Agencies (CASTA)

Will Jones - TRAC Member; CASTA Vice President; and Transit Manager for City of Greeley

Vince Rogalski - TRAC Member; and STAC Chair

Larry Worth - TRAC Member; Rural Transit Consultant (formerly Transportation Director for NECALG)

Amber Blake - CASTA President; and Director of Transportation and Sustainability for Durango City

Dan Blankenship - CEO, Roaring Fork Transportation Authority (Glenwood Springs)

Frank Bruno - CEO, Via Mobility Services (Boulder)

Jonathan Flint - Transit Manager, Steamboat Springs Transit

Nate Vander Broek - Transit Director, South Central Council of Governments

Sarah Curtis - Executive Director, All Points Transit (Montrose)



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**5311 Funding Distribution Workshop  
March 15, 2017**



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# Overview and Recommendations

- Process & Schedule
- Methodology for 2018 Call for Projects
- Transition Plan
- Outstanding Items
- Next Steps



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# Process & Schedule

- TRAC Subcommittee meetings
- CASTA membership briefings
- Recommendations to:
  - TRAC, March 17
  - STAC, March 24
  - TC Approval, April 20
- 2018 Call for Projects, issued late April



# Methodology for 2018 Funding Distribution

– Organized grantees by size

	Miles	Riders	Cost	Revenue	Hours
<b>Very Small</b>	< 75,000 miles	<10,000	<200,000	<3,500	
<b>Small</b>	75,000 - 150,000	10,000 - 50,000	\$201K - 750K	3,500 - 7,500	
<b>Medium</b>	150,001 - 300,000	50K - 250K	751K - 2M	7,500 - 20,000	
<b>Large</b>	300,001 - 999,000	250K - 1m	2 M - 5 M	20,000 - 50,000	
<b>Very Large</b>	> 1,000,000	>1m	>5m	>50,000	



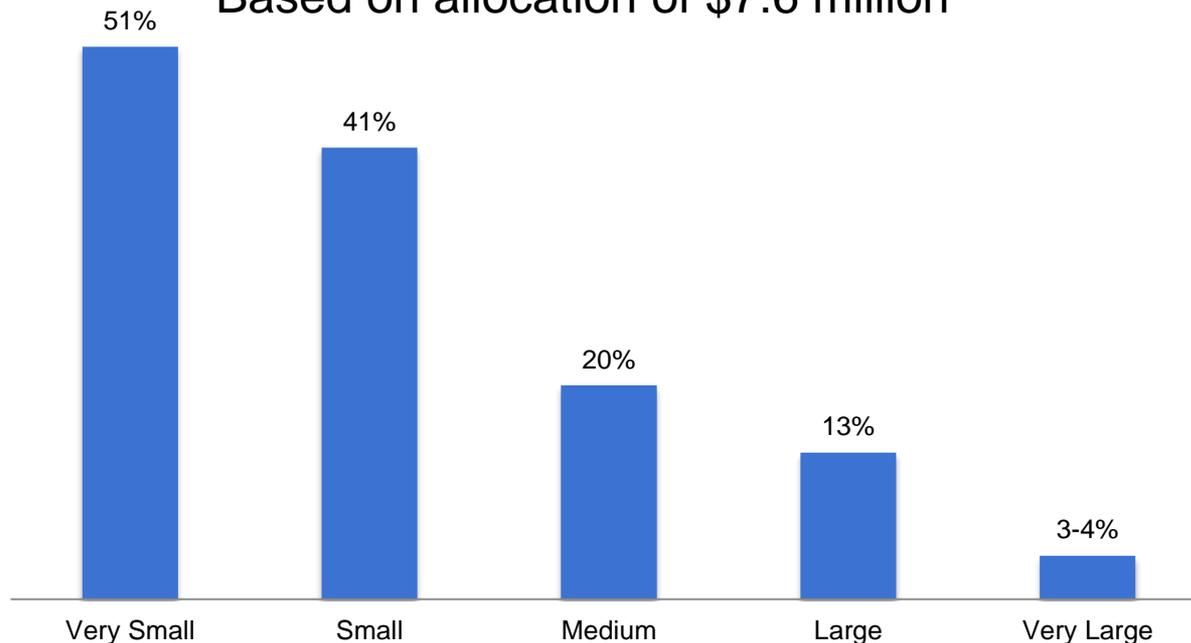
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# Recommended % of Budget Funded with 5311

Based on allocation of \$7.6 million





# Methodology for 2018 Funding Distribution, continued

- Recommendation: Keep some grantees whole or allow a higher percentage of funding
  - Those serving areas with 19% or more low income
  - Other extenuating circumstances such as very low levels of service and covering a large area

Wet Mtn / Canyon City GAC	SCCOG
ECCOG	SUCAP
Prowers County	All Points Transit



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7

# 5-year Transition Plan

- Allow for gradual increases and decreases from 2017 awards
- Plan fully funds new systems (dependent on risk analysis)
- Requires \$257,000 average annual backfill from 5311 capital pool



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8

# Outstanding Items (summer homework)

- 5310 Distribution Review
- 5311 & 5310 Interface
- Monitor 2018 5311 Distribution/Award
- 2019 Modifications (if needed)
- Future Eligibility Requirements
- Application & Reassessment Cycle



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# Next Steps

- TRAC, March 17<sup>th</sup>
- STAC, March 24<sup>th</sup>
- Next Subcommittee Meeting, April 3<sup>rd</sup>
- TC Approval, April 20<sup>th</sup>
- 2018 Call for Projects, Late April
- Subcommittee Deliberations, Summer