Agenda Item #5E

MARICOPA ASSOCIATION OF GOVERNMENTS INFORMATION SUMMARY... for your review

DATE:
March 25, 2011

SUBJECT:
Transit Policy and Programming in the Region

SUMMARY:
In February 2011, the Transportation Policy Committee (TPC) was presented information that outlined gaps and inconsistencies between the MAG Regional Transportation Plan (RTP), the status of the regional transit system, and current funding needs. From that discussion, MAG staff has compiled information about the definition of preventive maintenance, an overview of what other regions are doing with federal funds and supporting preventive maintenance, and baseline information on operating and preventive maintenance budgets and funding. At the March 23, 2011 meeting, the TPC recommended direction on how preventive maintenance is integrated into the five year Transportation Improvement Program (TIP). Please refer to the memorandum and attachments.

PUBLIC INPUT:
None.

PROS & CONS:
PROS: The recommendation will allow continued collaboration with transit operators in the region to programming federal 5307 funds for preventive maintenance funds the 2011-2015 MAG TIP.

CONS: None.

TECHNICAL & POLICY IMPLICATIONS:
TECHNICAL: The MAG TIP needs to program federal funds before federal transit grant authorizations can occur.

POLICY: This reinstates the needs for flexible and collaborative programming efforts to understand the needs for funding capital and operations/preventive maintenance needs.

ACTION NEEDED:
Approve that up to $29,735,966 of federal 5307 transit funds be programmed for preventive maintenance in 2011-2015. If the federal transit funds are less than expected, the amount of 5307 programmed for preventive maintenance would be adjusted accordingly. When developing a new five year TIP, funding for preventive maintenance will be reviewed.

PRIOR COMMITTEE ACTIONS:
Transportation Policy Committee: The Transportation Policy Committee met on March 23, 2011 and recommended that up to $29,735,966 of federal 5307 transit funds be programmed for preventive maintenance in 2011-2015. If the federal transit funds are less than expected, the amount of 5307

programmed for preventive maintenance would be adjusted accordingly. When developing a new five year TIP, funding for preventive maintenance will be reviewed.

MEMBERS ATTENDING

Mayor Scott Smith, Mesa, Chair
* Councilwoman Peggy Neely, Phoenix, Vice Chair
Ron Barnes, Total Transit
Mayor Bob Barrett, Peoria
* Dave Berry, Swift Transportation
* Jed Billings, FNF Construction
Councilmember Jack Sellers, Chandler
Councilmember Shana Ellis, Tempe
Councilmember Dick Esser, Cave Creek
* Mark Killian, The Killian Company/Sunny Mesa, Inc.
* Mayor Jim Lane, Scottsdale
Phil Matthews, Salt River Pima-Maricopa Indian Community
* Mayor Jackie Meck, Buckeye
Vice Mayor Les Presmyk, Gilbert
Mayor Marie Lopez Rogers, Avondale
Mayor Elaine Scruggs, Glendale
Karrin Kunasek Taylor, DMB Properties
Mayor Lyn Truitt, Surprise
Supervisor Max W. Wilson, Maricopa County
Victor Flores, State Transportation Board
F. Rockne Arnett, Citizens Transportation Oversight Committee

* Not present
# Participated by telephone conference call
+ Participated by videoconference call

CONTACT PERSON:
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March 25, 2011

TO: Members of the Regional Council

FROM: Eileen Yazzie, MAG Transportation Program Manager

SUBJECT: POLICY GUIDANCE FOR PROGRAMMING FEDERAL TRANSIT FUNDS – PREVENTIVE MAINTENANCE

In February 2011, the Transportation Policy Committee (TPC) was presented information that outlined gaps and inconsistencies between the MAG Regional Transportation Plan (RTP), the status of the regional transit system, and current funding needs. From that discussion, MAG staff has compiled information about the definition of preventive maintenance, an overview of what other regions are doing with federal funds and supporting preventive maintenance, and baseline information on operating and preventive maintenance budgets and funding. At the March 23, 2011 meeting, the TPC recommended direction on how preventive maintenance is integrated into the five year Transportation Improvement Program (TIP). Please review the information below.

Definition of Preventive Maintenance

For the purposes of the federal transit funding, Preventive Maintenance is defined as:

Preventive Maintenance: All maintenance costs related to vehicles and non-vehicles including all activities, supplies, materials, labor, services and associated costs required to preserve or extend the functionality and serviceability of the asset in a cost effective manner.

As noted above, the Federal Transit Administration (FTA) views Preventive Maintenance as all maintenance, preventive or corrective. Preventive maintenance and corrective maintenance ensure revenue or service vehicles remain operable. Preventive maintenance is, among many things, vehicle cleaning, fueling (not including fuel cost), towing, inspection, topping off engine fluids, etc. Preventive maintenance costs include all costs associated with performing the aforementioned tasks. Corrective maintenance ensures revenue and service vehicles continue to be operable either from such things as accidents, vandalism, or component wear. Corrective maintenance costs include all costs associated with performing the aforementioned tasks. Please review Attachment 1 for more detailed list of items considered part of preventive maintenance from the FTA circular.

Peer Region Review

- MAG staff reviewed six peer Metropolitan Planning Organizations (MPO)/regions.

- Four of the six peer regions have multiple operators like the MAG region. In those four regions, there is no set policy on funding preventive maintenance (PM). It is collaborative and flexible effort to ensure the balance of the region's needs for capital and operations are met.

- Four regions have multiple operators, two of them (Atlanta and San Diego) have one agency/board/committee that is in charge of transit planning and programming. Another region, Seattle – Puget Sound Regional Council (PSRC), works with their large regional operator and mainly focuses on regional transit services; additionally, federal transit funds make up six percent of their transit expenditures. From the limited research, it seems that the Dallas Region – North Central Texas Council of Governments (NCTCOG) is similar to MAG. The NCTCOG has three agencies that work together to make transit decisions.

- For those peer regions that have multiple operators, the use of federal funds for PM varies greatly. In Atlanta, about 40 percent to 60 percent of its 5307 funds go to PM; the Seattle region uses about 50 percent of the 5307 for PM; looking at San Diego, about 40 percent of its 5307 and 100 percent of its 5309-Fixed Guideway Modernization (FGM) is programmed for PM; it is unclear in the Dallas area how much is used for PM as it has programmed placeholders with zero amounts in its TIP that are dependent on the current year's apportionment.

- Two of the six peer regions, the Denver region and the Salt Lake City region, have single operators, and for the most part, use all or close to all of the federal 5307 funds to fund PM.

- Since there is strong support for funding PM by these six regions, agencies diligently pursue discretionary funding to meet their other needs.

- Please see Attachment 2 for the detailed peer analysis.

Baseline Operation and Preventive Maintenance Budgets and Funding

Baseline information about costs for operations and preventive maintenance, with the amount of 5307 funds programmed in the TIP, was compiled. Information for actual operation and preventive maintenance costs from 2009 and 2010 are outlined in Attachment 3 – Table 1. This information is from the National Transit Database and the transit operators.

Table 2 in Attachment 3 shows the amount of 5307 funds that is currently programmed in the FY 2011-2015 TIP for preventive maintenance, and the amount of funds that are programmed for region-wide PM. The FY 2011-2015 TIP includes $34 million of FTA 5307 funds for PM, about 13 percent of the region's PM needs are met, and this uses about 13 percent of the annual 5307 funds in the MAG region. If the unprogrammed $30 million of 5307 funds from 2011-2015 is used for PM, the region will support about 25 percent of the transit operators' preventive maintenance budgets and will use about 25 percent of the annual 5307 funds in the MAG region.

All of the transit operators in the MAG region agree that the region should use the remaining $30 million of federal 5307 funds for preventive maintenance to support current service and hopefully not make additional service cuts in this time of budget deficits. Additionally, the transit operators believe that the distribution methodology for PM should be based on a transparent and data-driven process. MAG staff is working with the MAG Transit Committee and operators in developing a new distribution methodology for PM funds. If there is a further increase of federal funds made available to the region due to lower capital needs, it is also recommended that these funds will support PM.

Balance of Operations/Preventive Maintenance and Capital Needs

The RTP did not explicitly include preventive maintenance funding, and, therefore did not include policy direction, funding levels or an allocation methodology. The understood programming process is that the region's priorities, the requirements of Transit Life Cycle Program (TLCP) are first met – both capital replacement and expansion, and then any funds remaining can be used for preventive maintenance. The current FY 2011-2015 MAG Transportation Improvement Program (TIP) meets the capital needs outlined in the TLCP, and has money left for programming preventive maintenance or other projects. As noted above, funding for PM is critical to support transit operations in this time of budget shortfalls.

To balance out the current needs and future needs, the region can continue programming this way, and when a new regional five year TIP is developed, MAG staff will work with the transit operators, MAG member agencies, and the TPC to evaluate the region's need for PM funding and/or account for any other regional priorities that could use federal funds.

RECOMMENDATION AND NEXT STEPS

The TPC recommended that up to $29,735,966 of federal 5307 transit funds be programmed for preventive maintenance in 2011-2015. If the federal transit funds are less than expected, the amount of 5307 programmed for preventive maintenance would be adjusted accordingly. When developing a new five year TIP, funding for preventive maintenance will be reviewed.

MAG staff will continue to work with the MAG Transit Committee for technical support and input for the PM distribution methodology. The recommendation for the PM distribution methodology will be presented once it is agreed to.

If there are any questions or more information is needed, please contact me at (602) 254-6300 or eyazzie@azmag.gov.

Attachment One

U.S. Department
of Transportation

Federal Transit Administration

CIRCULAR

FTA C 9030.1D

May 1, 2010

Subject: URBANIZED AREA FORMULA PROGRAM: PROGRAM GUIDANCE AND APPLICATION INSTRUCTIONS

1. PURPOSE. This circular is a re-issuance of guidance on the administration and preparation of grant applications for the Urbanized Area Formula Program under 49 U.S.C. 5307. This revision incorporates provisions of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA–LU), [Public Law 109–59] and includes the most current available guidance as of the date of publication.

2. CANCELLATION. This cancels FTA Circular 9030.1C, "Urbanized Area Formula Program: Grant Application Instructions," dated October 1, 1998.

3. AUTHORITY.

   a. Federal Transit Laws, Title 49**,** United States Code, Chapter 53.

   b. 49 CFR 1.51.

4. WAIVER. FTA reserves the right to waive any provisions of this circular to the extent permitted by Federal law or regulation.

5. FEDERAL REGISTER NOTICE. In conjunction with publication of this circular, a *Federal Register* notice was published on March 31, 2010 (75 FR 16229), addressing comments received during the development of the circular.

6. AMENDMENTS TO THE CIRCULAR. FTA reserves the right to update this circular to reflect changes in other revised or new guidance and regulations that undergo notice and comment, without further notice and comment on this circular. FTA will post updates on our website at **www.fta.dot.gov**. The website allows the public to register for notification when FTA issues *Federal Register* notices or new guidance. Please visit the website and click on "sign up for e-mail updates" for more information.

7. ACCESSIBLE FORMATS. This document is available in accessible formats upon request. To obtain paper copies of this circular as well as information regarding these accessible formats, call FTA's Administrative Services Help Desk, at: 202–366–4865. Individuals with hearing impairments may contact the Federal Relay Service at 1–800–877–8339 for assistance with the call.

_____/S/ Original signed by_______
Peter M. Rogoff
Administrator

Distribution: FTA Headquarters Offices (T-W-2)
FTA Regional Offices (T-X-2)

OPI: Office of Program Management

E. APPENDIX E

PREVENTIVE MAINTENANCE

Preventive Maintenance, according to Federal Transit Administration (FTA) policy, is currently defined as all maintenance. Specifically, it is defined as all the activities, supplies, materials, labor, services, and associated costs required to preserve or extend the functionality and serviceability of the asset in a cost effective manner, up to and including the current state of the art for maintaining such asset. If a recipient purchases service instead of providing the operating service itself and the contract includes maintenance for that purchased service, then the recipient may apply for preventive maintenance capital assistance under the capital cost of contracting policy.

Preventive Maintenance is an operating expense that is eligible as a capital project at an 80/20 Federal/local match; capital maintenance expenses are eligible under all FTA funding programs. Preventive Maintenance carried out by the grantees own labor force may require a force account plan. Circular 5010.1, Page IV-34 states: "Force account is the use of a grantee's own labor force to carry out a capital grant project". Force account plans are prepared at the project level. If a grantee is using multiple grants for the same project, then the grantee should have only one force account plan for that project and distribute the costs among the different grants in a reasonable allocation method documented in the force account plan.

FTA prior review of a force account plan and justification are required where the total estimated cost of force account work to be performed under the grant is greater than $10,000,000. When work to be performed is less than $10,000,000 but over $100,000, a force account plan is required to be in the grantee’s file, but does not require prior FTA approval. When work to be performed using force account is less than $100,000, a detailed plan is not required.FTA cautions recipients not to confuse the fact that maintenance items often considered operating expenses may be eligible for FTA capital assistance. Generally accepted accounting principles and the recipient’s accounting system determine those costs that the recipient is to account for as operating costs. The National Transit Database (NTD), **http://www.ntdprogram.gov/,** follows generally accepted accounting principles, so a recipient reporting to the NTD must report the operating costs the recipient has incurred as operating costs regardless of the costs’ eligibility for FTA capital assistance. Recipients may not count the same costs twice.

The Uniform System of Accounts (USOA) is the basic reference document for the NTD. It contains the accounting structure required by FTA laws. The NTD consolidates seven detailed functions from the USOA as basic function 041—Vehicle Maintenance and consolidates 13 detailed functions from the USOA as basic function 042—Non-Vehicle Maintenance. All of the activities included in basic functions 041 and 042 are maintenance, and thus eligible capital assistance projects. Vehicle Maintenance is all of the activities associated with ensuring revenue vehicles and service vehicles are operable, cleaned, fueled (not including fuel cost), inspected, and repaired.

There are seven detailed functions in the Maintenance Administration—Vehicles function (041).

1. Maintenance Administration—Vehicles (041)
   a. Includes preparing maintenance records, analyzing data for vehicle performance and training vehicle maintenance personnel.
2. Servicing revenue vehicles (051)
   a. Includes providing supervision and clerical support for servicing revenue vehicles, refueling, interior cleaning, and exterior washing of revenue vehicles.
3. Inspection and maintenance of revenue vehicles (061)
   a. Includes performing scheduled preventive maintenance on vehicle components, vehicle overhaul, performing minor repairs, traveling to vehicle breakdowns to repair or tow revenue vehicles, rebuilding and overhauling repairable components, performing major repairs on revenue vehicles (i.e. body work, reupholstering, unit rebuilds) and replacing major repairable units of revenue vehicles (i.e. engines, transmissions, and air conditioners). Does not include vehicle rebuild.
4. Accident repairs of revenue vehicles (062)
   a. Includes repairing damage as a result of collisions, floods and accidental fires.
5. Vandalism repairs of revenue vehicles (071)
   a. Includes repairing all special damage as a resulting from willful or malicious destruction or defacement.
6. Servicing and fuel of service vehicles (081)
   a. Includes fueling, interior cleaning, and exterior washing of service vehicles, refueling and adding oil and water to service vehicles.
7. Inspection and maintenance of service vehicles (091)
   a. Includes inspecting service vehicle components on a scheduled preventive maintenance basis, vehicle overhaul, minor repairs, going to vehicle breakdowns for tow or repair, rebuilding and overhauling repairable components, performing major repairs on service vehicles (i.e. body work, reupholstering, unit rebuilds) and replacing major repairable units of service (i.e. engines, transmissions and air conditioners). Does not include vehicle rebuild.

There are 13 detailed functions in the basic Non-Vehicle Maintenance function (042).

1) Maintenance administration—non vehicles (042)
   a) Including preparing transit way and structures maintenance records and proving supervision/clerical support for the administration of transit way and structures maintenance and other buildings, grounds an equipment maintenance
2) Maintenance of vehicle movement control systems (101)
   a) Including inspecting, cleaning, repairing, and replacing all components of vehicle movement control systems
3) Maintenance of fare collection and counting equipment (111)
   a) Including inspecting, repairing and replacing all components of fare collection and counting equipment, such as on vehicle fareboxes, ticket vending machines, fare gates, vaults and money counters, changers and sorters
4) Maintenance of roadway and track (121)
   a) Including inspecting, cleaning, repairing, clearing and replacing all components of roadway and track

5) Maintenance of structures, tunnels, bridges and subways (122)
    a) Including inspecting, cleaning, repairing, and replacing all components of structures, tunnels, bridges and subways
6) Maintenance of passenger stations (123)
    a) Including inspecting, repairing, and replacing components of passenger station building and equipment providing custodial services for passenger station building and grounds
7) Maintenance of operating station buildings, grounds and equipment (124)
    a) Including inspecting, repairing, and replacing components of operating station buildings and equipment providing custodial services for operating station buildings and grounds
8) Maintenance of garage and shop buildings, grounds and equipment (125)
    a) Including inspecting, repairing, and replacing components of garage and shop buildings and equipment providing custodial services for garage and shop buildings and grounds
9) Maintenance of communication systems (126)
    a) Including inspecting, cleaning, repairing and replacing all components of communication system other than Vehicle Movement Control Systems
10) Maintenance of general administration, buildings, grounds and equipment (127)
    a) Including inspecting, repairing, and replacing components of buildings and equipment used for general administration
11) Accident repairs of buildings, grounds and equipment (128)
    a) Including repairing all damage to buildings, grounds, and equipment resulting from collisions with stationary or moving objects, floods, accidentally ignited fires, etc.
12) Vandalism repairs of buildings, grounds and equipment (131)
    a) Includes repairing all damage as a result of willful or malicious destruction or defacement of buildings, grounds and equipment
13) Operation and maintenance of electric power facilities (141)
    a) Includes supervising, monitoring, and operating electric power generation and distribution facilities for third rail, overhead lines, cable systems, etc.

For NTD reporting purposes, inspection and maintenance of revenue or service vehicles, work on repairable units such as engine rebuilds and overhauls are an operating expense only if they meet the criteria established by FTA in determining when an item is an operating or a capital expenditure. If the total labor and materials necessary for the rebuild or overhaul are less than a unit value of $5,000 or a lesser capitalization level used by the agency, such as $3,000, then this is an operating expense reported on the Operating Expenses form of the NTD (F–30). If more than $5,000, then the rebuild or overhaul expenses are a capital expenditure on the Uses of Capital form of the NTD (F–20).

According to FTA Circular 5010.1, “Grant Management Requirements,” overhaul is maintenance that does not add to the useful life of the vehicle. This eligibility for capital assistance also applies to leasing and to contracted service. Rolling stock to be overhauled must have an accumulated at least 40 percent of its service life, as per FTA Circular 5010.1.

FTA Circular 5010.1 states that in order for a bus to be rebuilt it should be at the end of its minimum useful life and in need of major structural and/or mechanical rebuilding. Rebuilding is a recondition at the end of useful life that creates additional useful life. The age of the bus to be rebuilt is its years of service at the time the rebuilding begins. In order for a rail car to be rebuilt it must have reached the end of its minimum useful life for an end of life rebuild. The minimum extension of useful life is ten years for rail cars, as per FTA Circular 5010.1. The eligibility of this major capital rebuild work is in addition to the eligibility of vehicle overhauls.

Under 49 CFR 37.75 and 37.83, any public entity that remanufactures a bus or rail vehicle for use in fixed-route service, so as to extend its useful life for five years or more, must be made readily accessible to and useable by persons with disabilities, including wheelchair users. Rebuilding a vehicle is also an eligible capital cost under the category of preventive maintenance.

A grant application for preventive maintenance must include a time period over which the recipient incurred the maintenance costs or expects to incur them. Maintenance costs can only be claimed for the current year or the immediately preceding year. FTA reserves the right to review a recipient’s cost for maintenance as reported currently in the NTD when FTA receives an application for assistance with preventive maintenance.

Attachment Two

PEER REGION REVIEW

SUMMARY

- MAG Staff reviewed six peer MPO/regions.
- Four of the six peer regions have multiple operators like the MAG region. In those four regions, there is no set policy on funding preventive maintenance (PM). It is collaborative and flexible effort to ensure the balance of the region's needs for capital and operations are met.
- Four regions have multiple operators, two of them (Atlanta and San Diego) have one agency/board/committee that is in charge of transit planning and programming. Another region, Seattle – Puget Sound Regional Council (PSRC), works with their large regional operator and mainly focuses on regional transit services; additionally, federal transit funds make up 6% of their transit expenditures. From the limited research, it seems that the Dallas Region – North Central Texas Council of Governments (NCTCOG) is similar to MAG. The NCTCOG has three agencies that work together to make transit decisions.
- For those peer regions that have multiple operators, the use of federal funds for PM varies greatly. In Atlanta, about 40% to 60% of their 5307 funds go to PM, the Seattle region uses about 50% of the 5307 for PM, looking at San Diego, about 40% of their 5307 and 100% of their 5309-FGM is programmed for PM, and it is unclear in the Dallas area how much is used for PM as they have programmed placeholders with zero amounts in their TIP that are dependent on the current year's apportionment.
- Two of the six peer regions, Denver region and Salt Lake City Region, have single operators, and for the most part, use all or close to all of the federal 5307 funds to fund PM.
- Since there is strong support for funding PM by these six regions, agencies diligently pursue discretionary funding to meet their other needs.

DETAILED PEER REGION ANALYSIS

Atlanta, Georgia – Atlanta Regional Commission (ARC)

- Population: 5.1 million +
- Member agencies/governments: ARC is comprised of ten counties and sixty three municipalities.
- Regional Transit Planning: The ARC region went through a study period in 2004-2005 of how to organize their transit planning for the region in a better format by doing a Regional Transit Institutional Analysis. The conclusion of the study formulated the new Transit Planning Board (TPB), agreed upon by joint resolutions from the ARC, Georgia Regional Transportation Authority (GRTA) and Metropolitan Atlanta Rapid Transit Authority (MARTA). The main purpose of the TPB is to create a regional transit and financial plan; coordinate regional service, fares, and customer information; implement performance measures, and advocate for federal funding opportunities for the region's transit system.
- Transit Agencies in the Region: There are a total of seven: MARTA, GRTA, Maietta-VPSI Inc., CCT, City of Canton Transit, Gwinnet County Board of Commissioners, Douglas County Rideshare.

The section 5307 funds are sub allocated using the national federal formula including population, passenger miles, revenue miles, and other NTD data. Also, the section 5307 monies for the Atlanta region is sub allocated to the 10 county MPO area and not just CCT, C-TRAN, GCT, GRTA, and MARTA.

MARTA is the designated recipient for section 5307 and 5309 funds for the Atlanta region. MARTA runs the distribution formula and the MPO monitors and coordinates this process with all eligible operators and jurisdictions. For the Atlanta region only CCT, GCT, GRTA, and MARTA are currently eligible for section 5309 and MARTA uses the same distribution policy as the federal government to sub allocate these funding. Again this process is monitored and coordinated through the MPO.

The distribution policy is for the sub allocation of Section 5307 funding, there is no specific amount in the policy or the federal policy that dictates that a certain amount has to go to PM. Preventive maintenance is a regular eligible capital expense. Some operators have a Capital Improvement Program (CIP) and use their CIPs to determine their capital needs over a 5-10 year period. ARC staff understands that the focus should not just be on PM, as each operator's needs will vary greatly based upon their size and level of service. Using additional layers of policy at the regional level to restrict certain percentages or amounts for specific capital expenses could possibly decrease or remove operator's flexibility in how they use Section 5307 funding to meet their capital expenditure needs. Again each operator's capital needs, including PM, can vary greatly. It is important to note that feasibility, expansion, and other transit planning studies are also eligible under Section 5307/5340 funding and are often used in this capacity by operators and jurisdictions.

Below are the approximate dollar amounts the Atlanta region has spent or programmed for PM and ADA Paratransit from FY 2008-2010. Over 3 years – average that 50% of federal 5307 goes to PM.

	FY2008	FY2009	FY2009 ARRA	FY2010
% PM	64.5%	49.3%	21.6%	64.7%
% ADA Ops	7.0%	8.8%	6.5%	5.1%
% Capital	28.5%	41.9%	71.8%	30.2%
Total	100.0%	100.0%	100.0%	100.0%

Denver, Colorado – Denver Regional Council of Governments (DRCOG)

- Population: 2.7 million +
- Member agencies/governments: DRCOG is governed by forty nine member agencies.
- Regional Transit Planning and Operators: Transit Planning is performed by Regional Transportation District (RTD) in conjunction with DRCOG. In DRCOG's long range regional transportation plan, there is a transit element, which in essence is a document in itself (126 pages) as it determines a needs assessment and an extensive alternatives analysis. In addition to DRCOG's work, the RTD has moved to a market driven based transit planning and service approach, which can positively affect greenhouse gas emissions for region. RTD is the only operator in the region.

RTD uses 100% of 5307 federal funds for PM. This allows RTD to draw down the funds as soon as possible for other uses.

Dallas-Fort Worth, Texas –North Central Texas Council of Governments (NCTCOG)

- Population: 6.6 million +
- Member agencies/governments: NCTCOG is a large MPO that consists of over two hundred and thirty member governments that include: sixteen counties, cities and towns, school districts, and other special districts. NCTCOG's membership includes Dallas and Ft. Worth.
- Regional Transit Planning: Since NCTCOG is a very large MPO, there are three regional transit planning agencies: Dallas – Dallas Area Rapid Transit – DART, which serves 13 cities, the Fort Worth Transportation Authority, better known as 'The T', and the Denton County Transportation Authority.
- Transit Agencies in the Region: There are eight operators in the region: DART, 'The T,' Handitran Specialist Division, Dallas-VPSI, Inc., ATC, Grand Connection, MTED, and DCTA.

Preventive maintenance and all other funding requests are based on the needs of the transit agencies. For the most part, the NCTCOG allocation process allows the transit agency to determine their needs. NCTCOG simply checks for reasonability in the requests for PM. NCTCOG determines reasonability based on previous funding requests and the size of the agency. If agencies pass the reasonability test, NCTCOG programs the funds, and then the transit agency applies to FTA for the funds. Occasionally, FTA will have comments/questions about PM projects in the grants. But as a whole, the region doesn't receive enough FTA funding to cover all the PM costs, so there are not too many problems allocating funding for it.

NCTCOG does not prescribe how much of their 5307 allocation can be spent on PM (or any other project type). NCTCOG simply takes the FTA allocation formula and use it to suballocate the funds to transit providers in the region. As long as the Program of Projects is reasonable, NCTCOG puts the projects in the TIP.

Once the amounts available for programming in each Subregion are known, NCTCOG staff works with the transit providers to develop their annual Program of Projects (POP). During this process, there is some back and forth between NCTCOG and the provider to determine the most appropriate funding source given their stated needs (i.e., Section 5307 vs. 5309, 5310, 5311, CMAQ, STP-MM, etc.). NCTCOG staff also looks at previous POPs, funds expended/remaining in grants, amounts of local matching funds available, when funding actually needed, etc. when working with the provider to fine tune their POP.

Seattle, Washington – Puget Sound Regional Council (PSRC)

- Population: 3.58 million +
- Number of member governments: PSRC has a rather large membership: four counties, seventy two member cities and towns, two federally recognized Indian tribes, and six members that are required by state statutes.
- Regional Transit Planning: Seattle – Sound Transit - works with PSRC, but only is legislated to cover three counties, instead of the four that the MPO works with. 'Sound Transit was created by the state legislature to build a mass transit system that connects major regional job and housing centers in King, Pierce and Snohomish counties. Voters in 1996 approved a plan that provides the foundation of that system – regional express buses, commuter rail and light rail.' Sound Transit is a member of the PSRC and works hand-in-hand with them to analyze and integrate the region's transit plan into the Long Range Transportation plan, connected to funding options.
- Transit Agencies in the Region: There are nine transit agencies in the region: King County Metro, Sound Transit, Pierce Transit, Community Transit, Everett Transit, Senior Services, Seattle Center Monorail Transit (City of Seattle), Washington State Ferries, and Pierce County Ferry.

PSRC does not have any set asides for their funding specific to maintenance and rehabilitation projects or capital projects. PSRC's recently adopted long-range plan makes some statements that preserving the system is the number one priority, but the TIP project selection process does not split the funds they manage into separate competitive processes. In part this is due to the fact that the federal funds they manage comprise less than 6% of the total transportation expenditures in the region on an annual basis. Reviewing their current TIP, it looks as if at least 50% of their federal 5307 funds support PM.

As to the TIP expenditures in 2009, this link contains summary graphics on how PSRC's federal funds were distributed by project type. PSRC's regional policies call for the priority use of these funds to projects that support regional growth centers, and many of the federal funding sources they manage are not eligible for use on preservation and maintenance activities.

PSRC does not distribute funds to specific types of projects based on any kind of formula – the region splits the FTA funds coming into their region via a competitive process and via an earned share distribution. The earned share distributions are allocated to each transit operator based on their operating characteristics, and they can choose to program their funds to preventative maintenance type projects; PSRC does not apply any kind of criteria to how they do so. The competitive process utilizes regional project evaluation criteria based on policy guidance from the long-range plan.

San Diego, California – SANDAG – San Diego Association of Governments

- Population: 3.14 million +
- Member agencies/governments: SANDAG includes one county and eighteen cities.
- Regional Transit Planning: Recently, the region integrated their transit planning agencies into one, the San Diego Metropolitan Transit System (MTS). SANDAG is still responsible for approving the region's Comprehensive Fare Ordinance that 'encompasses fares charged on all public transit vehicles in San Diego County operated by MTS, and the North County Transit District (NCTD).' MTS and SANDAG work hand in hand. The California state legislature passed a bill in 2002 that merged transit planning, programming, project development, and construction into SANDAG. But, MTS continues to be the owner and service operator for the light rail, buses, trolley, commuter rail, and freight in the SANDAG region.
- Transit Agencies in the Region: There are a total of five in the region: SDMTS, DANDAG, NCTD, NCT, and CVT.

SANDAG is responsible by law for major transit capital and regional planning project, not operations. Although SANDAG allocates FTA funds to transit agencies they do not dictate how the funds are used. The decision of capital vs. operating use for FTA funds lies with the boards of the transit agencies.

In looking at their 2009 TIP, it looks like over 40% of the 5307 and 100% of 5309 FG funds are being used toward PM from FY11 to FY15. For ADA it's ranges from 8% to 11% per year; this is probably the highest usage since FTA started allowing formula funds for these purposes. This may change in the future depending on need and if there are other sources.

The region has two transit operators, MTS and NCTD. MTS roughly receives about 70% of the Section 5307 funds, while NCTD receives 30%. Each operator determines how the funding will be allocated to its PM and capital projects. MTS PM usually tends to be around 40%, but that's more of a policy decision of the operator and is not based on any formula or threshold established by the FTA or the region.

Salt Lake City, Utah – Wasatch Front Regional Council

- Population: over 1.3 million +
- Regional Transit Authority: Salt Lake City – Utah Transit Authority (UTA) sees itself as an integral part, if not the leader in making the state, and the Salt Lake City region sustainable, reducing energy dependence, and positively affecting greenhouse gases. Transit and land-use connections are critical for the future of this region. UTA is the only operator in the region.

Beginning in 1998, operating assistance for transit agencies in areas of 200,000 or more population was eliminated from the transportation bill; however, transit agencies were given the option of using a portion of their capital funds received under Section 5307 grants for PM. UTA capitalized operating expenses by using the majority of Section 5307 funds for PM of rolling stock (including bus and rail vehicles), equipment maintained on an on-going basis, and facilities. The other requests in the Federal Transit Administration (FTA) Section 5307 formula money include: transit enhancements, security equipment, and planning studies.

UTA uses 5307 funds on the following:

- About 10% of the annual apportionment for ADA Paratransit Operating Assistance, since UTA is in compliance with ADA Regulations. A transit agency must be in compliance with ADA regulations to be able to use 10% of their apportionment for ADA Operating,
- About 1% for security equipment,
- About 1% for transit enhancements (shelters, street furniture, benches, lighting, walkways).
- About 2% for planning
- About 86% is used for PM.

Preventive Maintenance is used to pay "actual expenditures" based on maintenance divisions and there is no set percentage for any of the divisions since it is based on "actual expenditures." UTA just uses it for PM until the federal money runs out and it is supplemented with local revenues.

UTA does not have a policy other than the Board of Trustees determined to use most of the Section 5307 Apportionment for PM which is about 85 to 86 percent. This is not an MPO policy, but fits more in line with the needs of UTA. WFRC has been accommodating in helping UTA fulfill those needs with the way they break out the Section 5307 monies. UTA does not have a set policy for Section 5309 money, but use it for what the money is earmarked for as long as the projects are in the TIP and Statewide TIP and meet FTA requirements.

UTA does not dwell on who gets what as they are one agency with three operating divisions.

<u>Attachment Three</u>

TABLE ONE

- - - - - - - - - - Vehicle Expenses - - - - - - - - - -										Non Vehicle Expenses
Agency	**FY**	**Fixed Route Operations (as defined by NTD)**	**ADA Operations**	**Total Operations Costs Fixed Route and ADA**	**Preventative Maintenance Costs**	**% of PM of Total Operations Budget**	**Allocated 5307 TIP Funds**	**Does PM budget in column "F" include ADA Preventative Maintenance? (Yes/No)**	**ADA Preventative Maintenance**	**Facilities Maintenance Costs**
Tempe	2009	$ 31,540,987	$ 357,161	$ 31,898,148	$ 8,437,060	26.45%	$ 93,728	No. Service not provided		$ 2,040,416
Scottsdale	2009	$ 2,718,102	$ -	$ 2,718,102	$ 525,000	19.31%	$ -	No. Service not provided		$ -
RPTA	2009	$ 70,989,284	$ 6,848,497	$ 77,837,781	$ 7,792,062	10.01%	$ 784,993			$ 41,000
Surprise	2009	$ -	$ 644,740	$ 644,740	$ 57,809	8.97%	$ 5,264	No		$ 1,779,272
Phoenix	2009	$ 163,527,935	$ 12,218,380	$ 175,746,315	$ 33,899,894	19.29%	$ 5,251,196	Yes	$ 1,604,106	$ 7,778,457
Peoria	2009	$ -	$ 1,166,371	$ 1,166,371	$ 185,671	15.92%	$ 39,372	Yes	$ 5,570	$ 24,412
Glendale	2009	$ 975,000	$ 2,462,676	$ 3,437,676	$ 326,186	9.49%	$ 117,752	Yes	$ 70,880	$ 57,925
VMR	2009	$ 15,762,407		$ 15,762,407	$ 2,761,377	17.52%	$ -	n/a	$ -	$ 2,679,609
2009 Total		**$ 269,751,308**	**$ 23,697,825**	**$ 293,449,133**	**$ 51,223,682**	**17.46%**	**$ 6,292,305**		**$ 1,680,556**	**$ 11,721,482**
Tempe	2010	$ 34,887,713	$ 323,964	$ 35,211,677	$ 9,227,800	26.21%	$ 294,645	No. Service not provided		$ 2,456,836
Scottsdale	2010	$ 2,598,000	$ -	$ 2,598,000	$ 590,000	22.71%	$ -	No. Service not provided		$ -
RPTA	2010	$ 72,649,712	$ 6,744,824	$ 79,394,536	$ 7,708,335	9.71%	$ 1,176,519			$ 43,500
Surprise	2010		$ 599,844	$ 599,844	$ 53,558	8.93%	$ 8,810	No		$ 1,690,643
Phoenix	2010	$ 161,956,056	$ 11,906,357	$ 173,862,413	$ 32,542,240	18.72%	$ 8,791,644	Yes	$ 1,547,348	$ 7,029,063
Peoria	2010		$ 1,109,380	$ 1,109,380	$ 119,201	10.74%	$ 66,522	Yes	$ 3,804	$ 27,343
Glendale*	2010	$ 9,849,420	$ 2,708,944	$ 12,558,363	$ 310,000	2.47%	$ 197,144	Yes	$ 68,450	$ 60,025
VMR	2010	$ 32,493,348		$ 32,493,348	$ 5,780,785	17.79%	$ -	n/a	$ -	$ 5,531,011
2010 Total		**$ 281,940,901**	**$ 23,393,313**	**$ 305,334,213**	**$ 50,551,134**	**16.56%**	**$ 6,418,516**		**$ 1,619,602**	**$ 11,307,410**

* Included purchased service

Information gathered from the National Transit Database (NTD) and operators

TABLE 2							
Federal Funded Preventive Maintenance programmed in the FY2011-2015 MAG TIP							
Agency	**% of TOTAL PM**	**FY2011**	**FY2012**	**FY2013**	**FY2014**	**FY2015**	**Total**
Glendale	1.87%	$122,508	$124,960	$127,460	$130,008	$132,607	$637,543
Peoria	0.63%	$41,336	$42,164	$43,008	$43,868	$4,474	$174,850
Phoenix	83.45%	$5,463,344	$5,572,612	$5,684,064	$5,797,744	$5,913,701	$28,431,465
RPTA	11.17%	$731,118	$745,740	$760,655	$775,868	$791,386	$3,804,767
Scottsdale	0.00%	$0	$0	$0	$0	$0	$0
Surprise	0.08%	$5,476	$5,584	$5,700	$5,812	$5,928	$28,500
METRO	0.00%	$0	$0	$0	$0	$0	$0
Tempe	2.80%	$183,101	$186,763	$190,498	$194,308	$198,194	$952,864
Current Federal Fund TOTAL as programmed in the FY2011-2015 TIP	100%	$6,546,883	$6,677,823	$6,811,385	$6,947,608	$7,046,290	$34,029,989
Federal Fund Regionwide - PM Placeholder		$ 11,766,118		$ 11,587,203	$ -	$ 6,382,645	$29,735,966
New Federal Fund Total for PM Distributed Evenly Over 5 Years		**$ 12,429,942**	**$ 12,560,882**	**$ 12,604,987**	**$ 12,741,210**	**$ 13,428,935**	**$63,765,955**

A new PM Distribution Methodology will be developed by the Transit Committee