



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

DATE: September 14, 2016
TO: Transportation Commission
FROM: Mark Imhoff, Director - Division of Transit & Rail
SUBJECT: Transit Program Overview (1 of 2)

Purpose

The purpose of this memo is to provide the Transportation Commission with an overview of the CDOT Transit Program. The overview will be presented at the September Commission meeting as the first of two workshops; a follow-on workshop is planned for the October Commission meeting.

Action

No action is required.

Background

Statutory and Regulatory Function of the CDOT Transit Program:

- State SB09-094: The planning, development, operation, and integration of transit and rail, including, where appropriate, advanced guideway systems, into the statewide transportation system; and in coordination with other transit and rail providers, plan, promote and implement investments in transit and rail services statewide.
- Federal FTA Circular 5010: CDOT serves as the state grant recipient of Federal Transit Administration (FTA) formula funds designated for large urban, small urban and rural areas throughout the state. CDOT administers operating, capital and planning grant agreements with sub-recipients (Grant Partners) around the state to assist the local entities in providing local transit service.

Transit Performance Measures: The CDOT mission is “to provide the best multi modal transportation system”; and a focus of the three peaks is on a healthy multi modal system. Like other areas of CDOT, the transit program has measures as well:

- PD 14 was adopted in February, 2015 to guide future allocation of resources and investment decisions. Under “System Performance”, the transit objectives include Transit Utilization and Transit Connectivity, and Transit Asset Management is also covered.
- The Statewide Transit Plan adopted by the Commission in March, 2015 was developed around the purpose statement to “establish a framework for creating an integrated statewide transit system that meets the mobility needs of Coloradans, while minimizing duplication of services and leveraging limited funds”. To accomplish the above CDOT receives approximately \$30M/year in federal and state funding (FY 2015/16 \$30.2M).

Different Size Areas Receive Federal Transit Funds in Different Ways:

- Large urban areas, greater than 200,000 in population, receive their FTA funding directly from FTA; Denver RTD, Colorado Springs Mountain Metro, and Fort Collins TransFort. From the federal standpoint, CDOT has little to do with federal funding to these agencies.
- Small urban areas, less than 200,000 but greater than 50,000 in population, receive some of their FTA funding direct from FTA, and some through CDOT. These areas include: Boulder, Grand Junction, Greeley, Lafayette-Louisville-Erie, Longmont, and Pueblo.

- Rural areas, less than 50,000 in population, receive all of their FTA funding through CDOT. There are approximately 100 rural transit agencies that are currently eligible to receive some type of federal pass through funds from CDOT; Durango Transit is an example.

Types of Federal Funding: You'll often hear of federal transit funds being referred to by a number. The number is the section of the US Code where the grant program is outlined. For the funds passed through CDOT, the department serves as FTA's agent to insure that federal funding pools are distributed and administered within federal guidelines. Definitions for the various FTA programs administered by CDOT are given below, along with the Colorado funding for federal fiscal year 2016 (\$15.2M total):

FTA FFY 2016 formula funds:

- 5310 Enhanced Mobility for Seniors & Persons with Disabilities; \$3.2 M in formula funds for administration, capital and operating.
- 5311 Rural Transit Program; \$9.4 M (85% of \$11.0 M) for administration, capital, and operating.
- 5311(f) Intercity Bus Program; \$1.6 M (15% of \$11.0 M) for capital and operating needs to connect rural areas to the intercity bus network.
- 5339 Bus & Bus Facilities; \$0.6 M for capital needs.
- 5304 Statewide & Non-metropolitan Planning; \$0.4 M for planning studies.
- 5307 Urbanized Area Formula funds; \$0 for CDOT to manage, but CDOT must concur with the FTA allocation of \$12.8 Million among Small Urbanized Areas (Boulder, Grand Junction, Greeley, Lafayette-Louisville-Erie, Longmont, and Pueblo).
- FTA Discretionary Programs; DTR submits applications on behalf of its Grant Partners for various FTA discretionary programs such as the Low or No Emission Vehicle Program and the Bus and Bus Facility Program. In 2016, DTR has submitted applications for 20 projects that totaled \$23 million.

Types of State Funding: State funds are less complicated, but do have intended uses:

- *FASTER Transit Funds:*
 - FASTER Statewide; \$10M/year dedicated for transit initiatives of statewide or regional significance.
 - FASTER Local; \$5M/year dedicated for local transit initiatives.
- SB 228; at least 10% for transit projects of statewide or regional significance. Currently, \$20M has been approved by the Commission for FY2016/17; and another \$15M is forecast for FY2017/18 is in development.
- Other funding opportunities as they arise.

Philosophy and Distribution Strategy

The statewide transit system is analogous to the statewide roadway system. Local entities are responsible for local roads, and local transit service. CDOT is responsible for the interstates, US highways and state highways that connect the local roadway networks. Similarly, CDOT is also responsible for the transit linkages and connections between local transit systems; i.e. interregional and regional service.

The discontinued FREX service that ran between Colorado Springs and Denver was an example of a local jurisdiction (Colorado Springs) attempting to provide interregional bus service without the financial backing of Denver. Castle Rock as a financial partner to FREX curtailed their funding support after a few years of operation. With Bustang there is a stable, sustainable funding source (FASTER Statewide) and CDOT can operate without the vulnerability of local funding contributions. Several local entities have proven successful in operating shorter range regional commuter service, tapping a larger employment base in the surrounding areas.

CDOT has utilized the goals and objectives of the Statewide Transit Plan in conjunction with the performance goals of PD 14, to structure the transit program toward developing, integrating and implementing a statewide system as funds become available:

- Local transit systems. Local transit systems are controlled and operated by local jurisdictions and/or non-profit organizations. FTA funds (various, see above) are utilized for operating assistance and capital needs; and FASTER

Local funds are utilized for additional capital needs. Both FTA and FASTER funds are granted to local entities (Grant Partners) and matched with local funds.

- Statewide, interregional and regional system. The statewide network is linked and integrated by connecting the local transit systems. Bustang is CDOT's first attempt to provide interregional connectivity by connecting the six largest transit agencies over nearly 300 miles in the I-25 and I-70 corridors; \$3M/year FASTER Statewide. Some local entities offer regional service through their local systems, and the Statewide FASTER Transit pool allocates up to \$1M/year in operating assistance for regional service provided by a local entity. In addition the 5311(f) program provides approximately \$1.6M/year in operating assistance for rural to urban routes that make a meaningful connection to the interstate bus (Greyhound and others) and passenger rail (Amtrak) network.
- Intercity bus network. The intercity bus companies are all private for-profit entities with major hubs in the Denver metro area, and primarily operating along the interstate system. Bustang and rural regional trips are scheduled to compliment, not compete, with the intercity bus schedules. □ Amtrak long distance routes. Amtrak long distance routes are federally funded with no state requirements. Traversing Colorado are two Amtrak long distance routes. The California Zephyr operates one trip/day between Chicago to Oakland, California, with Colorado stops in Fort Morgan, Denver Union Station, Fraser, Granby, Glenwood Springs, and Grand Junction. The Southwest Chief operates one trip/day between Chicago and Los Angeles, with Colorado stops in Lamar, La Junta and Trinidad.

Effort towards Efficiency, the Consolidated Call for Projects: In the past, calls for capital projects were made for each funding source on irregular timelines which caused confusion, duplication and inefficiencies for application, award, contracting and delivery. Two years ago DTR moved to an annual Consolidated Call for Capital Projects for both Local and Statewide projects. This has been a success, and allows a local entity or a CDOT Region to submit their applications one time, in the fall of each year. DTR then awards the projects by best matching the project eligibility with the appropriate fund source (FTA or FASTER).

FTA 5311 and 5310 operating assistance awards to rural providers function on a two year cycle based on calendar year. For example, we are currently in the 2016/2017 cycle. Full applications for the two years were made in the spring of 2015; awards were made in September, 2015 for calendar year 2016; Grant Partners were then allowed to update any pertinent information in the spring of 2016 and awards for calendar year 2017 were just made this past August.

Transit Asset Management Plan Requirement Shifts Priorities: Under MAP-21 CDOT was given a new responsibility to create a statewide transit asset management system in an effort to insure a well maintained fleet and facilities that provide safe and reliable service, and maximize the useful life. For this reason CDOT has given a higher priority to vehicle replacements at the end of their useful lives, above transit facility and construction projects.

Local Match Required: CDOT requires local match for all local operating and capital awards; 50% for operating awards, and 20% for bus purchase, mobility management and construction awards; exceptions may be given in economically depressed situations. As with local roads, the local commitment to the mobility needs of the local community through funding for the local transit options is critical. By holding to the local match guidelines, the pool of funds is better able to serve all entities around the state. It has been suggested that more state funds could be utilized at the local level, however that would diminish the ability for CDOT to fulfill its responsibility to provide connectivity throughout the statewide network. In an attempt to facilitate more options at the local level, SB13-048 was passed in 2013 allowing local jurisdictions to flex their HUTF funding to transit.

Rural Regional Service Plan: The FTA Section 5311 program has a sub-element 5311(f) which requires 15% of the 5311 pool to be utilized on service that connects rural populations to the intercity bus network; \$1.6M annually for Colorado. CDOT, utilizing the annual 5311(f) funds, currently allows public and private providers to apply by route for subsidies/funding to operate rural connection routes. The current practice has benefits, but it is not coordinated into a state network, includes amortized capital in the reimbursed operating costs, and is not branded as an integrated product. A reconfiguration is being planned to better serve the rural communities, increase productivity, and remain financially constrained. The reconfiguration will utilize SB 228 funds to provide the capital needs, i.e. buses and park & rides. Smaller buses, sized to rural demand levels, will be procured and utilized for the rural regional routes. The plan optimizes the usage of limited operating funds by leveraging other available sources of capital funding.

Rail Transit: The DTR enabling legislation (SB 94-094) contains a significant amount of language pertaining to passenger rail, advanced guideway, and high-speed rail. The legislation gives CDOT the power and responsibility to plan, develop,

operate and integrate passenger rail service; to coordinate and negotiate with the railroads; and to pursue federal funding. However, the state funding that is available at this time (FASTER Statewide; \$10M/year) is inadequate to advance beyond the planning stage. DTR monitors rail transit and passenger rail interests and activities, and is engaged in the update to the Statewide Freight & Passenger Rail Plan. If and when political will and funding opportunities are secured, the planning efforts are in place to move forward.

(Note: If the Commission is interested in learning more about CDOT's rail program, including past studies and current plans, staff is happy to schedule a workshop to cover these topics.)

Funds Distribution

FASTER Distribution Methodology: In June, 2014 (Resolution 3167) the Commission took action to modify the distribution methodology for FASTER Local and Statewide funds. A key element was the allotments granted to the large metropolitan area transit systems; Denver RTD, Colorado Springs Mountain Metro, and Fort Collins TransFort. The FASTER funds are generated through vehicle registration fees. If these three local systems were allotted percentage shares commensurate with their populations, they would consume 70-80% of the FASTER Local pool, and leave the rest to be divided amongst the rest of the transit entities. The size and magnitude of RTD posed a challenge for consideration in the Local pool. A compromise was reached where by definition RTD is designated a "regional" provider, and granted an annual allotment (\$3M) out of the Statewide pool, leaving the entire Local pool for the remainder of the local entities. Similarly, annual allotments are granted to Mountain Metro and Transfort out of the Local pool. The FASTER distribution pools are shown below:

- **FASTER Local (\$5M/year)**
 - \$700K/year fixed allotment to Mountain Metro
 - \$200K/year fixed allotment to TransFort
 - \$4.1M/year competitive process, through the Consolidated Call for Capital Projects, for the remainder of local projects.
- **FASTER Statewide (\$10M/year)**
 - \$3M/year fixed allotment to RTD
 - \$3M/year fixed allotment to Bustang
 - \$1M/year competitive for operating assistance to local entities that operate regional service. Any unused funds are added to the competitive capital pool below. Currently \$530K are utilized for operating assistance.
 - \$2M/year competitive for capital projects with statewide or regional significance, through the Consolidated Call for Capital Projects.
 - \$1M/year for the administration of DTR

FTA 5310 and 5311 Operating Assistance and Capital Distribution Methodology: The 5310 and 5311 capital and operating assistance distribution methodology has not been evaluated or updated in over 10 years. With total funds steady and slightly rising every year, the recent practice has been to use the previous year's distribution as a base, review new or special circumstances and apply some of the increase appropriately, and apply the remainder of the increase proportionally to all recipients. This practice has worked satisfactorily, however there are limitations:

- It does not specifically provide for new qualified entities to enter the system. The annual growth in the total pool used to be larger, so in the past a few new entrants could be accommodated without having negative impact on others. Recent years have had minimal increases, and accommodating new entrants would negatively affect others. This year two new applicants were denied for a 2017 award, citing mid-term of the two year cycle; they were encouraged to apply next year at the beginning of the 2018/19 cycle.
- It does not specifically provide for current system expansions.
- The transit entities with the longest tenure have had the most compounded increases.

The 2017 awards for the 2016/2017 cycle were made in August, and it is hoped that a new methodology can be developed and accepted by the transit community, with criteria approved by the Transportation Commission in time for the 2018/2019 cycle applications.

Focus groups, made up of a wide range of transit entities, are being utilized to assist in the development of proposed criteria, and ultimately a proposed methodology. CASTA, STAC and TRAC will be used as review and endorsement entities prior to coming to the Commission, first through the Transit & Intermodal Committee.

(Note: The Transit Overview Workshop this month will focus a bit more on the status of the 5311 redistribution effort.)

Current Initiatives: DTR has a number of initiatives on-going to support and advance the statewide transit program:

- Continued refinement of the Transit Grant Program, including further development of the COTRAMS management tool. Deliverable: Transit Grants Quarterly Report.
- Completion of the 5310 and 5311 distribution methodology analysis. Deliverable: TC approval by March, 2017.
- Delivery of the SB 228 program of projects. Deliverable: SB 228 Quarterly Report (first edition) by January, 2017.
- Reconfiguration of the 5311(f) rural regional bus system. Deliverable: planned first quarter, 2018.
- Continue delivery of the Bustang service, including the West Route new run September 11 (Vail to DUS). Deliverable: Bustang Quarterly Report.
- Completion of the update to the Statewide Freight & Passenger Rail Plan. Deliverable: December, 2017.

October Transit Overview Workshop (2 of 2): The memo above and the presentation that will be given at the September workshop are meant to be an overview of the entire transit program. It is anticipated, and requested, that topics for further discussion will come out of the September workshop. The October workshop will be a follow-on to the September workshop. The topics that will be presented and discussed in October will be a result of the questions and requests that are made during the September workshop.



CDOT TRANSIT PROGRAM RESPONSIBILITIES

- ***SB09-094: Create Division of Transit & Rail***
 - *Plan, develop, operate, integrate transit into the Statewide System*
 - *Coordinate with other transit providers to plan, promote and implement transit services statewide*
- ***FTA Circular 5010: Administer FTA programs/funds***
 - *Receive FTA formula funds for small urban & rural areas*
 - *Distribute operating and capital funds*
 - *Insure compliance with federal regulations*



CDOT TRANSIT PRINCIPLES

- ***CDOT Mission***
 - *Provide the best multi modal transportation system*
- ***System Peak***
 - *Healthy multi modal system*
- ***Policy Directive 14***
 - *Transit utilization*
 - *Transit Connectivity*
 - *Transit Asset Management*
- ***Additional Statewide Transit Plan Principles***
 - *System Development*
 - *Environmental Stewardship*
 - *Safety & Security*
 - *Economic Vitality*



FY 16-17 FUNDING SOURCES

Amount (Millions)	Program or Source	Description
Federal Transit Administration (FTA)		
\$0.4	5304	Statewide & Non Metropolitan Planning
\$3.2	5310	Enhanced Mobility Seniors & Persons w/ Disabilities
\$11.0	5311	Rural Transit Program: Planning, Capital, & Operating
\$0.6	5339	Bus & Bus Facilities
\$15.2	FTA Subtotal	
FASTER Transit (State)		
\$5.0	Local	Capital
\$10.0	Statewide	Capital & Interregional/Regional Operating
\$15.0	FASTER Subtotal	
\$30.2	DTR TOTAL	



COLORADO

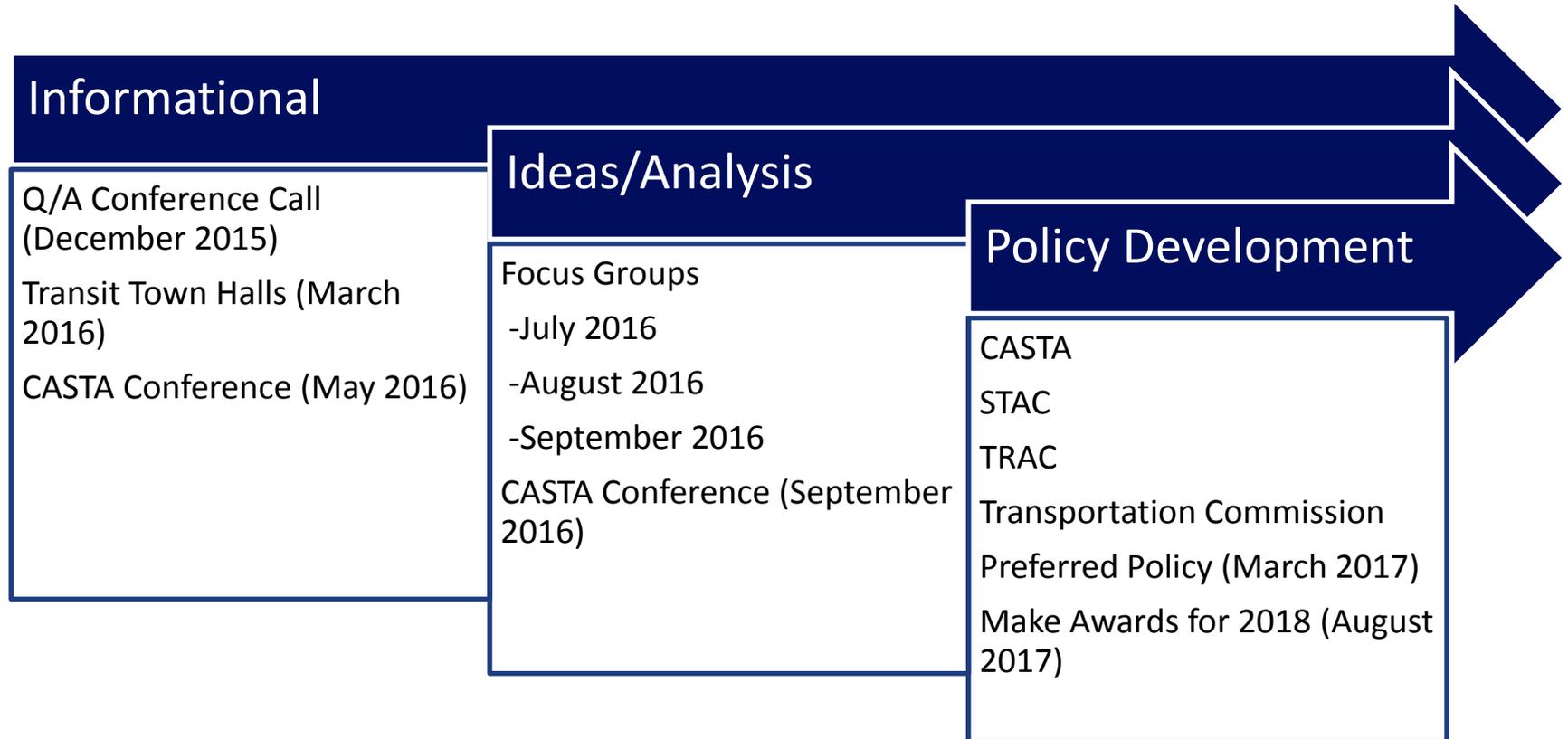
Department of
Transportation

- FTA 5311 Program
 - Rural Public Transportation
 - \$7.5 million in operating grants to 30 transit agencies
- 5311 Funding Re-allocation Should:
 - Be equitable, with opportunity for new providers
 - Be transparent, with easy-to-use formula
 - Reflect diversity of services
 - Reward good performance
 - Provide stable funding



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Scenario A

(Based on national
formula)

- Land
- Population
- Miles
- Low Income Population

Scenario B1 and B2

(Variations on national
formula)

- Land
- Population
- Miles
- Low Income Population
- Performance

Scenario C

(Based on operating
budget)

- Percentage of operating budget
- Capped at \$500,000

Scenario D

(Various factors)

- Population
- Miles
- Hours
- Passengers
- Low Income Population
- Performance