

MEMORANDUM

To: Planning and Development Committee

From: Chris White
Manager of Service Development

Re: MAP-21 New Federal Transportation
Authorizing Legislation



Date: September 10, 2012

As you may be aware, Congress passed a new transportation bill called Moving Ahead for Progress in the 21st Century, or MAP-21 for short. There are a number of changes that will affect AATA. This is to acquaint you with some key provisions that affect our capital planning and operating budget for FY 2013.

- Section 5307 is essentially unchanged. As you know, Section 5307 is the primary source of federal formula funds which are allocated to AATA which can be used for capital projects and specific kinds of operating expenses (preventive maintenance, capital cost of contracting, and planning). FTA has provided an estimate for the FY 2013 allocation for AATA of \$5,897,596, which is a very slight increase (+0.1%) over FY 2012.
- Section 5307 funds can be used by AATA for operating assistance. Since 1992, AATA has not been eligible for operating assistance. MAP-21 permits transit agencies in cities over 200,000 population – such as AATA - to use up to 25% of Section 5307 funds for operating assistance.
- AATA will receive funds in a new category of formula assistance, Section 5339, which can only be used for capital projects. FTA estimates that AATA will receive \$678,000 in Section 5339 funds in FY 2013.
- There are no longer discretionary funds for bus capital projects. Until now, the federal transit program for agencies operating bus service consisted of both formula funds allocated to transit agencies and a large amount of discretionary funds distributed through competitive applications or Congressional earmarks. AATA has been quite successful in obtaining discretionary grants in the last few years for projects such as the Blake Transit Center, incremental cost of hybrid buses, and expansion buses.

AATA uses our Capital and Categorical Grant Program to plan for the use of formula funds. Attached is a revised forecast for the use and availability of these funds through 2016.

Federal Formula Fund Forecast

Based on Capital & Categorical Grant Program Adopted January 2012 for Continuation of Existing Service Only

Shaded cells are actual figures.

Fiscal Year	2011	2012	2013	2014	2015	2016
Balance from prior year	\$5,666,015	\$4,638,981	\$874,493	\$3,718,089	\$5,977,685	\$3,093,281
Plus Allocation of Section 5307 funds	\$5,063,366	\$5,891,512	\$5,897,596	\$5,897,596	\$5,897,596	\$5,897,596
Plus Allocation of Section 5339 Capital funds	\$0	\$0	\$678,000	\$678,000	\$678,000	\$678,000
Plus Additional Allocation (ARRA)	\$0	\$0	\$0	\$0	\$0	\$0
Total Available	\$10,729,381	\$10,530,493	\$7,450,089	\$10,293,685	\$12,553,281	\$9,668,877
Amount Programmed for Federal Formula Funds	\$6,090,400	\$9,656,000	\$3,732,000	\$4,316,000	\$9,460,000	\$3,124,000
Amount Remaining - Carryover to following year	\$4,638,981	\$874,493	\$3,718,089	\$5,977,685	\$3,093,281	\$6,544,877

The bottom line shows the balance of formula funds at the end of each year, after funding the projects in the Capital and Categorical Grant Program. The balance at the end of FY 2012 is \$874,493. This is lower than usual due to funding a large bus replacement in FY 2012 (11 large buses and 5 small buses). The lowest balance in other years is over \$3 million. This puts the AATA in very good shape for ensuring grant funding for the continuation of service for the next several years.

For FY2013, staff is proposing to use \$1,474,000 in Section 5307 funds for operating assistance. The purpose is to help fund the cost of the advance initiatives of the 5-Year Transit Plan of the TMP, including additional service on the #4 Washtenaw route, Night Ride expansion, and AirRide service. This use of 5307 funds would reduce the balance at the end of FY 2013 to \$2,244,089.

This Federal Formula Fund Forecast does not include capital funding for any of the other service expansion included in the 5-Year Transit Plan of the Transit Master Plan. The fund balances in this forecast can be used to pay a portion of the capital cost for the service expansion, but additional funds will be required. The loss of discretionary funds eliminates one possible source of funds for the 5-Year Plan. More details are included in the TMP Financial Plan.