

January 18, 2017

Robert Patrick, Regional Administrator
Federal Transit Administration, Region VI
819 Taylor Street, Suite 14A02
Fort Worth, TX 76102

RE: Direct Recipient status of federal Section 5307 Program funds for the McKinney Urbanized Area and Revocation of Direct Recipient Status of the Texoma Area Paratransit System for the McKinney Urbanized Area

Dear Mr. Patrick:

This letter serves as the City of McKinney's (the "City") formal request to serve as the Direct Recipient of federal Urbanized Area Formula Program funds pursuant to 49 U.S.C. § 5307 ("Section 5307 Program") for the McKinney Urbanized Area ("MUZA")¹, and thus replace the Texoma Area Paratransit System ("TAPS") in such status as Direct Recipient.

The Texas Department of Transportation ("TxDOT"), Public Transportation Division has been designated by the Governor of Texas as the Designated Recipient of Section 5307 Program funds on behalf of small urbanized areas (population of 50,000 to 199,000). The implementation of the Section 5307 Program also requires the designation of a Direct Recipient in each small urbanized area. As the Designated Recipient, TxDOT may authorize another public entity, such as a city, county, councils of government, or metropolitan transit authority to serve as the Direct Recipient of Section 5307 Program funds. While TAPS served as the Direct Recipient of Section 5307 Program funds for the MUZA, concern amongst City staff and the City Council prompted the City to terminate the Public Transit System Interlocal Agreement and Memorandum of Extension, effective December 2015. This decision was made following termination of the 3-year contract awarded by the Texas Health and Human Services Commission to TAPS to provide non-emergency medical transportation for a 16-county region of North Texas and Southern Oklahoma, which included Collin County. Accordingly, the City seeks formal acknowledgement of its replacement of TAPS as Direct Recipient for the MUZA.

To ensure sustainable public transportation services throughout the MUZA, the City is pursuing Direct Recipient status for Section 5307 Program funding as it continues to formulate its overall transportation strategy and implementation plan. In this process, the City will utilize existing North Texas Council of Governments ("NCTCOG") and City-generated studies and planning tools for its analysis of transportation services funded by Section 5307 Program funds.

¹ As you know, the Federal Transit Administration ("FTA") relies on the designation of urbanized areas by the U.S. Census Bureau for purposes of awarding transportation funding pursuant to 49 U.S.C. § 5307. The U.S. Census Bureau has designated the City of McKinney, Texas (the "City") as a small urbanized area with a population of 50,000 to 199,000.

January 18, 2017

Page 2

For fiscal year 2016-17, the City will be funding transportation initiatives through TxDOT funds; however, the City and the newly-created McKinney Urban Transit District will concurrently be planning for McKinney's future use of Section 5307 Program funds. The City has the financial and technical capacity to receive and expend federal funds, and the City Attorney has concluded that the City has the legal capacity to serve as Direct Recipient of Section 5307 Program funds for the MUZA. A copy of the City's initial notice to TxDOT with the Opinion of Counsel is attached as **Exhibit A**. The City is the principal municipality in Collin County as well as within the MUZA. The City is the county seat of Collin County, and with a population of approximately 165,000, comprises 76% of the total population of the MUZA.

As a Direct Recipient, the City will provide the requisite oversight and control through a transparent municipal government process that is governed by its City Council, and it will further coordinate policy-making through the McKinney Urban Transit District. In addition, the City is closely coordinating with other municipalities in the MUZA (Celina, Prosper, Princeton, Melissa, and Lowry Crossing) as well as with the NCTCOG. The City respectfully seeks the FTA's approval of its request to become the Direct Recipient of Section 5307 Program funds for the MUZA, and will continue to update the FTA during upcoming months. The City has designated Chandler Merritt, Director of Strategic Services, as the point of contact to work with the FTA throughout this process.

The City looks forward to working with the FTA during this process. Please do not hesitate to contact me or Mr. Merritt should you require additional information or have any questions.

Sincerely,

Paul G. Grimes
City Manager, City of McKinney

cc: Eric Gleason, Director, Public Transportation Division, TxDOT
Kelly Kirkland, Section Manager, Public Transportation Division, TxDOT

Exhibit A