



**TITLE:** Discuss Direct Recipient for FTA Funds and Transit Provider for City of McKinney

**MEETING DATE:** April 15, 2013

**DEPARTMENT:** Development Services/Engineering

**CONTACT:** Gary Graham, PE, PTOE, Transportation Engineering Manager

**RECOMMENDED CITY COUNCIL ACTION:**

- Discuss transit related items and provide direction to staff.

**ITEM SUMMARY:**

- Discuss Direct Recipient designation for the McKinney UZA
- Discuss JA/RC Grant with North Central Texas Council of Governments (NCTCOG) for service to the DART Parker Road Station

**BACKGROUND INFORMATION:**

- Last summer, Moving Ahead for Progress in the 21st Century (MAP-21), was signed by President Obama, reauthorizing surface transportation programs through FY2014.
- Subsequent to that action, the Federal Transit Administration (FTA) made changes in public transportation programs for FY2013 that affect the FTA Urbanized Area Formula Program funding (5307 funds).
- The McKinney Urbanized Area (McKinney UZA) is a recipient of 5307 funds and must take action in response to these changes.
- The FTA has clarified that for small urbanized areas the Governor of Texas serves as the Designated Recipient for FTA programs utilizing 5307 funds and will be responsible to receive and apportion funding.
- The Governor does not have an option to delegate that role to the City of McKinney; however, the Governor may select an entity, based on local input, to delegate the program administration. The selected entity will be the Direct

Recipient and will be responsible for compliance with FTA regulations.

- The NCTCOG Metropolitan Planning Organization has been requested to take the lead role in developing the local decision making process to name a Direct Recipient for the McKinney UZA.
- On March 14, 2013, the NCTCOG conducted a meeting with City, County, State, NCTCOG Staff, and CCART Staff to discuss possible candidates for the Direct Recipient.
- The initial options considered are in four categories:
  - 1) TxDOT maintains all responsibilities,
  - 2) The City of McKinney becomes the Direct Recipient,
  - 3) The Direct Recipient status is assigned to a transit service provider such as TAPS, or
  - 4) The Direct Recipient status is assigned to NCTCOG, through the Regional Transportation Council.
- The result of the March 14, 2013 meeting was that NCTCOG staff will prepare a white paper describing the pros and cons of:
  - 1) The City of McKinney being the Direct Recipient, or
  - 2) A Transit Provider being the Direct Recipient.
- The NCTCOG is currently completing the white paper. As soon as it is received by staff, it will be forwarded to the City Council members.
- Collin County receives Section 5311 funding to provide public transportation in rural areas and they have the responsibility to name a transit provider for rural area services. Collin County is currently considering naming TAPS as the provider of these services.

#### McKinney Urbanized Area (McKinney UZA)

- The McKinney UZA, established by the Census Bureau as part of the decennial Census process, includes portions of the following cities/towns:
  - McKinney
  - Celina
  - Frisco
  - Lowery Crossing
  - Melissa
  - Princeton
  - Prosper
- The McKinney UZA is a designated area that receives Section 5307 and 5310 funding from the Federal Transit Authority (FTA) for general public transportation. These funds are apportioned to small and large urbanized areas.
- Section 5307 provides funding for transportation to the general public in the

McKinney UZA.

- Section 5310 provides funding for transportation for the elderly and disabled in the McKinney UZA. This funding is administered by TxDOT currently (through an application process) and will remain with TxDOT.

#### Direct Recipient

- Responsibilities of the Direct Recipient include, but are not limited, to the following:
  - Grant management
  - Provide service
  - Oversight and compliance
    - FTA Triennial Review

#### History

- In previous years, the State of Texas passed the Designated Recipient status responsibility to the City of McKinney.
- As the Designated Recipient, McKinney then pinned the Direct Recipient status to CCART
- The recent changes made by the FTA have clarified that the previous relationship between TxDOT, the McKinney UZA, and CCART is not allowed. The Governor is only allowed to delegate authority to another state agency such as TxDOT.
- TxDOT is going through this same process with all small UZA's in Texas.
- TxDOT wants the selection to be made at the local level; therefore, they are not making any recommendations.
- What is the Designated Recipient and what is the Direct Recipient
  - Designated Recipient - State, regional transit authority or other public entity with legal authority to receive and allocate federal financial assistance. The Governor of the state is defined in the federal legislation as the Designated Recipient for small UZA's like McKinney.
  - Direct Recipient - State or local governments, including public transit operators, eligible under federal transit law to apply for and receive FTA grants.
- 5307 Funding Levels
  - The NCTCOG has provided a summary of past funding that has not been spent or allocated as well as the anticipated funding levels for FY 2013. This summary has been attached in the packet.
  - It appears that City funding from 2010 is in jeopardy of losing the remaining 2010 funds.

- CCART Asset Disbursement
  - CCART assets (i.e. buses) were purchased with funding from various FTA sources.
  - After the County and the City finalize their respective choices for rural provider and direct recipient, the assets will be distributed accordingly.
  - TxDOT will oversee the distribution of those assets. TxDOT has informed the City the assets will be distributed so that no disruption in service will occur.
- Assessment of Collin County Transit Needs
  - NCTCOG is in the process of conducting a transit needs assessment for all of Collin County.
  - The study will be used to help define what service needs to be provided in the future (instead of continuing what CCART has provided).
  - This study is expected to be completed in June 2013.

#### City as the Direct Recipient

- If the City of McKinney chooses to be the Direct Recipient there are several possibilities for a service provider.
- TAPS has indicated that they are not in the contract service provider business and would not perform this function for the City in this capacity.
- The City could perform functions of the transit agency in house.
  - Would require additional staff.
  - The number of addition of staff would depend on what the City contracted out compared to what the City does in house.
- The City could contract all transit provider duties to a service provider.
  - The City would still retain the responsibility for compliance with FTA regulations
  - The service provider would be responsible for all program planning, operating, and reporting functions.
  - The City would probably need to hire one staff member to oversee the management company. This probably would not take 100 percent of their time.
- To select a service provider, a competitive selection process would be needed if that provider was a private transit management company. If the provider was another political subdivision, the City could enter into an ILA with them for service.
- The NCTCOG has indicated that if the City chooses to go through a competitive selection process they would want to participate in that selection so that the

selected provider could also be used for the services the NCTCOG provides for other parts of Collin County.

- Possible respondents to a competitive selection process include:
  - STAR - Rockwall and Kaufman Counties
  - DART
  - DCTA
  - Private Transit Management Companies
    - First Transit
    - McDonald Transit Associates
    - Veolia Transportation
- Pro's and Con's of McKinney being Direct Recipient

Pro's	Con's
City operated and controlled	City liable/responsible for oversight and compliance
City Council has final decision authority	City does not have transit expertise on staff
City Council retains "control" of available grant dollars	Difficult to balance needs of other cities
City determines who the provider will be	Longer transition period
Flexible to change routes, service, & companies	
Level of in house commitment	

### TAPS as the Direct Recipient

- TxDOT has suggested the City and TAPS enter into an ILA defining the expectations of each party.
- The ILA could contain a provision that defines a sunset of the program, setting a defined time where the City Council will review how the relationship has worked and if changes need to be made. If everything is working well, the Council can enter into a new ILA continuing the designation of the direct recipient.
- TAPS could immediately begin the review of CCART assets, planning of new routes, and transition into the role of providing service for the existing fixed routes until the service plan is developed.
- Because TAPS is a political subdivision of the state, the City Council can name them the Direct Recipient without going through a competitive selection process; however, staff recommends that a RFQ competitive process be used to determine the most qualified agency to administer the McKinney UZA 5307

funds.

- The RFQ process would ask service providers that are eligible to be named direct recipient, submit their qualifications on administering 5307 funding.
- The City would also ask Collin County and NCTCOG to join this process so a single provider for the County could be selected.
- The competitive process would provide the most transparency to the residents of the UZA as well as the other towns/cities in the UZA.
- Pro's and Con's of TAPS being the Direct Recipient

Pro's	Con's
Direct recipient status with service provider widely used model across the state	Less direct "control" of grant dollars
Direct Board representation & oversight (2 McKinney seats-UZA and County Seat)	City staff not directly involved with daily operations
ILA can define expectations of each party	Perceived oversight (fox in the henhouse)
Expertise & success in industry	City staff/council is not on the management team
Existing infrastructure & equipment - (bus, facility, software, phones, etc.)	NCTCOG - Large UZA may not use TAPS - service not seamless
City not liable/responsible for oversight and compliance	
County is considering TAPS - seamless service	
Shorter transition period	

- Staff recommends that the second option naming a service provider as the direct recipient be utilized.
  - Providing that the competitive process is utilized.
  - Moving forward with an established transit provider reduces the likelihood of any gap/disruption in service.
  - Reduces the chance of any loss in federally allocated funds.

JA/RC

- The City submitted for the JA/RC grant in 2009.
- The grant was awarded to the City in late 2010.
- Council approved an ILA in 2011 with TAPS to provide the service; however, the

ILA has not been executed.

- DART has refused to grant access to the Parker Road station to any bus carrying McKinney residents.
- DART has submitted a proposal to perform the service for the JA/RC grant based on the scope of the TAPS proposal.
  - DART proposal - \$564,000 for one year of service
  - TAPS proposal \$499,000 for there of service
- DART passed new policy in March of 2013.
  - Can contract for 2 years without any strings
  - If a non-member city contracts with DART for service for 36 months, the City also commits to have a referendum on 4a/4b vote within 48 months.
- RTC action on 4-11-13 regarding the current JA/RC funding. There is discussion to have a penalty for the DART JA/RC projects if service/access issues with McKinney and Allen is not resolved within 45 days.
- How should staff proceed? Reject the DART proposal or continue discussions?

**FINANCIAL SUMMARY:**

- The City currently budgets \$100,000 annually for transit operations.
- MAP-21 now allows for toll credits to be used for the local share of the matching

**SUPPORTING MATERIALS:**

[Presentation](#)

[Anticipated Funding](#)

[Letter from NCTCOG](#)