

Designating NCTCOG as Designated Recipient of Federal Transit Funds

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Background for Discussion

- In 2010, the McKinney urbanized area (UZA) was determined to be a small urban area by the Census Bureau. The McKinney UZA grew with the 2020 census to officially receive designation as a large urban area. The MUZA has a new name, the MFUZA, and now includes Paloma Creek South and part of City of Frisco.
 - The UZA update also excluded Melissa and Princeton from the MFUZA. MUTD will continue to provide service to those areas and coordinate with the County on a long-term option.
- As a small urban area, TXDOT was our “Designated Recipient” of federal funding. Because of the changes to the UZA, we must select a new “Designated Recipient.”
- The FTA encourages selection of single Designated Recipient for each UZA and for all types of formula funds to streamline administration of programs.

Who can be a Designated Recipient?

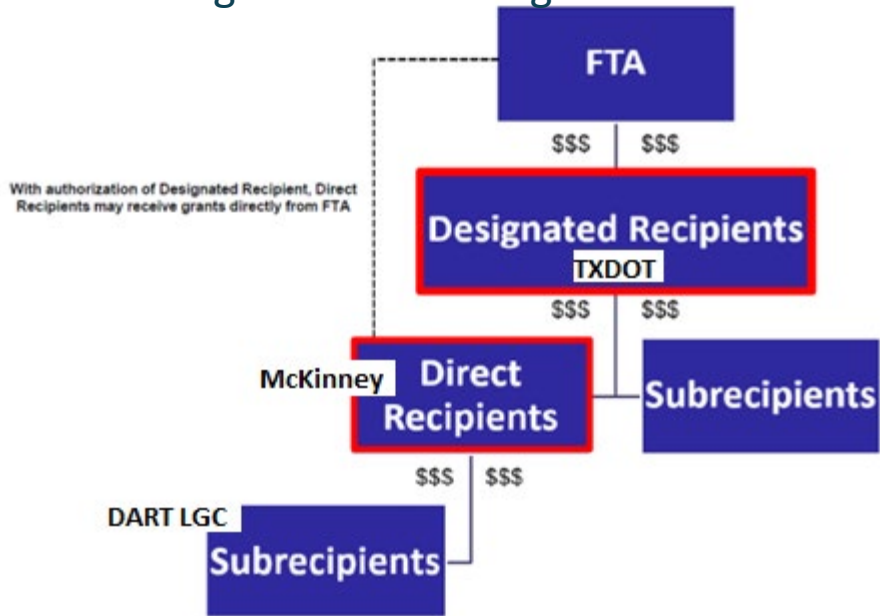
- In order to be a designated recipient, the following is required:
 - Entity must be a governmental authority and have legal authority to receive and dispense FTA funding
 - Ultimately appointed by Governor or Governor's designee
 - Concurrence from all public transit providers in the UZA and metropolitan planning organization (MPO), including providers that are new to a large UZA with a pre-existing Designated Recipient
 - Selection of a Designated Recipient should be approved by September 30, 2023, to administer FY2024 apportionment

What does a Designated Recipient do?

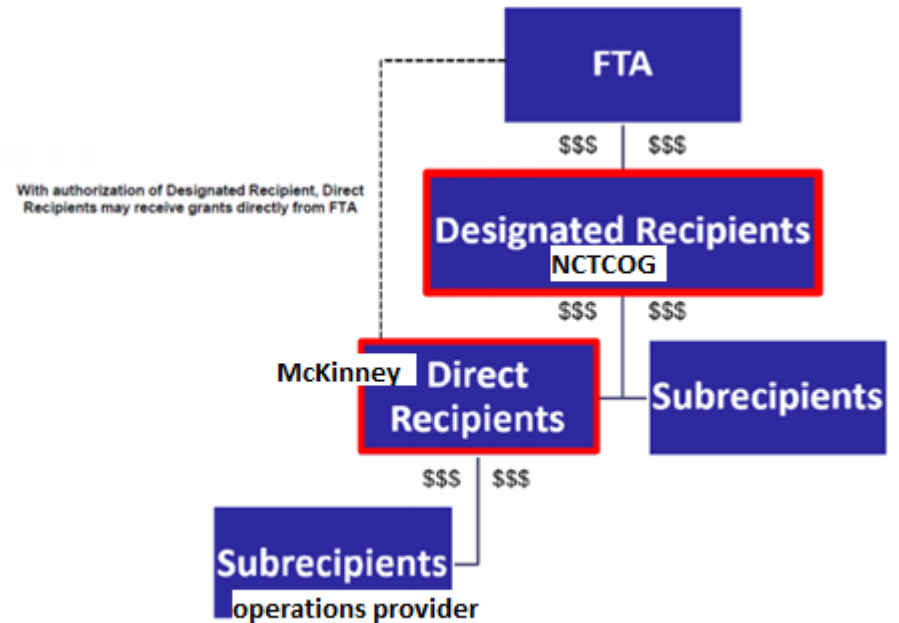
The other large UZAs in the region, DFW UZA and DLUZA, both have NCTCOG as their MPO and Designated Recipient for formula funds. This is likely because of the burdensome responsibilities of a Designated Recipient. Funding is apportioned to a Designated Recipient, whose job it is to support the transit needs of large UZAs by:

- Designating direct recipients and subrecipients, receiving and apportioning funds to eligible projects and recipients in UZA and provide 'split' letters to FTA
- Developing the program of projects (POP) with Section 5307, 5310 and/or 5339(a) funds that includes suballocation of funds to Direct Recipients or Subrecipients and project descriptions and corresponding costs
- Ensuring program of projects (POP) meets program requirements and coordinate with MPO to ensure projects in POP are included in MPO planning and project programming products (e.g., MTP, TIP)

Under existing 2010 UZA Designation:



Under new 2020 UZA Designation:



What does this mean for McKinney Urban Transit District?

We can join the other large UZAs in the region and receive our funding apportionment and administrative programming through the NCTCOG, a trusted entity that is also the MPO for the region. We will still receive some state funds from TXDOT for the public transit program. McKinney could also keep Direct Recipient status and its ability to apply directly to FTA for funding.

McKinney and the other municipalities in the new MFUZA will all have to agree on who the new designated recipient will be. NCTCOG is engaging with all public transit service providers in the region to have a designated recipient selected by September 30, 2023.

What if we DON'T choose NCTCOG as designated recipient? All municipalities and service providers in the MFUZA would have to select an entity that met the requirements laid out above and had the ability to carry out the administrative responsibilities outlined above before September 30, 2023. If they could not do so, there would be no FY24 FTA apportionment for MFUZA.

Staff recommends designating NCTCOG as Designated Recipient of federal transit funding.

