



**Washtenaw Area Transportation
Study (WATS)**
705 N. Zeeb Rd.
Ann Arbor, MI 48103-1560



Washtenaw Area Transportation Study

TRANSIT FUNDING OPPORTUNITIES



Originally developed by the Washtenaw Area Transportation Study

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This brochure summarizes the major transit funding programs available through the Transportation Equity Act for the 21st Century (TEA-21) and the State of Michigan. Preparation of this brochure was financed through grants from the U.S. Department of Transportation in cooperation with the Michigan Department of Transportation (MDOT) and contributions from local government members of the Washtenaw Area Transportation Study (WATS).

FEDERAL FUNDS

With the passing of TEA-21 in 1998, federal funds were made available to the following programs. Most of these programs were already in existence, some with different names. Many of the programs described in this section are federally funded, but state administered. The Ann Arbor Transportation Authority (AATA) is the designated recipient for Washtenaw County for many of these programs. This helps to simplify the application process and also encourages the local agencies and transit providers to coordinate efforts and services. In addition to the programs listed below, AATA receives funds for transit planning. These planning funds are federal dollars that the Michigan Department of Transportation (MDOT) passes through the Southeast Michigan Council of Governments (SEMCOG) to both AATA and UATS.

Urbanized Area Formula Grants, Section 5307

The Federal Transit Administration (FTA) annually allocates the 5307 funds to the Ann Arbor Transportation Authority (AATA), the designated recipient for Washtenaw County. In each urbanized area there is one designated recipient of 5307 funds; AATA has had this role since 1974 when the funding program was started. Smaller transit providers coordinate with AATA for their share of any funds. (The amount allocated to each urbanized area is determined by formula, based half on population and population density and the other half on vehicle miles and passenger miles.)

The 5307 grants are considered the principal federal funding source for transit; AATA receives about \$3 million each year from the 5307 grants that is usually matched with 20% from the State of Michigan. These funds are primarily used for capital projects, such as purchase of buses, bus equipment or construction of facilities. Planning projects identified in the Unified Work Program and limited-operating projects (for example, the capital cost of contracting services and preventative maintenance) can also be funded. Because Ann Arbor is an urbanized area with a popula-

each trip. Most trips are provided by private transportation services.

Specialized Services



This program provides operating funds for services for senior citizens and the disabled, though these funds can only be used to continue funding for agencies that already receive it. The local priorities are determined by the Washtenaw County Specialized Transportation Coordinating Committee which include representatives from: AATA, Chelsea Area Transportation Service, Manchester Senior Citizens, Milan Public Transit, Northfield Human Services and Neighborhood Senior Services as well as other many other agencies. AATA must submit a request for Specialized Services funding through the annual application process to the State. In the past few years, AATA has received \$130,000 annually on behalf of Washtenaw County service providers.

Regional Transportation Program

The Regional Transportation Program aims to promote regional planning of transit systems, particularly to provide regular transit service between counties. Though this is an important concept, the State has never provided funding for this program. Nonetheless, it is worth including because of its potential for providing funding for coordinated service between counties. Eligible applicants include transit authorities, government agencies, private non-profit agencies, private partnerships, metropolitan and regional planning programs. Like most other State programs, requests for these funds must be included in the annual application to the State.

Washtenaw County Transit Providers

*Ann Arbor Transportation Authority: 734-973-6500,
Website: www.theride.org
Center for Independent Living: 734-971-0277
Chelsea Area Transportation Service: 734-475-9494
Manchester Senior Citizens: 734-428-7181
Milan Area Transit: 734-439-2457
Neighborhood Senior Services: 734-712-7775
Northfield Human Services: 734-449-0110
RideSource: 734-677-4349*

In recent years, STPR funds have been used to purchase vehicles for several rural transit providers, including Milan Transit, Northfield Human Services and Neighborhood Senior Services.

STATE FUNDS

The State funded programs are listed below. Under Act 51, about eight percent of the Michigan Transportation Fund (MTF) is allocated to the Comprehensive Transportation Fund (CTF). The CTF provides funding for all non-roadway transportation, with transit as the primary recipient. All of the programs must be included in an annual application. As the designated recipient for Washtenaw County, AATA submits the application to the State by February 1st of each year for the fiscal year beginning the following October. Because applications are submitted only once each year, long-range planning for transit is very important.

Urban Operating Assistance

The Urban Operating Assistance funds provide up to 50% assistance for eligible transit operating expenses for service within the federally designated urban areas. In FY-2001, the State contributed about 37% toward eligible operating expenses through this program. As the designated recipient for Washtenaw County, AATA applies for these funds annually.



Non-Urban Operating Assistance

Like the Urban Operating Assistance funds, the Non-Urban funds can be used for eligible transit operating service. However, Non-Urban funds must be used outside the urbanized area. To receive these funds, applicants must complete the same application process as for the Urban Operating Assistance. In FY-2001, the State contributed 44% of the maximum 60% toward eligible operating expenses through this program.

Project Zero

This is a statewide program aimed at reducing the number of people receiving welfare who can work. Funding for this program comes from three sources: the Family Independence Agency (FIA), Michigan Works First Commission and MDOT. Applications are submitted to the Washtenaw County FIA office once each year. AATA receives the funds for transportation in Washtenaw County. RideSource, a trip brokerage service operated by AATA, determines the most economical provider for

tion over 200,000, AATA's general operating costs are not eligible for funding under this category

Non-Urbanized Area Formula Grants, Section 5311

Section 5311 funds are restricted for use in the non-urban areas only. This is a state administered program where the federal government allocates the funds to states and the states oversee the program and determine the criteria for eligible projects. In Michigan, nearly all of the funds are dedicated to funding operating expenses. The State funds a fixed percentage of operating costs; currently about 11% of eligible non-urban operating expenses.

AATA is the designated recipient of 5311 funds from the State of Michigan for Washtenaw County. Projects from other transit agencies must be coordinated with AATA and included in the annual application to the Michigan Department of Transportation (MDOT) from AATA.

Capital Program Grants and Loans, Section 5309

Any governmental agency is an eligible recipient for the 5309 funds. This is a competitive grant program where the U.S. Congress determines the projects to be funded. The U.S. Congress determines what projects will be funded at what level as part of the annual transportation appropriation process. These funds can only be used for capital projects. Nearly \$2.8 billion has been allocated to the program nationwide for each year of TEA-21. The program funds are divided up as follows: 40% for new rail systems, 40% for rail modernization and 20% for bus projects. Up to 80% of the project costs can be awarded, however overmatching by the applicant is typically required. These funds are only available through the U.S. Congress and thus must be written into the current transportation bill.



AATA rarely applies for 5309 funds for special projects because it handles routine capital replacement and maintenance through the Section 5307 grant program. The AATA headquarters building on S. Industrial Hwy. in Ann Arbor and the AATA's Advanced Operating System were funded from the 5309 Program.

Service Development/New Technology, Section 5313B

This is a relatively small competitive grant program for federal funds that is administered by the states. Proposed projects are included in the annual application that AATA submits to the State of Michigan.

AATA received its first 5313B grant to fund RideSource for 18 months in FY 2001.

Congestion Mitigation/Air Quality (CMAQ)

The U.S. Congress created the CMAQ program with ISTEA in 1991 and renewed it in TEA-21. The primary purpose of this program is to fund improvements to the transportation system which reduce vehicle exhaust emissions in nonattainment and maintenance areas. This federal-aid program funds projects that improve the flow of traffic on the existing roadway system or transit and related projects that reduce the demand for the roadway system. Eligible transit projects include the purchase of buses for expanded service and operations of new programs for up to 3 years. In most cases the CMAQ program provides 80 percent of the project cost; the applicant is responsible for the balance.

CMAQ funding is awarded based on a regional competitive application process. Projects are evaluated on a benefit/cost ratio based on the reduction of emissions, as well as the overall quality of the project. All cities, villages, county road commissions, MDOT, public/private partnerships, and transit agencies are eligible to apply for funding. Past transit projects awarded CMAQ funding include new service to the City of Saline and Ypsilanti Township and the creation of the *getDowntown Program* in the City of Ann Arbor. UATS prioritizes projects for Washtenaw County. MDOT and SEMCOG jointly select projects for the region.



Enhancement

The Enhancement Program, like the CMAQ Program, was continued with the passage of TEA-21. Ten percent of the Surface Transportation Fund is set aside for enhancement activities. The activities that are allowed are classified into four categories: Non-motorized Facilities, Transportation Aesthetics, Water Quality and Wildlife Mortality, and Historic Preservation.

Enhancement funding is awarded based on a statewide competitive application process and funds are distributed based on merit by category. All cities, villages, county road commissions, MDOT, and transit agencies are eligible to apply for funding. Although this category does not directly provide funds for transit projects, it does provide funding for improving pedestrian and

bicycle facilities which can ultimately improve access to transit.

Job Access/Reverse Commute

This is a nationwide competitive grant program. Any governmental agency is eligible to apply directly to the Federal Transit Administration. One of the criteria for receiving Job Access/Reverse Commute funds is the area's unemployment rate. Because the Ann Arbor-Ypsilanti area has a low unemployment rate, approval of a project for this area is unlikely.

Elderly and Disabled Program, Section 5310



This is a federally-funded program that is administered by the states. Eligible applicants include private, non-profit agencies. In Washtenaw County, all projects must be coordinated with AATA and included in AATA's annual application to the State. In Michigan, only capital projects are eligible for 5310 funds which are almost exclusively used for bus replacement. Like other federally-funded programs, a 20% local match is required to access these federal funds which oftentimes is provided by the State.

Federal Aid Urban and Rural

The Surface Transportation Program – Federal Aid Urban (STPU) and Rural (STPR) funds are allocated based on each county's share of regional population in the urbanized area; Washtenaw County receives approximately \$3 million each year, \$2.5 million of Urban and \$.5 million of Rural. All communities within the urban boundary with road jurisdiction, transit agencies and the Washtenaw County Road Commission may submit projects to be considered for STPU funding. Communities outside the urban boundary with road jurisdiction, transit agencies operating in these areas and the Washtenaw County Road Commission may submit projects to be considered for STPR funding.

This category of funding is used primarily for road projects, but all transportation improvements are eligible for STPU and STPR funds. For transit, STPU and STPR funds can only be used for capital projects. AATA does not typically rely on these funds because it handles routine capital and maintenance needs with Section 5307 funds. The most recent transit project using STPU funds was in 1993 for the implementation of a traffic signal on Maple Road in Ann Arbor for the transfer location and park and ride lot at Maple Village.