



U.S. Department
Of Transportation
**Federal Transit
Administration**

July 18, 2012

Office of Governor Christine Gregoire
416 Sid Snyder Ave SW, Suite 200
PO Box 40002
Olympia, WA 98504-0002

Dear Governor Gregoire,

This letter is to inform you of upcoming changes to the Federal Transit Administration's Section 5307 Urbanized Area Formula Program as a result of the 2010 Census. These changes also affect the distribution of funds under other FTA formula-based programs authorized by the recently passed transportation authorization, Moving Ahead for Progress in the 21st Century (MAP-21).

Beginning in Fiscal Year (FY) 2013, FTA will allocate funding under these formula-based programs according to the Urbanized Area (UZA) designations and population counts determined by the 2010 Census. The Census Bureau has identified a number of changes since the 2000 Census that may affect how funding under the Section 5307 program is awarded to grantees in Washington under current law. Some of these changes may require you to select a new Designated Recipient for a large urbanized area.

In addition, these changes will require public transit agencies in newly designated small urbanized areas, as well as previously non-urbanized areas of UZAs that grew geographically, to participate in the multimodal planning processes of newly designated, or previously existing, metropolitan planning organizations (MPOs) for those areas. Grantees in these areas will need to work in partnership with the MPO and State DOT to ensure compliance with federal transportation planning requirements in order to receive funding through the Section 5307 program, as well as from other Federal funding programs.

These changes will apply to funds apportioned beginning in FY 2013. Previously apportioned funds will not be affected, and may continue to be used under the terms for which they were originally apportioned.

The following scenarios will apply in Washington:

- Formerly non-urbanized areas have grown to between 50,000 and 199,999 in population (New Small UZAs). The new small UZA in Washington is Walla Walla, WA. Note that this new UZA is a multi-state UZA and includes a portion of the Milton-Freewater area in Oregon State.
 - Transit providers in the new Small UZA will now be eligible to receive funds under the Section 5307 Urbanized Area Formula Program.
 - Transit providers in the new Small UZA will need to become knowledgeable of, and fully participate in, the planning activities of a newly designated metropolitan planning organization (MPO) for that UZA.
 - Transit providers that are eligible public entities may elect to become a direct recipient and receive grants directly from FTA. Direct recipients are subject to oversight by FTA, which includes additional reporting requirements and compliance reviews (e.g. civil rights reviews, triennial reviews.)
 - Private, non-profit organizations that provide public transit services will need to cooperate with an eligible direct recipient in order to receive funds.
 - Funding for Small UZAs will be apportioned to the Governor as the Designated Recipient responsible for allocating these funds to the various small UZAs in the State. Amounts specific to each small UZA are published by FTA for informational purposes only, and are non-binding on the Governor.
 - For multi-state Small UZAs, the Governor's Apportionment will include an amount attributable to the state's share of the Small UZA's population.
- Formerly non-urbanized (rural) areas have become part of a geographically enlarged existing UZA. These areas include:
 - 1) Airway Heights, WA adjacent to the existing Spokane, WA (Large UZA)
 - 2) Ferndale, WA adjacent to the existing Bellingham, WA (Small UZA)
 - 3) Lake Goodwin, WA adjacent to the existing Marysville, WA (Small UZA)
 - 4) Cashmere, WA adjacent to the existing Wenatchee, WA (Small UZA)
 - Transit providers in the formerly non-urbanized area will now be eligible to receive funds under the Section 5307 Urbanized Area Formula Program.
 - Transit providers in the formerly rural area that are eligible public entities may elect to become a Direct Recipient and receive grants directly from FTA as allocated by the Designated Recipient. Direct recipients are subject to oversight by FTA, which includes additional reporting requirements and compliance reviews (e.g. civil rights reviews, triennial reviews).
 - Private non-profit organizations that provide public transit in the formerly rural area will need to cooperate with an eligible Direct Recipient in order to receive funds.

- The MPO for the UZA and transit providers in the formerly non-urbanized area will be required to coordinate in the programming of Federal transit funding (in cooperation with the Designated Recipient in areas with populations of 200,000 or more).
- If the formerly non-urbanized area has become part of a Large UZA, the state and designated recipient(s) must submit documentation that any transit providers in the formerly non-urbanized area have concurred in the selection of the designated recipient.

Small UZAs have grown above 200,000 in population (New Large UZAs). The new large UZA in Washington is Kennewick-Pasco, WA.

- The Governor must select an appropriate agency as the Designated Recipient, which will be responsible for sub-allocating FTA Section 5307 funding to other transit providers in the Large UZA.
- Current direct recipients of FTA funding will no longer be eligible for reimbursement of operating expenses, such as fuel and operator salaries, for services in a large UZA. An exception exists for transit service providers that operate fewer than 100 buses in fixed route service during peak hours.
- The Governor must also designate a Designated Recipient for the JARC and New Freedom programs, which may be different from the Designated Recipient for Section 5307 (subject to change with implementation of MAP-21).
- Transit providers in Small UZAs that have grown to above 200,000 in population will need to become knowledgeable of, and fully participate in, the planning activities of their MPOs, as a more robust level of multimodal planning is involved.

In addition to the above-referenced changes in eligibility and grantee requirements, the change in population between the 2000 Census and 2010 Census will also affect the amount of Federal transit funding that an urbanized area will receive under the Section 5307 program. The distribution of formula funding is based on several factors, including overall population, population density, vehicle revenue miles and other service measures reported to the National Transit Database.

FTA will publish additional guidance over the next few months regarding the Section 5307 program and federal planning requirements, as well as guidance on changes to FTA programs resulting from MAP-21. FTA will also coordinate with Federal Highway Administration to assist local areas in establishing new MPOs. In the meantime, additional information on Census updates is also available on the FTA website. Please contact David Powell, Director of Planning and Program Development at (206) 220-7056 if you have any questions.

Sincerely,



Richard F. Krochalis, Regional Administrator
Federal Transit Administration

cc: Paula Hammond, Secretary of Transportation, WSDOT
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