

**MTI REPORT**

**White Paper:  
Building Consensus and Partnerships for Implementing  
MAP-21's Section 5310 Program in California**

**November 2013**

**Dr. Christopher E. Ferrell  
Dr. Bruce S. Appleyard**

a publication of the  
**Mineta Transportation Institute**  
**College of Business**  
**San José State University**  
**San Jose, CA 95192-0219**  
Created by Congress in 1991



## **ACKNOWLEDGMENTS**

This white paper and the research that informs it were funded by the California Department of Transportation (Caltrans) through the Mineta Transportation Institute at San Jose State University. Special thanks to Brian Travis and Mark Codey at Caltrans for their guidance and help in planning, launching, and collaborating on this project. Many thanks to the 5310 stakeholders from metropolitan planning organizations, transit agencies, and non-profit services providers from around the state who participated in and contributed to this effort.

The authors also thank MTI staff, including Research Director Karen Philbrick, Ph.D.; Director of Communications and Special Projects Donna Maurillo; Student Publications Assistant Sahil Rahimi; Student Research Support Assistant Joey Mercado and Webmaster Frances Cherman.



## TABLE OF CONTENTS

|  |    |
|--|----|
| INTRODUCTION .....                       | 3  |
| PROBLEM STATEMENT .....                  | 3  |
| PROPOSED SOLUTION .....                  | 9  |
| FUTURE DIRECTION / LONG-TERM FOCUS ..... | 10 |
| RESULTS / CONCLUSION .....               | 11 |

## LIST OF FIGURES

|   |   |
|---|---|
| Figure 1. Preferred 5310 Implementation Option for All Stakeholders.....    | 7 |
| Figure 2. Preferred 5310 Implementation Option for MPOs .....               | 8 |
| Figure 3. Preferred 5310 Implementation Option for Transit Agencies .....   | 8 |
| Figure 4. Preferred 5310 Implementation Option for All Other Agencies ..... | 9 |

## 5310 Implementation Options Summary

November 18, 2013

### INTRODUCTION

MAP-21—the current federal transportation funding law—allows Metropolitan Planning Organizations (MPOs) or eligible large urbanized area (UZA) agencies to take over the administrative responsibility for the Federal Transit Administration (FTA) Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities grant program. California’s Department of Transportation (Caltrans) has administered this Program for the entire State since the 1970’s.

Seeking to minimize the negative effects of this transition, foster the positive effects, and retain as much of the beneficial aspects of the State’s current program, Caltrans hired the Mineta Transportation Institute (MTI) to conduct research and facilitate a dialogue with the State’s 5310 stakeholders. This effort jointly determined the best way to honor eligible 5310 administrative activities that MAP-21 allows. The main findings that this research and dialogue discovered are:

- A “full transition” to MPO Program administration could significantly reduce the benefits of the 5310 program for the entire state.
- A full transition could leave smaller MPOs without sufficient administrative funds to adequately run the program in their jurisdictions.
- Stakeholders are concerned that their local project funding priorities may not receive enough attention if Caltrans retains sole administrative responsibilities for the Program.
- A majority of stakeholders prefer to pursue a partnership with Caltrans to jointly run the 5310 program.

### PROBLEM STATEMENT

MAP-21 introduced important administrative changes to the Federal Transit Administration (FTA) Section 5310 program. A summary of these changes are as follows:

- Although FTA Section 5317 (New Freedom) program was technically repealed, the Program’s eligible projects and funding were effectively folded into the new MAP-21, 5310 program.
- Therefore, annual 5310 program funding increased from approximately \$14 million to \$29 million.
- At least 55 percent of the funds available to the new 5310 program must be used for traditional 5310 projects. The remaining 45 percent can be used on New Freedom-type projects that were historically funded under SAFETEA-LU.
- Apportionments to the 5310 program are calculated—60% to large UZAs, 20 percent to small UZAs, and 20 percent to rural areas.
- Program administration can be shifted away from Caltrans to large urban area MPOs or eligible large UZA agencies for the large urban area apportionment component.

MAP-21 therefore brought to light questions about how California 5310 program administration could/should be facilitated in large UZAs. Upon further evaluation of current statewide Program administration, and future Program administrative options, the following *key issues* were identified:

- *Administrative Duplication and Redundancy*: Each MPO/large UZA would need to re-create the administrative structures currently residing at Caltrans. This duplication of service will create inefficiencies that could lead to higher administrative costs, in part since each MPO/large UZA

## 5310 Implementation Options Summary

November 18, 2013

would use a piece of the overall resources available for Program administration. Depending on how the MPOs/large UZAs implement their Programs, MAP-21 allows them to use up to 10 percent of each UZA apportionment compared to the current level of administrative resources available to Caltrans by State law (5%) for statewide Program administration. This administrative inefficiency is projected to lead to a loss of overall Program purchasing power—a reduction in Program project funds available for transit vehicle purchases (the main use of 5310 resources under the current Caltrans-administered Program) or other projects now allowed under MAP-21. Caltrans estimates:

*If all MPOs choose to use the full 10 percent of their available 5310 apportionment for administration, compared to just 5 percent used by Caltrans historically, then the State as a whole could be unable to purchase 17 average transit vehicles commonly procured under the Program each year.*

- **Overlapping Jurisdictions:** Caltrans may retain administrative responsibility for small UZAs and rural areas within a large urban MPO's jurisdictions. Coordination between the State's 5310 program and locally administered 5310 programs would produce a patchwork of overlapping administrative responsibilities. This issue can promote inconsistencies in project selection criteria, and therefore project selection outcomes between California jurisdictions.
- **New Freedom Concerns:** MAP-21 combined the New Freedom (5317) program project eligibilities with the new 5310 program. MPOs are concerned that if Caltrans were to retain their current administrative role, Caltrans may not be willing to continue funding existing large UZA New Freedom projects.
- **Fund 055 –MTRF, Unavailable to MPOs/large UZAs:** Caltrans currently services grant project procurements by advancing funds for transit vehicle and equipment purchases. This is facilitated through the Mass Transportation Revolving Fund/account (a State fund). Large UZA 5310 applicants will not have access to this account and would therefore have to use local funds or financing to purchase vehicles and then wait for reimbursement from FTA. Caltrans will not be able to continue to offer the use of this Fund after MPO's/ large UZAs become responsible for 5310 program administration.

### Workshop #1 Preparation and Highlights

Based in part on the identification of key issues, MTI convened the first of two workshops on July 10, 2013 to provide a “knowledge transfer” between Caltrans, MPOs, and other stakeholders. This was a dialogue that provided information on how the 5310 and New Freedom programs were administered by Caltrans and MPOs/large UZA under SAFETEA-LU. It also included a collaborative stakeholder dialogue that aimed to foster ideas about the best way to implement the 5310 program as prescribed by MAP-21.

During this workshop, stakeholders identified three statewide 5310 program implementation options:

- **Option #1:** Continue with the current administrative system under Caltrans.
- **Option #2:** MPOs take over administration for their respective large UZAs (referred to above as “full transition”).
- **Option #3:** Administrative Hybrid—Partnership between MPOs and Caltrans.

Each option is described in greater detail below.

## **5310 Implementation Options Summary**

November 18, 2013

### ***Option #1: Continue with the current administrative system under Caltrans***

Statewide program administration, financial management, vehicle procurement and inspections, and Federal Transit Administration (FTA) compliance responsibilities would remain with Caltrans as the designated recipient. However, there are several new activities that Caltrans would conduct:

- Caltrans would develop new project selection criteria and scoring systems to evaluate new 5310 project eligibilities (including those previously funded under the New Freedom Program).
- Caltrans would award projects up to the apportionment level FTA identifies for each large urbanized area, as displayed in FTA in apportionment notices.
- Caltrans would ensure that at least 55 percent of all funds allocated serve projects that were eligible 5310 activities under prior federal authorization (SAFETEA-LU).
- Caltrans would provide oversight for all eligible 5310 project types, which includes operations, mobility management, and capital purchases.
- As required by State law, administrative resources would be limited to 5 percent of the total combined statewide apportionment.

### ***Option #2: MPOs take over administration for their respective large UZAs.***

If MPOs or eligible large UZA agencies elect to become the designated recipient for the large UZA apportionments, they would work directly with FTA. All large UZA 5310 program administrative responsibilities would reside with the MPOs. Distinguishing elements of this option include:

- MPOs or eligible large UZA agencies would need to establish new administrative systems equal to those previously required of Caltrans. This will require MPOs/agencies to acquire the capacity and technical expertise to be responsible for and perform all 5310 administrative tasks formerly handled by Caltrans. Any new administrative requirements of MAP-21 would also be the MPO's/agency's responsibility. This includes:
  - FTA grant management
  - Application development
  - Calls for projects
  - Project scoring and selection
  - Workshops (application, award, invoicing, procurement reimbursement/payment)
  - Procurement workshops
  - Finance management
  - Vehicle procurement and inspections
  - Project monitoring
  - Asset management and property disposition
  - FTA compliance audits
- Administrative resources (up to 10%) would be included in each designated recipients apportionment.

### ***Option #3: Administrative Hybrid—Partnership between MPOs and Caltrans***

Under this scenario 5310 program administration would remain with Caltrans as the designated recipient. However, large UZA project scoring, selection and programming decisions would be delegated to large UZA MPOs. Caltrans would continue to support all other program requirements set by the FTA. Distinguishing elements of this option include:

## **5310 Implementation Options Summary**

November 18, 2013

- MPOs would need to set up and establish new administrative systems to handle project scoring and selection, or expand their New Freedom programming processes to incorporate traditional 5310 projects.
- Caltrans would check program allocations by area to ensure large UZA funding splits are maintained according to FTA apportionment notices.
- MPOs would be required to show that 55% of their 5310 apportionment funds traditional 5310 projects in accordance with 9070.1(f) or Caltrans State Management Plan within their region (including projects supported by non-profit transportation providers).
- Caltrans would confirm that all funding decisions made by large UZA MPOs provide a minimum of 55 percent for traditional 5310 projects, as defined by FTA.
- Caltrans would continue to provide the following services:
  - Workshops (award and procurement)
  - Finance management
  - Procurement oversight
  - Vehicle procurement and inspections
  - Project monitoring
  - Asset management and property disposition
  - FTA compliance audits
  - Invoicing/Reimbursement payment

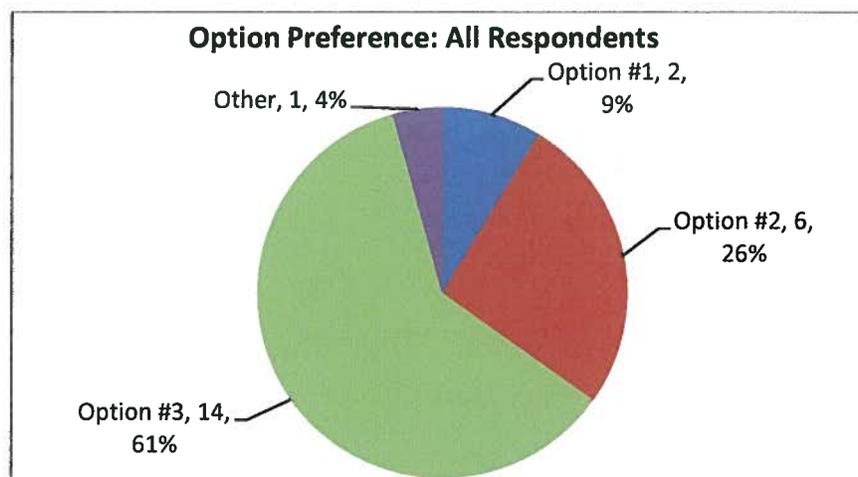
FTA will allow 5310 administrative resources to be shared between MPOs and Caltrans if this option is pursued. However, Caltrans has determined that the resources required to facilitate project scoring, selection and programming are a very small component of the overall work required to deliver projects throughout their useful life. Furthermore, project selection and programming are duties that MPO's currently facilitate. Additionally, since California state law only allows Caltrans to utilize half (5% of the total California apportionment) of the total administrative resources available (10% of the total California apportionment), Caltrans cannot make considerations to share any of the Department's 5310 resources.

### **Workshop #2 Preparation and Highlights**

Following Workshop #1, MTI worked with Caltrans and MPO representatives to write a memorandum summarizing these options. This "Options Memo" was then sent out to all stakeholders, along with an invitation to the second Workshop. A web address linking to an online survey was also included. The survey asked stakeholders to identify their preferred implementation option and provide feedback. Survey results are identified below (see Figure 1).

## 5310 Implementation Options Summary

November 18, 2013



**Figure 1. Preferred 5310 Implementation Option for All Stakeholders**

Figure 1 shows that 61 percent of all stakeholder respondents (including MPOs, transit agencies, NGOs, etc.) preferred Option #3, the so-called “Hybrid” model, where MPOs and Caltrans would share responsibilities for running the 5310 program in large UZAs. Option #2, where MPOs take over all program responsibilities for their large UZAs, was the runner-up with 26 percent of respondents selecting this as their preferred option. Option #1, where Caltrans would continue to run the program for the entire state received two votes (representing 9% of respondents).

The key reasons why survey respondents preferred Option #3 were:

- *Protect the New Freedom (5317) program:* A number of respondents were “...concerned that should Caltrans administer the entire program, traditional 5317 programs like mobility management and volunteer driver programs would go by the way side.” These respondents believe that an MPO/Caltrans partnership will help protect the New Freedom side of the Program.
- *The need to retain Caltrans’ vehicle procurement expertise:* Caltrans’ understanding of the 5310 vehicle and equipment procurement program is not currently available at most local levels.

The key reasons why survey respondents preferred Option #2 were:

- *Protect the New Freedom (5317) program:* Several respondents indicated that in order to protect the New Freedom program it is best to rely on the MPOs exclusively.
- *MPOs are closer to the locals:* Some respondents indicated they felt the MPOs were more in tune with the needs of local, program applicants.

The respondents who selected Option #1 (where Caltrans continues to run the program for the entire state) cited concerns that if MPOs take over 60 percent of the program’s budget on behalf of the large UZAs, the rural and small UZA areas of the state would suffer from reduced opportunities to obtain 5310 funds and program services.

Interestingly, the agency or organization the stakeholder respondent represented did not have a noticeable influence on the option they preferred. While the MTI researchers expected to see that MPOs would favor a different outcome from non-profit or rural agencies, the favored options did not differ substantially by agency type. Figure 2 shows that 62 percent of MPO respondents favor Option #3—roughly the same proportion of all stakeholder respondents.

## 5310 Implementation Options Summary

November 18, 2013

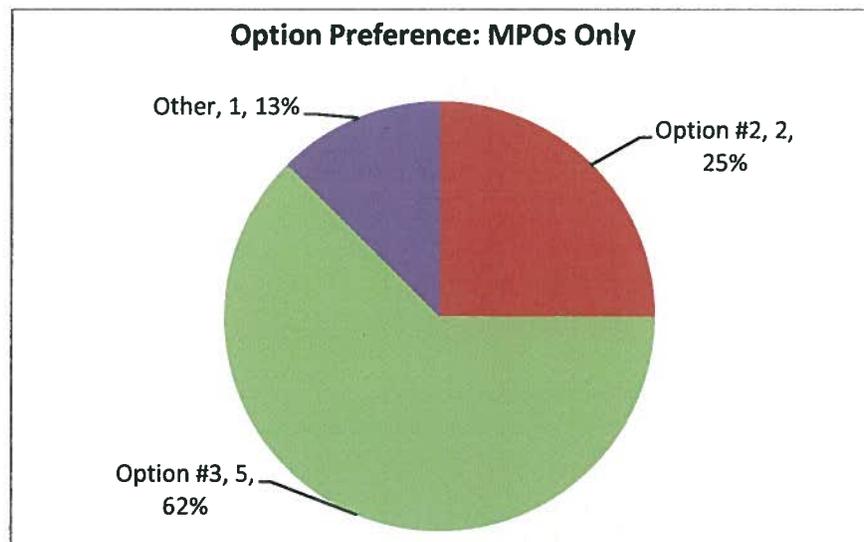


Figure 2. Preferred 5310 Implementation Option for MPOs

Figure 3 shows that 63 percent of transit agency respondents favor Option #3—a two percentage point difference from all stakeholder respondents.

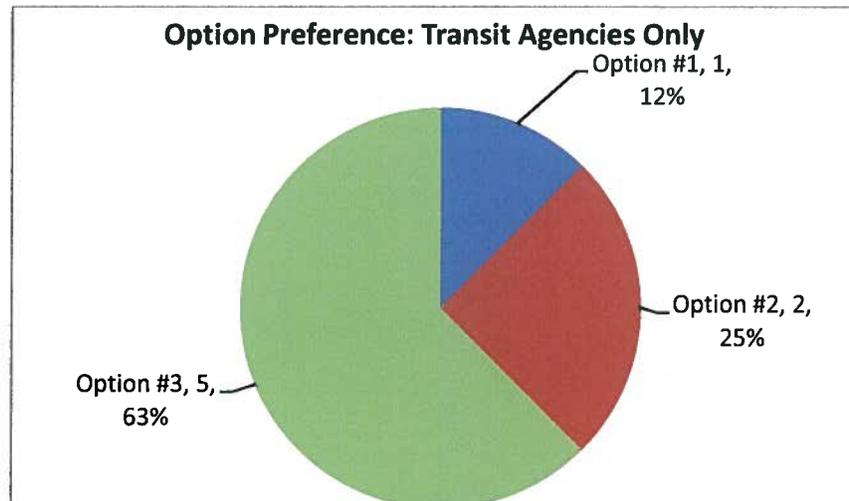


Figure 3. Preferred 5310 Implementation Option for Transit Agencies

Figure 4 shows that 57 percent of all other respondents (including non-profits) favor Option #3—a slightly lower proportion than the other respondent groupings, but still a solid majority favoring this option.

## 5310 Implementation Options Summary

November 18, 2013

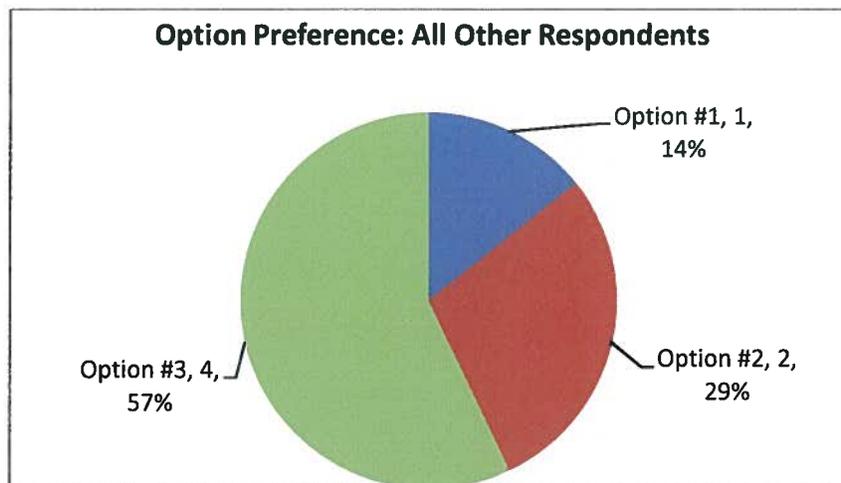


Figure 4. Preferred 5310 Implementation Option for All Other Agencies

These survey results were presented to the stakeholders at Workshop #2 held on September 5, 2013. At this workshop, Caltrans announced that they would work with MPOs to implement either Option #2 or #3 on a case-by-case basis depending on the MPOs preference, as long as each of these options is implemented consistently across the State. In other words, Caltrans asks that MPOs select either Option #2 or #3 but not some variant of either.

### PROPOSED SOLUTION

*The stakeholders have reached consensus that the 5310 program should be organized to provide MPOs with the option of selecting either Option #2 (the MPOs/eligible large UZA agencies become the designated recipients for their large UZAs) or Option #3 (the Hybrid model, where Caltrans and MPOs jointly run the program for large UZAs). These options are described below in greater detail.*

#### Implementation of the Solution

MPOs will have the choice of selecting Option #2 or #3 for the large UZAs within their jurisdictions. While Caltrans has stated that they are willing and able to accommodate either of these choices for individual MPOs they will not be able to financially and administratively sustain variations within these two options. In other words, each MPO needs to select between the two Options as described.

MPOs selecting Option #2 must send a letter to Caltrans stating their intention to become the designated recipients for the large UZAs within their jurisdictions. Once the designation is official, the MPOs selecting Option #2 will have complete administrative and programmatic responsibility for running the 5310 program for their large UZAs. Caltrans will not be able to administratively support any role in running these programs (including vehicle purchasing and inspections, grants administration, training, etc.).

MPOs selecting Option #3 should send a letter of intent to Caltrans stating their desire to engage in an ongoing partnership to develop the administrative processes and formal agreements necessary to run the 5310 program for all the large UZAs within their jurisdictions. Based on stakeholder feedback (from the Workshops as well as the Implementation Options Survey) this Option will most likely have the following characteristics:

## 5310 Implementation Options Summary

November 18, 2013

- *Designated Recipient:* Caltrans would remain the official designated recipient for the large UZAs. Key issues are:
  - Building a process for identifying and ending 5310 projects that are not performing well or are not in compliance with MAP-21/FTA requirements.
- *Project Scoring and Selection:* Project scoring and selection would be done by the MPOs while Caltrans would provide administrative oversight to help ensure compliance with MAP-21 and FTA requirements. Key issues are:
  - Develop a statewide application with a single statewide Call for Projects date that provides consistency and uniformity for the applicants. MPOs develop their respective scoring and project selection processes in reference to their local plans and programs.
  - Consider the creation of a statewide “clearinghouse” for 5310 applications that would provide a seamless “face” to program applicants.
- *Project Performance/Compliance Monitoring:* A joint responsibility between Caltrans and the MPOs. Key issues are:
  - Determining the process of decision-making if partnership parties do not agree on administrative decisions.
  - Determining division of responsibilities between Caltrans and MPOs on project performance and compliance.
  - Determining the respective roles for MPOs and Caltrans for communications with FTA.
- *Transit Vehicle/Van Purchasing and Inspections:* Caltrans will continue to administer the purchase of, and conduct inspections for vehicles/equipment for all Option #3 MPO partners. Vehicle purchases will be made only at the direction from MPOs upon project selection and approval. Key issues are:
  - Developing reasonable expectations for demand for Caltrans’ vehicle purchasing and inspection services for staffing and budgeting purposes.
- *Sharing Administrative Funds:* Caltrans and those MPOs that choose Option #3 agree in principle that Caltrans and the MPOs could share administrative funds to run the 5310 program in large UZAs. Key issues are:
  - Limiting State law: Caltrans cannot and will not relinquish any administrative resources until State law limiting Caltrans to just 5 percent for administration is appropriately amended or lifted. At such time, stakeholders could develop a mutually-agreed upon formula for sharing administrative funds if local workloads warrant.
  - Administrative budgeting and oversight: Develop processes and identify responsibilities for partners for program budgeting and oversight.

## FUTURE DIRECTION / LONG-TERM FOCUS

MAP-21 will expire and require reauthorization (with potential revisions) in 2014. Efforts are currently underway through AASHTO to lobby Congress to revert administrative responsibilities for 5310 back to the states. This long-term uncertainty about who will eventually run the program suggests that California would do well to maintain a flexible posture. The Hybrid/Partnership Option can provide the maximum amount of flexibility for the program over the long-term while building the administrative capacities of all partners.

## **5310 Implementation Options Summary**

November 18, 2013

### **RESULTS / CONCLUSION**

Caltrans will send out a letter to each large urban area MPO to request their intentions. Caltrans will work with the FTA to solidify designations for MPO's choosing Option #2. Caltrans will work with stakeholders to develop necessary guidance and agreements with MPOs choosing Option #3. For agencies Choosing Option #3, Caltrans will conduct one MAP 21 two-year call for projects. The timeframe for this call will be determined soon.