



# Memorandum

TO: Knoxville Regional TPO Technical Committee & Executive Board  
FROM: Mayor Indya Kincannon, City of Knoxville  
COPY: Erin Gill, Chief Policy Officer & Deputy to the Mayor  
Jeff Welch, TPO Director  
Isaac Thorne, Director of Transit (City of Knoxville/KAT)  
Karen Estes, Director (Knox CAC Transit)  
Mike Patterson, Transportation Director (ETHRA)  
DATE: March 16, 2023  
SUBJECT: Distribution of the FTA Section 5307 & Section 5339 Urban Area Funding

## **Federal Transit Administration – Fiscal Year 2023 – Section 5307 & 5339 Funding**

As in recent years, Congress passed the FY 2023 transportation budget through continuing resolutions. On December 29, 2022, President Biden signed the Consolidated Appropriations Act, which contained the full year of funding (federal Fiscal Year 2023 runs from October 1, 2022 through September 30, 2023). In late January, the Federal Transit Administration (FTA) published in the Federal Register the urban area FY 2023 funding appropriation amounts for Knoxville.

The City of Knoxville is the Designated Recipient of the FTA Section 5307 and Section 5339 funding. On April 26, 2017, with the City of Knoxville's concurrence, the TPO Executive Board approved the Section 5307 and Section 5339 urban area funding distribution agreement. This agreement is based on set percentages for how the Section 5307 funds will be distributed each year to KAT, Knox County CAC Transit, and ETHRA. As the Section 5339 funds are limited for use by fixed-route transit providers, those funds go exclusively to KAT.

In 2020, at the request of the TPO Executive Board, a sub-committee reviewed the Section 5307 urban area funding distribution percentages. The Executive Board accepted the sub-committee's recommendation that the current distribution method remain unchanged for the immediate future, pending official results from the 2020 census. Given that the FY 2023 amounts still reflect the 2010 census, I am recommending that the FTA funding be divided to each agency based on the existing distribution agreement.

While the Section 5307 Urban Area Program for the Knoxville urban area saw an increase in funding for FY 2023, these funds were allocated on a formula that utilizes 2010 Census numbers. It is our understanding that FTA will use the 2020 urban area Census numbers starting in FY 2024. FTA uses a complicated formula which includes a variety of data such as: population, land area, and density as well as transit ridership and revenue hours statistics. While we feel the funding levels should not be dramatically impacted by the new urban area boundary, there is still a level of uncertainty so agencies should be cautious and plan accordingly.



### **FTA Required Program of Projects (POP) & Public Hearing & Next Steps**

It is a requirement of the FTA that a hearing be held to allow for public input regarding the proposed Program of Projects (POP). The POP is a list of transit projects for each agency to be funded with the Section 5307 and 5339 funding. The public hearing on the POP has been conducted as part of the TPO Executive Board meeting for the last eight years. The POP public hearing will be held during the Executive Board meeting on April 26, 2023. After the Executive Board meeting, the TPO staff will add the funds and projects into the Transportation Improvement Program (TIP). Also, concurrently, I will send a letter to the FTA Region 4 Administrator detailing each agency's amount of Section 5307 funding they are to receive.

### **Section 5307 – FTA Urban Area Funding**

Section 5307 funding can be used for capital, maintenance, limited operating, and administration. Table One shows the Section 5307 Knoxville urban area funding apportionments since FY 2018. For FY 2023, the Knoxville urban area received \$8,503,793 which is an increase of \$161,686 over the FY 2022 allocation.

<b>Table One Historic FTA Section 5307 Urban Area Allocations</b>		
<b>Fiscal Year</b>	<b>Section 5307 Allocation</b>	<b>Difference FY23-FY22</b>
FY 2023	\$8,503,793	+\$161,686
FY 2022	\$8,342,107	
FY 2021	\$6,501,581	
FY 2020	\$6,501,910	
FY 2019	\$6,325,808	
FY 2018	\$6,209,859	

Table Two shows the amount of Section 5307 funding that will be distributed to each agency based upon the agreed percentages.

<b>Table Two FY 2023 – FTA Section 5307 Knoxville Urban Area Funding Distribution Between Transit Agencies</b>				
<b>Agency</b>	<b>Lock-In % Rate</b>	<b>FY 2023 Award</b>	<b>FY 2022 Award</b>	<b>Difference FY23-FY22</b>
Knoxville Area Transit (COK)	79.8%	\$6,786,027	\$6,657,001	\$129,026
Knox County CAC Transit	14.9%	\$1,267,065	\$1,242,974	\$24,091
ETHRA	5.3%	\$450,701	\$442,132	\$8,569
<b>Totals</b>	<b>100%</b>	<b>\$8,503,793</b>	<b>\$8,342,107</b>	<b>\$161,686</b>

### **Section 5339 – FTA Bus & Bus Facilities**

Section 5339 – Bus & Bus Facilities funding, can be used for a variety of capital projects including the purchase of vehicles, maintenance equipment, transit amenities (benches and shelters), and technology, etc. Table Three shows the amount of Section 5339 funding apportioned to the urban area for FY 2023 is \$705,601. The FY 2023 amount reflects an



increase of \$18,071 when compared to FY 2022. All funding goes to KAT per the distribution agreement.

<b>Table Three</b> <b>Historic FTA Section 5339 Urban Area Allocations</b> <b>100% Awarded to KAT</b>		
<b>Fiscal Year</b>	<b>Section 5339 Allocation</b>	<b>Difference FY23-FY22</b>
FY 2023	\$705,601	+18,071
FY 2022	\$687,530	
FY 2021	\$716,504	
FY 2020	\$779,731	
FY 2019	\$744,896	
FY 2018	\$810,913	

<b>Knoxville Urban Area Formula - Federal Transit Administration - Grant Funding</b>				TPO Executive Board			
<b>Fiscal Year 2023 - Section 5307 Urbanized Area Formula Funding</b>				April 26, 2023			
<b>Fiscal Year 2023 - Section 5339 Bus &amp; Bus Facilities Funding</b>							
<b>Fiscal Year 2023 - Section 5310 Enhanced Mobility Of Seniors &amp; Individuals With Disabilities</b>							
Urbanized Area: Knoxville, Tennessee							
<b>Program of Projects (POP)</b>				Prepared by:			
The TPO Executive Board will hold a public hearing on the POP at 9:00 a.m. on				Knoxville Regional Transportation Planning Organization			
April 26, 2023 in the Small Assembly Room of the City County Building at				400 Main Street, Suite 403 - Knoxville, TN 37902			
400 Main Street, Knoxville, TN 37902.				<a href="http://www.knoxtpo.org">www.knoxtpo.org</a>			
Advanced comments must be provided by April 25th (4:00 p.m.) to Doug Burton				Comments or questions call Doug Burton at 865-215-3824.			
at the TPO. If there are no changes this POP will be considered final.				<a href="mailto:doug.burton@knoxtpo.org">doug.burton@knoxtpo.org</a>			

<b>Section 5307 Urbanized Area Formula Transit Grant Program</b>				Notes:			
<b>FY 2023 Final Annual Apportionment</b>		\$8,503,793.00		The City of Knoxville is the Designated Recipient			
<b>Total Section 5307 Funding Available</b>		\$8,503,793.00		of the Section 5307 funds and is the contracting			
City of Knoxville/KAT Federal Share Amount =		\$6,786,027.00		agency for Knoxville Area Transit (KAT)			
Knoxville Knox County CAC Federal Share Amount =		\$1,267,065.00		Knoxville Knox County Community Action			
ETHRA Federal Share Amount =		\$450,701.00		Committee (CAC)			
<b>Total Federal Amount Distributed =</b>		<b>\$8,503,793.00</b>		East Tennessee Human Resource Agency (ETHRA)			
Remaining Balance of FY 2023 5307 Funding =		\$0.00	federal share				

Agency	Project Description	Total Federal Share	Total TDOT Share*	Total LOCAL Share	Total Project Cost
City of Knoxville/ KAT	1) Preventive Maintenance/Associated Capital Maintenance Items	\$5,816,893.00	\$727,111.00	\$727,112.00	\$7,271,116.00
	2) ADA Non-Fixed Route Paratransit	\$850,379.00	\$106,297.00	\$106,298.00	\$1,062,974.00
	3) System Security Costs - E911 Fees & Security Requirement	\$67,860.00	\$8,482.00	\$8,483.00	\$84,825.00
	4) AVL Technology Upgrades/Large Urban Area Safety Requirement	\$50,895.00	\$6,362.00	\$6,362.00	\$63,619.00
	City of Knoxville/KAT Sub-Total	\$6,786,027.00	\$848,252.00	\$848,255.00	\$8,482,534.00
Knox Co. CAC	1) Operating Assistance To provide trips in urban area	\$1,019,693.00	\$600,000.00	\$419,693.00	\$2,039,386.00
	2) Job Access Operating Assistance To provide work related trips in urban area	\$201,812.00	\$0.00	\$201,812.00	\$403,624.00
	3) Preventative Maintenance To provide vehicle maintenance	\$20,000.00	\$0.00	\$5,000.00	\$25,000.00
	4) Safety & Security Projects	\$25,560.00	\$0.00	\$6,390.00	\$31,950.00
	Knox Co. CAC Sub-Total	\$1,267,065.00	\$600,000.00	\$632,895.00	\$2,499,960.00
ETHRA	1) Operating Assistance To provide trips in urban area	\$243,911.00	\$0.00	\$243,911.00	\$487,822.00
	2) Job Access Operating Assistance To provide work related trips in urban area	\$106,843.00	\$0.00	\$106,843.00	\$213,686.00
	3) Preventive Maintenance and Associated Capital Maintenance Items	\$95,440.00	\$11,930.00	\$11,930.00	\$119,300.00
	4) Safety & Security Projects	\$4,507.00	\$563.00	\$563.00	\$5,633.00
	ETHRA Sub-Total	\$450,701.00	\$12,493.00	\$363,247.00	\$826,441.00
Safety & Security projects are required to represent 1.75% of the total 5307 federal allocation. Amount meets requirement**		\$148,822.00	\$15,407.00	\$21,798.00	\$186,027.00
TOTAL Section 5307 to KAT/City of Knoxville		\$6,786,027.00	\$848,252.00	\$848,255.00	\$8,482,534.00
TOTAL Section 5307 to Knoxville Knox County CAC		\$1,267,065.00	\$600,000.00	\$632,895.00	\$2,499,960.00
TOTAL Section 5307 to ETHRA		\$450,701.00	\$12,493.00	\$363,247.00	\$826,441.00
TOTAL Section 5307 to all Agencies		\$8,503,793.00	\$1,460,745.00	\$1,844,397.00	\$11,808,935.00

\* TDOT traditionally has provided half of the local match for capital projects. TDOT will not make a final commitment until after each grant has been approved by FTA. For CAC operating assistance project, TDOT match shown is associated with the Critical Trip grant funding.

Each agency is ultimately responsible for the entire match share and must independently work with TDOT to secure any State funding.

\*\*A certain percentage of urban area funds must be used for Safety & Security. Please refer to FTA for details on breakdown of agency versus urban area requirement.

Final dollar amounts entered into the FTA/TDOT grants may vary by a dollar or two depending on rounding requirements of each agency.

Section 5339 Bus & Bus Facilities Grant Program				Page 2 Program of Projects			
FY 2023 Apportionment		\$705,601.00					
Total Funding Available		\$705,601.00			Notes:		
City of Knoxville/KAT Federal Share Amount =		\$705,601.00			The City of Knoxville is the Designated Recipient of the Section 5339 funds and is the contracting agency for Knoxville Area Transit (KAT)		
Total Federal Amount Distributed =		\$705,601.00					
Remaining Balance of FY 2023 5339 Funding =		\$0.00	federal share				

Project Description		Total Federal Share	Total TDOT Share*	Total LOCAL Share	Total Project Cost
City of Knoxville/ KAT	Buy Replacement - Capital Vans (11.12.15)	\$104,000.00	\$13,000.00	\$13,000.00	\$130,000.00
	Buy replacement cutaway vans				
	Buy Associated Capital Maintenance Items (11.12.40)	\$160,000.00	\$20,000.00	\$20,000.00	\$200,000.00
	Mechanical Fareboxes				
	Vehicle Overhaul (Up to 20% Vehicle Maintenance) (11.17.00)	\$189,601.00	\$23,700.00	\$23,700.00	\$237,001.00
	Mid-Life Overhauls for Transit Vehicles				
	Purchase/Install Passenger Amenities (11.32.10)	\$120,000.00	\$15,000.00	\$15,000.00	\$150,000.00
	Bus Stop Amenities				
	Acquire Shop Equipment (11.42.06)	\$60,000.00	\$7,500.00	\$7,500.00	\$75,000.00
	Heavy Duty Fork Lift				
	Purchase Support Vehicles (11.42.11)	\$72,000.00	\$9,000.00	\$9,000.00	\$90,000.00
	Operations and Marketing Support Vehicles				
TOTAL Section 5339 to KAT/City of Knoxville		\$705,601.00	\$88,200.00	\$88,200.00	\$882,001.00
* TDOT traditionally has provided half of the local match for capital projects. TDOT will not make a final commitment until after each grant has been approved by FTA. Each agency is ultimately responsible for the entire match share and must independently work with TDOT to secure any State funding. Final dollar amounts entered into the FTA/TDOT grants may vary by a dollar or two depending on rounding requirements of each agency.					

Section 5310 Enhanced Mobility Of Seniors & Individuals With Disabilities							
FY 2023 Apportionment		\$852,300.00					
Total Funding Available		\$852,300.00			Notes:		
Knoxville Knox County Planning (Knoxville Regional TPO)		\$852,300.00			Knoxville Knox County Planning (Knoxville Regional Transportation Planning Organization) is the Designated Recipient of the Section 5310 funds.		
Total Federal Amount Distributed =		\$852,300.00					
Remaining Balance of FY 2023 5310 Funding =		\$0.00	federal share				

Project Description		Total Federal Share	Total TDOT Share*	Total LOCAL Share	Total Project Cost
Knoxville/Knox County Planning (TPO)	Funding of Operations, Administration, and Capital Projects. Projects will be determined under a separate public call-for-projects and approved by the TPO Executive Board at a later date. This POP action approves the funding for the TPO to conduct the call-for-projects.	\$852,300.00	\$207,748.00	\$207,748.00	\$1,267,796.00
TOTAL Section 5310 to Knoxville Knox County Planning (TPO)		\$852,300.00	\$207,748.00	\$207,748.00	\$1,267,796.00
* For Section 5310 projects TDOT traditionally has provided half of the local match for both capital and operating projects. TDOT will not make a final commitment until after each grant has been approved by FTA. As funding has not been awarded through the TPO's competitive process yet the TDOT and Local Share calculations are best estimates. Application information, when available, will be posted on <a href="http://www.knoxtpo.org">www.knoxtpo.org</a> . For more information on applying for Section 5310 funding contact Doug Burton at the TPO at 865-215-3824 or <a href="mailto:doug.burton@knoxtpo.org">doug.burton@knoxtpo.org</a> . Final dollar amounts entered into the FTA/TDOT grants may vary by a dollar or two depending on rounding requirements of each agency.					