



MEMORANDUM

TO: Knoxville Regional TPO Technical Committee & Executive Board
FROM: Mayor Indya Kincannon, City of Knoxville
COPY: Grant Rosenberg, Chief Operating Officer (City of Knoxville)
Doug Burton, TPO Coordinator
Isaac Thorne, Director of Transit (City of Knoxville/KAT)
Karen Estes, Director (Knox CAC Transit)
Mike Patterson, Transportation Director (ETHRA)
DATE: May 4, 2026
SUBJECT: Distribution of the FTA Section 5307 & Section 5339 Urban Area Funding

Federal Transit Administration – Fiscal Year 2026 – Section 5307 & 5339 Funding

On February 3, 2026, President Trump signed the Consolidated Appropriations Act, 2026 into law. FY 2026 runs from October 1, 2025, through September 30, 2026. On March 31st, the Federal Transit Administration (FTA) published in the Federal Register the urban area FY 2026 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 Section 5339 funds are limited for use by fixed-route transit providers, they go exclusively to KAT.

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 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 eleven years. The POP public hearing will be held during the May, June, or July meeting. 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 Section 5307 Knoxville urban area funding apportionments since FY 2021. For FY 2026, the Knoxville urban area received \$9,081,981 which is an increase of \$175,802 over the FY 2025 allocation.



Table One Historic FTA Section 5307 Urban Area Allocations		
Fiscal Year	Section 5307 Allocation	Difference FY26-FY25
FY 2026	\$9,081,981	+\$175,802
FY 2025	\$8,906,179	
FY 2024	\$8,731,378	
FY 2023	\$8,503,793	
FY 2022	\$8,342,107	
FY 2021	\$6,501,581	

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

Table Two FY 2026 – FTA Section 5307 Knoxville Urban Area Funding Distribution Between Transit Agencies				
Agency	Lock-In % Rate	FY 2026 Award	FY 2025 Award	Difference FY26-FY25
Knoxville Area Transit (COK)	79.8%	\$7,247,421	\$7,107,130	+\$140,291
Knox County CAC Transit	14.9%	\$1,353,215	\$1,327,021	+\$26,194
ETHRA	5.3%	\$481,345	\$472,028	+\$9,317
Totals	100%	\$9,081,981	\$8,906,179	\$175,802

Section 5339 – FTA Bus & Bus Facilities

This 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 2026 is \$784,294. The FY 2026 amount reflects an increase of \$28,146 when compared to FY 2025. All funding goes to KAT per the distribution agreement.

Table Three Historic FTA Section 5339 Urban Area Allocations 100% Awarded to KAT		
Fiscal Year	Section 5339 Allocation	Difference FY26-FY25
FY 2026	\$784,294	+\$28,146
FY 2025	\$756,148	
FY 2024	\$731,046	
FY 2023	\$705,601	
FY 2022	\$687,530	
FY 2021	\$716,504	

Knoxville Urban Area Formula - Federal Transit Administration - Grant Funding					TPO Executive Board		
Fiscal Year 2026 - Section 5307 Urbanized Area Formula Funding					May 27, 2026		
Fiscal Year 2026 - Section 5339 Bus & Bus Facilities Funding							
Fiscal Years 2026 - Section 5310 Enhanced Mobility Of Seniors & Individuals With Disabilities							
Urbanized Area: Knoxville, Tennessee							
Program of Projects (POP)					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		
May 27, 2026 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.					www.knoxtpo.org		
Advanced comments must be provided by May 26th (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.					doug.burton@knoxplanning.org		

Section 5307 Urbanized Area Formula Transit Grant Program					Notes:		
FY 2026 Final Annual Apportionment					\$9,081,981.00		
Total Section 5307 Funding Available					\$9,081,981.00		
City of Knoxville/KAT Federal Share Amount =					\$7,247,421.00		
Knoxville Knox County CAC Federal Share Amount =					\$1,353,215.00		
ETHRA Federal Share Amount =					\$481,345.00		
Total Federal Amount Distributed =					\$9,081,981.00		
Remaining Balance of FY 2026 5307 Funding =					\$0.00 federal share		

Agency	Project Description	Federal Share	TDOT Share*	LOCAL Share	Project Cost
City of Knoxville/ KAT	1) Preventive Maintenance/Associated Capital Maintenance Items	\$6,400,000.00	\$800,000.00	\$800,000.00	\$8,000,000.00
	2) ADA Non-Fixed Route Paratransit	\$480,000.00	\$60,000.00	\$60,000.00	\$600,000.00
	3) Acquire Safety Security Equipment	\$367,421.00	\$45,927.00	\$45,928.00	\$459,276.00
	City of Knoxville/KAT Sub-Total	\$7,247,421.00	\$905,927.00	\$905,928.00	\$9,059,276.00
Knox Co. CAC	1) Operating Assistance To provide trips in urban area	\$940,649.00	\$750,000.00	\$190,649.00	\$1,881,298.00
	2) Job Access Operating Assistance To provide work related trips in urban area	\$372,566.00	\$0.00	\$372,566.00	\$745,132.00
	3) Preventative Maintenance To provide vehicle maintenance	\$20,000.00	\$0.00	\$5,000.00	\$25,000.00
	4) Safety & Security Projects Knox Co. CAC Sub-Total	\$20,000.00 \$1,353,215.00	\$0.00 \$750,000.00	\$5,000.00 \$573,215.00	\$25,000.00 \$2,676,430.00
ETHRA	1) Operating Assistance To provide trips in urban area	\$309,021.00	\$0.00	\$309,021.00	\$618,042.00
	2) Preventive Maintenance and Associated Capital Maintenance Items	\$168,714.00	\$21,089.00	\$21,089.00	\$210,892.00
	3) Safety & Security Projects Operating Assistance ETHRA Sub-Total	\$3,610.00 \$481,345.00	\$0.00 \$21,089.00	\$3,610.00 \$333,720.00	\$7,220.00 \$836,154.00
	Safety & Security projects are required to represent 0.75% of the total 5307 federal allocation. Amount exceeds requirement**	\$391,031.00	\$45,927.00	\$54,538.00	\$491,496.00
TOTAL Section 5307 to KAT/City of Knoxville		\$7,247,421.00	\$905,927.00	\$905,928.00	\$9,059,276.00
TOTAL Section 5307 to Knoxville Knox County CAC		\$1,353,215.00	\$750,000.00	\$573,215.00	\$2,676,430.00
TOTAL Section 5307 to ETHRA		\$481,345.00	\$21,089.00	\$333,720.00	\$836,154.00
TOTAL Section 5307 to all Agencies		\$9,081,981.00	\$1,677,016.00	\$1,812,863.00	\$12,571,860.00

* TDOT traditionally provides half of the local match. TDOT will not make a commitment until after each grant has been approved by FTA.

For CAC operating assistance project, TDOT match shown may be 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 2026 Apportionment		\$784,294.00					
Total Funding Available		\$784,294.00			Notes:		
City of Knoxville/KAT Federal Share Amount =		\$784,294.00			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 =		\$784,294.00					
Remaining Balance of FY 2026 5339 Funding =		\$0.00	federal share				

Project Description	Total Federal Share	Total TDOT Share*	Total LOCAL Share	Total Project Cost
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City of Knoxville/ KAT	1) Buy Van for SVC Replacement	\$200,000.00	\$25,000.00	\$25,000.00	\$250,000.00
	2) Acquire - Shop Equipment	\$24,000.00	\$3,000.00	\$3,000.00	\$30,000.00
	3) Acquire - Bus Stop Amenities	\$84,000.00	\$10,500.00	\$10,500.00	\$105,000.00
	4) Knoxville Station - Rehab/Gate Replace	\$140,000.00	\$17,500.00	\$17,500.00	\$175,000.00
	5) Misc. Support Equipment/Mobile Fare Collection	\$32,000.00	\$4,000.00	\$4,000.00	\$40,000.00
	6) Support Vehicles	\$64,294.00	\$8,036.00	\$8,037.00	\$80,367.00
	7) Overhaul Buses	\$240,000.00	\$30,000.00	\$30,000.00	\$300,000.00
TOTAL Section 5339 to KAT/City of Knoxville		\$784,294.00	\$98,036.00	\$98,037.00	\$980,367.00

* 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 2026 Apportionment		\$872,117.00					
Total Funding Available		\$872,117.00			Notes:		
Knoxville Knox County Community Action Committee		\$872,117.00			Knoxville Knox County Community Action Committee (CAC) is the Designated Recipient of the Section 5310 funds		
Total Federal Amount Distributed =		\$872,117.00					
Remaining Balance of FY 2026 5310 Funding =		\$0.00	federal share				

Project Description	Total Federal Share	Total TDOT Share*	Total LOCAL Share	Total Project Cost
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Knoxville Knox County Community Action Committee (CAC)	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. CAC is the Designated Recipient and will submit the grant to the FTA.	\$872,117.00	\$212,579.00	\$212,579.00	\$1,297,275.00
TOTAL Section 5310 to Knoxville Knox County CAC		\$872,117.00	\$212,579.00	\$212,579.00	\$1,297,275.00

* 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 a competitive process yet the TDOT and Local Share calculations are best estimates. Application information, when available, will be posted on www.knoxtpo.org. Final dollar amounts entered into the FTA/TDOT grants may vary by a dollar or two depending on rounding requirements of each agency.