

MEMORANDUM

TO: TPO Technical Committee
FROM: Doug Burton
DATE: February 7, 2023
SUBJECT: Increased Costs in Vehicle Procurement for FTA Section 5310 Program

The Executive Board approved the last round of urban area Federal Transit Administration (FTA) Section 5310 – Enhanced Mobility of Seniors & Individuals with Disabilities funding in June of 2021. This was the urban area’s FY 2021 federal funds. After the Executive Board approves projects, it typically takes staff about six months to secure the FTA grant and the TDOT matching funds contract. The TPO approved six agencies for capital funding to purchase 13 vans and/or mini-buses. Over the last couple of years, there developed a vehicle shortage due to lack of computer chips and chassis. Typically, the TPO requires agencies to purchase vans/mini-buses off of the TDOT Multimodal Transportation Resources Division, FTA compliant, statewide bid. Due to the vehicle shortage that bid currently no longer exists.

While TDOT is optimistic they will have a new statewide bid available this summer, there are now starting to be vehicles available for purchase from dealers. The TPO is pursuing having the local agencies conduct their own procurement processes. The vehicles procured for FTA Section 5310 purposes, most often, come from specialty dealers, who must modify them for ADA accessibility. As there are still nationwide shortages, the costs of vehicles has risen by approximately 46%-100% depending on type. In regards to the new TDOT statewide bid, they are alerting agencies to expect significant cost increases and due to the pent-up demand, the delivery time could be two years or more.

To help offset the increased costs, the TPO will be using the capital portion of the FY 2022 Section 5310 funds (which have not been awarded). Staff added an additional 10% to account of potential issues that may cause the costs to increase in the meantime. This funding will be adjusted in the Transportation Improvement Program (TIP) through an internal modification. This modification does not meet the new TIP requirement to have the Technical Committee approve this action. However, staff wanted to make the Technical Committee aware of the pricing issues. Staff will work with the agencies, TDOT, and FTA to find procurement strategies to lower the purchase price whenever possible. It should be noted, that while TDOT typically provides half of the local match (10%) this is not guaranteed until a contract is approved. Therefore, it could be that agencies may need to provide the entire 20% local match.

Originally, the total amount of funding awarded for vehicle purchases was \$585,540 (\$468,432 – FTA funds). We are essentially doubling the awards total to \$1,179,200 (\$943,360 – FTA funds). This action only uses the capital portion of the FY 2022 Section 5310 funds. If savings can occur when purchasing vehicles, any remaining funds can be reprogrammed. A call for projects for the remaining FY 2022 operating funds and the entire FY 2023 funds (capital/operating) will be available later this month.

Category	Total Amount Awarded For Vehicles	FTA (80%)	TDOT (10%)	Local (10%)
Previous Total	\$585,540	\$468,432	\$58,554	\$58,554
Updated Total	\$1,179,200	\$943,360	\$117,920	\$117,920
Difference	\$593,660	\$474,928	\$59,366	\$59,366