



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

Jeff Hawkins, Executive Director  
Northwest Arkansas Regional Planning Commission  
1311 Clayton  
Springdale, AR 72761

July 19, 2012

Dear Mr. Hawkins:

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 will 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 21<sup>st</sup> Century (MAP-21), which takes effect on October 1, 2012.

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 Fayetteville-Springdale-Rogers as an urbanized area that has grown to a population of at least 200,000 persons, becoming a large UZA. This change will affect how Federal transit funding under the Section 5307 program is awarded to transit providers in Fayetteville-Springdale-Rogers.

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. For example, funds apportioned under the Section 5307 program for a small UZA prior to FY13, may continue to be used for areas that were classified as small UZAs prior to the 2010 Census under the terms applying to small UZAs.

Beginning in FY 2013, Section 5307 funding for Fayetteville-Springdale-Rogers will no longer be apportioned to the Governor. Funding will instead be apportioned directly to a Designated Recipient that is appointed by the Governor of Arkansas, in coordination with local officials and transit providers.

As before, transit agencies will be required to participate in the local metropolitan planning process. This requires coordinating with each other and with State and local officials comprising the MPO in preparing both the Metropolitan Transportation Plan and a Transportation Improvement Program (TIP) that identifies all projects eligible for Federal funding. Developing a close planning partnership with the MPO will be

strategically important to a transit provider's ability to obtain Federal funding from FTA, as well as non-FTA sources, to support fleet and service expansion.

Funding will be allocated to projects serving Fayetteville-Springdale-Rogers by the Designated Recipient. Please see attached for a detailed explanation of the Designated Recipient's roles and responsibilities.

The following summarizes the changes that will apply in areas that have grown to a population of at least 200,000 persons (Large UZAs):

- The Governor submits a letter to FTA expressing concurrence in the selection of an appropriate agency as the Designated Recipient for Fayetteville-Springdale-Rogers, as well as documentation of concurrence by transit providers in the UZA, along with the concurrence of the MPO, as documented in a certified resolution by the MPO, for sub-allocating FTA Section 5307 funding to other service 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.
- Current direct recipients of FTA funding are required to comply with additional reporting requirements and compliance reviews (e.g. civil rights reviews, triennial reviews).
- 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.
- 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. A more robust level of multimodal planning is required for large UZAs than for small UZAs.

Since your UZA now includes formerly non-urbanized (rural) areas, which includes former census-designated Urban Clusters, the following situations may apply:

- Transit providers in the formerly rural 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 receive funds.

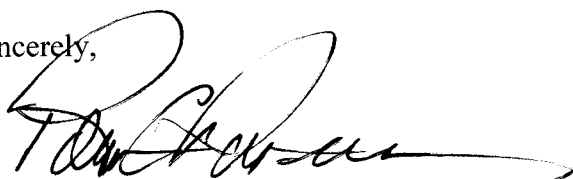
- The MPO for the UZA and transit providers in the formerly rural area will be required to coordinate in programming Federal transit funding, in cooperation with the Designated Recipient for the UZA.
- The state and existing designated recipient(s) must submit documentation to FTA that any transit providers in the formerly rural area have concurred in the selection of the designated recipient.
- Please see the attached list of former rural areas that have been absorbed into your UZA.

Since your urbanized area includes area in two or more states, the governors of both states must coordinate in the selection of one or more Designated Recipients.

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 the Fayetteville-Springdale-Rogers 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. Additional information is also available on the FTA website. Please contact Robert C. Patrick, Regional Administrator, at 817-978-0550, if you have any questions.

Sincerely,



Robert C. Patrick  
Regional Administrator  
Federal Transit Administration

CC: Scott Bennett, Director, AHTD  
Don McMillen, Public Transportation Administrator, AHTD  
Gary Smith, Director, Razorback Transit  
Phil Pumphrey, Executive Director, Ozark Regional Transit

# **Federal Transit Administration – Census 2010 Information Update – July 2012**

## **Roles and Responsibilities of Section 5307 Designated and Direct Recipients**

### **1. Responsibilities of a Designated Recipient**

Under FTA's Section 5307 program, Congress has provided that the Designated Recipient (DR) is the entity selected by the State's chief executive officer, responsible local officials, and publicly owned operators of public transportation to "receive and apportion" the amounts made available by Congress and FTA for a particular "transportation management area" (TMA), or a State or regional authority if the authority is responsible under the laws of the State for a capital project and for financing and directly providing public transportation. Section 5307 further provides that the DR, after consideration of comments and views of the public, prepares the final program of projects for the amounts available to the TMA.

To be selected as a Designated Recipient, an entity must be a public body with the legal capacity to perform all of the following responsibilities:

- a. Receive and dispense Federal funds for transit purposes,
- b. Submit projects to be [included] [considered] in the annual elements of the Transportation Improvement Program through the Metropolitan Planning Organization,
- c. Submit grant applications to FTA, and
- d. Enter into formal grant agreements with FTA.

### **2. Designated Recipient vs. Direct Recipient**

As defined above, a Designated Recipient is an entity appointed by the Governor of a State, responsible local officials, and publicly owned operators of public transportation to receive and apportion funds made available by Congress and FTA to a particular urbanized area.

For small urbanized areas (between 50,000 and 199,999 in population) the Governor or the Governor's designee must serve as the designated recipient. For large urbanized areas (at or over 200,000 in population) the Governor must appoint a public entity as a Designated Recipient. The Designated Recipient is responsible for working with the transit agencies in the metropolitan area and coordinating their participation in the metropolitan planning process, in order to identify and program projects for federal funding.

A Designated Recipient may also be a Direct Recipient. A Direct Recipient is a public entity, in a small or large urbanized area, that is legally eligible under Federal transit law to apply for and receive grants directly from FTA. Eligible recipients must apply to FTA to become a Direct Recipient, and must comply with FTA's statutory and regulatory requirements for recipients of federal funds. Eligible recipients that are not Direct Recipients may receive funding by becoming a sub-recipient of a state or other Direct Recipient. The amount of funds available to Direct Recipients is determined cooperatively by public transit providers, the MPO, and the Designated Recipient(s) for that UZA in adherence with federal planning requirements. Urbanized areas with multiple public transit providers often have multiple Direct Recipients.

The final allocation of funding to a Direct Recipient in a Small Urbanized Area is determined by the Governor or the Governor's designee in accordance with statewide and metropolitan planning requirements. The amount of funding available to a Direct Recipient in a Large Urbanized Area is determined by the Designated Recipient for that UZA in accordance with the local Metropolitan Planning Organization and federal planning requirements.

It is critically important for all Designated and Direct Recipients to be active participants in the metropolitan planning processes of their regions. This participation is strategically important if the Recipient is to ensure their proposed investment needs and systems expansion proposals are fully considered for Federal funding, which includes Federal Highway Administration Surface Transportation Program and CMAQ funds that may be “flexed” to transit projects.

### **3. Process for Designation of Designated Recipients in Areas over 200,000 in Population**

In urbanized areas of 200,000 in population or greater, Designated Recipients must be designated jointly by the Governor(s), publicly owned operators of mass transportation services, and responsible local officials acting through the Metropolitan Planning Organization. In addition, in any case in which a statewide or regional agency or instrumentality is responsible under State laws for the financing, construction and operation of public mass transportation services (directly, by lease, contract, or otherwise), that agency must be included as a Designated Recipient.

Documentation for Designated Recipients in areas over 200,000 in population should include the following:

- a. A letter expressing the concurrence of the Governor or of another state agency in which the Governor’s authority to concur in designations of recipients has been delegated;
- b. Concurrence by the publicly-owned operators of mass transportation servicing the urbanized area of the Designated Recipient(s);
- c. An appropriately certified resolution of the policy-making body of the Metropolitan Planning Organization (MPO) concurring in the Designated Recipient(s); and
- d. For each Designated Recipient, an opinion of counsel certifying to the entity’s legal capacity to perform the functions of a Designated Recipient.

### **4. Designations and Documentation in Urbanized Areas Under 200,000 in Population**

For urbanized areas greater than 50,000 but under 200,000 in population, the Governor of each State is the Designated Recipient. This means that the Governor receives and allocates funding for these urbanized areas through the “Governor’s Apportionment”, which consists of the total amount of funding allocated to a state for all of its small urbanized areas.

The Governor may designate another State agency to act as the Designated Recipient (e.g. the State DOT); however, the Governor or his designee cannot assign the rights and responsibilities of the Designated Recipient to individual funding recipients or transit providers at the local or regional level.

If the Governor designates another State agency to act as the Designated Recipient, such designation must be documented by letter from the Governor naming the Designated Recipient and by an opinion of counsel from the Designated Recipient certifying its legal capacity to perform the functions of a Designated Recipient.

While the Governor may not assign Designated Recipient status to local or regional entities under the Section 5307 program, the governor may authorize local funding recipients to apply for grants directly to FTA as “Direct Recipients”.

### **5. Designations in Multi-State Urbanized Areas**

FTA encourages the designation of a single Designated Recipient for each urbanized area, for contiguous urbanized areas, or for multi-State urbanized areas. However, nothing precludes the designation of multiple

Designated Recipients. For multi-State urbanized areas of less than 200,000 in population, each Governor is the Designated Recipient for that respective State's portion. The Governor may take the actions described in paragraph 3 above.

#### **6. Acknowledgement by FTA**

Designations of Designated Recipients for urbanized areas over 200,000 in population are effective upon acknowledgement by FTA. Upon receipt of the supporting documentation, the FTA Regional Administrator will send a letter acknowledging the individual Designated Recipient(s) involved. Copies of the FTA letter will be sent to the Governor, other Designated Recipients within the urbanized area, MPO's, transit providers, and other appropriate parties.

Designations of Designated Recipients for urbanized areas under 200,000 in population, other than the Governor(s), are effective upon acknowledgement by FTA. Acknowledgement of such Designated Recipients will be made by FTA to the Designated Recipient(s) with copy to the Governor, upon receipt of required documentation.

#### **7. A Changed Urbanized Area**

For purposes of the Urbanized Area Formula Program, when an urbanized area under the 2010 Census incorporates territory that contains local or State officials or transit providers that were not represented in that urbanized area under the 2000 Census, the new entities must be provided the opportunity to participate in designation of a Designated Recipient. The [xxx] urbanized area, under Census 2010, subsumed several non-urbanized areas that had their own transit providers and local officials. Under such a circumstance, if the current Designation(s) will not be changed, documentation showing concurrence on the part of these new entities in support of a Designated Recipient(s) must be provided to FTA. If more than one Designated Recipient is identified, transit providers and officials of local government must be represented by at least one of the Designated Recipients. Please see paragraph 10c concerning concurrence of local government officials.

#### **8. Duration of Designations**

Designation of a Designated Recipient(s) for a particular urbanized area that has not been significantly changed by the 2010 Census remains in effect until it is rescinded or amended. Re-designation of a Designated Recipient agency, once the original designation has been acknowledged by FTA, is not required.

#### **9. Changes of Designated Recipients**

New Designated Recipients may be designated or previous designations rescinded at any time, through the required processes.

#### **10. Types of Changes Brought About by the 2010 Census in Urbanized Areas, and Documentation Needed**

- a. Name Change. The names of several UZA's have been changed. For example, the Salt Lake City, UT urbanized area of the 2000 census is, under the 2010 Census, named Salt Lake City--West Valley City, UT. A name change may not mean that new local or State officials or transit providers have been introduced into the urbanized area. Therefore, a name change of the urbanized area may not mean a need to review the representative validity of a Designated Recipient, and hence will not require that additional information be provided to FTA. However, when the changing of the urbanized area name accompanies another type of

change, please review the other types of changes listed below to identify the type of information that must be provided to FTA.

- b. New Urbanized Area Arising from a Non-urbanized Area and Never Before Identified by the Census: This kind of new urbanized area was formerly non-urbanized and now has a population greater than 50,000, but less than 200,000. The Governor is the Designated Recipient.

Information to be provided to FTA: The requirements of paragraph 3 apply. If the Governor retains Designated Recipient status, no documentation needs to be submitted to support this action. If the Governor designates another State agency to act for the Governor as the Designated Recipient, documentation requirements include a letter from the Governor naming the Designated Recipient and an opinion of counsel certifying to the new Designated Recipient's legal capacity to perform the functions of a Designated Recipient. If the Governor delegates to another State agency authority to act for the Governor with respect to Section 5307 funding, a letter documenting that choice should be submitted to FTA. If that agency retains Designated Recipient status, an opinion of counsel must be submitted.

- c. UZA That Has Grown From Under 200,000 In Population To Over 200,000 In Population: An example of this type of change has taken place in the Wilmington, NC urbanized area.

Information to be provided to FTA: As described in paragraph 3 above, documentation is needed by FTA that identifies the Designated Recipient and that demonstrates joint concurrence in this Designation by the Governor, responsible local officials, and publicly owned operators of transit service.

Since an MPO policy board must consist of these entities, FTA accepts a resolution by the MPO policy board as concurrence of local public officials in naming the Designated Recipient. In addition, if the Designated Recipient was not previously named a Designated Recipient by the Governor, an opinion of counsel for the Designated Recipient certifying its legal capacity to perform the functions of a Designated Recipient must be provided.

- d. A State's Name Has Been Added to the Name of an Existing Urbanized Area. If a Large UZA has been expanded to include area within an additional state, and the Designated Recipient will remain the same, the Governor of the newly included State must concur in the selection of the Designated Recipient and submit the documentation listed in paragraph 3 above to FTA.

If a Small UZA has been expanded to include area within an additional state, no documentation is required. Each state will be apportioned funding for its portion of the Small UZA in the Governor's Apportionment.

**List of Urban Clusters Absorbed into Urbanized Areas over 200,000 in population**

State	2000 Urban Cluster (UC) Name	Population Absorbed	% Population Absorbed	Name of UZA that Absorbed the UC
AR	Bella Vista, AR	11,304	100%	Fayetteville--Springdale--Rogers, AR--MO
AR	Pea Ridge, AR	2,826	85%	Fayetteville--Springdale--Rogers, AR--MO