

FTA Designated Recipients Coordination Meeting

March 18, 2021

7:30–8:30 am

Meeting Minutes

Name	Affiliation
Hank Berg	Casco Bay Island Transit District
Jennifer Brickett	MaineDOT
Hope Cahan	PACTS Vice Chair
Erin Courtney	TIP Committee Chair
Robert Currie	YCCAC
Jack De Beradinis	RTP
Will Gayle	NNEPRA
Greg Jordan	METRO
Scott Morelli	City of South Portland
Craig Pendleton	BSOOB Transit
Patricia Quinn	NNEPRA
Matt Sturgis	PACTS Chair
Donna Tippet	South Portland Bus Service
For GPCOG	
Chris Chop, Andrew Clark, Kristina Egan	

1. PACTS Transportation Funding Framework Discussion

Matt Sturgis thanked participants for attending the meeting, and thanked Hope Cahan for her continued mediation with the designated recipients. He expressed the goal of leaving this meeting with an agreement from all designated recipients on the Funding Framework. The remaining element of the framework not yet agreed to is the split of Federal Transit Administration (FTA) Section 5307 funding between operations and maintenance (O-M) versus system enhancements (S-E). The proposed split directs 80 percent to O-M and 20 percent to S-E, and is scheduled to take effect in 2023. The split would be in effect through 2025, and reevaluated in advance of 2026.

Hope said that a smaller group has spent lots of time examining the numbers in the existing framework. She requested that the group discuss the memo prepared by Greg and Hank, and the analysis added by Kristina, before a final version of the framework is reviewed.

Staff had distributed a memo to the group on March 17 providing a funding forecast under the proposed 80/20 split. The memo also proposed the "SYCOP Alignment Provision", which would ensure PACTS' commitment for 2023-2025 to fund the difference between the 80 percent set-aside for O-M and the programmed needs as identified in the Six-Year Capital and Operations Plan (SYCOP). This is in addition to the Funding Framework's "Safety Valve" process, which permits an agency to seek approval from RTAC for additional funding to cover any O-M needs that would exceed the 80 percent portion. The memo states that PACTS, through the Transit Task Force, will develop a method for comprehensively forecasting and programming all federal transit funding.

The memo's Table 1 shows anticipated funding, currently identified needs, and remaining balance annually through 2025. It does not account for any potential additional funding from federal stimulus or efficiency gains as a result of the upcoming Transit Together project. The analysis shows that the overall fund balance is not projected to dip below \$16 million, though funding may need to be reallocated from S-E to O-M.

Donna Tippett noted that the analysis does not include South Portland Bus Service's need to replace two diesel buses in 2025, estimated to cost \$1 million each or up to \$3 million each should the City pursue battery-electric buses per City Council mandate. Kristina and Chris responded that this table represents funds and needs according to the most recently approved SYCOP, though this need should be incorporated into the 2021 SYCOP process. Kristina noted this analysis also does not include 5339 funding or other federal discretionary grants, which all agencies have agreed to pursue.

Jennifer Brickett asked whether there was a formal commitment to reevaluate the 80/20 split before 2026. Kristina responded that the Funding Framework can be continually evaluated and updated. Jennifer suggested that a formal commitment be

included to reevaluate the 80/20 split based on 2023–2025 data and in advance of 2026.

Will Gayle noted that Section 5337 funding is available only to NNEPRA and Casco Bay Lines, and that the \$8.1 million in American Rescue Plan Act (ARPA) funding is only an estimate. He added that the agencies cannot assume they will receive any of the discretionary grants they apply for. Staff noted that the analysis conservatively assumes no funding from discretionary grants. Will felt this analysis represented a different approach from past efforts, which had been focused on 5307 funding.

Greg felt that the memo presented a more comprehensive approach. He noted that CARES and ARPA funds are treated as Section 5307. Being awarded additional discretionary funding could also help the situation.

Hank expressed concern about the analysis. He noted Section 5307 funding cannot be used for O-M at Casco Bay Lines while CARES funds can.

Hank shared his own financial projections, which showed a deficit with a 20 percent S-E set-aside. A 10% set-aside, in contrast, eliminates the deficits while still allowing \$3.5 million for S-E. Hank's projections incorporated an annual carryover of any year-end balance or deficit, which can help smooth irregular O-M needs. Otherwise, the projections were similar to PACTS' estimates.

Patricia noted that this process typically considers Section 5307 funds available and Section 5307-eligible expenses. She felt, excluding other funding sources, there would be a deficit in the region's Section 5307 program. She agreed with the goal of investing in S-E, but disagreed with a methodology that might project a funding deficit in the near-term.

Jen summarized the objections as concern about implementing a system that might result in a deficit in O-M funding. Kristina clarified that the 20 percent set-aside can be seen as a goal to help fund meaningful investments in system enhancements. The memo was intended to show that there are adequate funds available from other sources to fill the gap in Section 5307 funding for O-M. Jen suggested defining this 20

percent set-aside as a policy goal, with a plan to revisit the split based on 2023–2025 data and in advance of 2026. The group agreed.

Scott Morelli sought clarification on the memo. Kristina confirmed that the memo was from staff, not a formal PACTS body. He also sought confirmation on whether any deficit in O-M after 2025 would not be automatically covered by PACTS. Kristina confirmed that this would not be automatically covered. In case of an O-M deficit, there would be a process whereby agencies could request to convert S-E set-aside money into O-M money, although PACTS could reject their request.

The group was not able to agree on final language. Matt said the Executive Committee would consider the Funding Framework as previously proposed, subject to the group reconvening once more to develop final language.