


SUBJECT: AUTHORIZING THE MATANUSKA-SUSITNA BOROUGH MANAGER TO PURSUE A DIRECT RECIPIENT DESIGNATION FROM THE STATE OF ALASKA TO RECEIVE FEDERAL TRANSIT ADMINISTRATION FUNDING AND AUTHORIZING THE SUBMISSION OF A GRANT APPLICATION FOR URBANIZED AREA FORMULA FUNDING UNDER 49 U.S.C 5307.

AGENDA OF: August 15, 2023

Assembly Action:

AGENDA ACTION REQUESTED: Present to the Assembly for consideration.

Route To	Signatures
Originator	<div>8 / 3 / 2 0 2 3</div> <div>X A l e x S t r a w n</div> <div>S i g n e d b y : A l e x</div>
Department Director	<div>8 / 3 / 2 0 2 3</div> <div>X A l e x S t r a w n</div> <div>S i g n e d b y : A l e x</div>
Purchasing Director	<div>8 / 3 / 2 0 2 3</div> <div>X </div> <div>S i g n e d b y : R u s s K r a f f t</div>
Finance Director	<div>8 / 3 / 2 0 2 3</div> <div>X C h e y e n n e H e i n d e l</div> <div>S i g n e d b y : C h e y e n n e H e i n d e l</div>
Borough Attorney	<div>8 / 3 / 2 0 2 3</div> <div>X N i c h o l a s S p i r o p o u l o s</div> <div>S i g n e d b y : N i c h o l a s S p i r o p o u l o s</div>
Borough Manager	<div>8 / 4 / 2 0 2 3</div> <div>X M i c h a e l B r o w n</div> <div>S i g n e d b y : M i c h a e l B r o w n</div>
Borough Clerk	<div>8 / 4 / 2 0 2 3</div> <div>X L o n n i e M c K e c h n i e</div> <div>S i g n e d b y : L o n n i e M c K e c h n i e</div>

ATTACHMENT (S) : Fiscal Note

Resolution Serial No. 23-088 (1 pp)

MSB Transit Continuity Plan (90 pp)

SUMMARY STATEMENT:

Public transit is well known to have significant benefits for communities and their residents. More transportation options provide easier access to employment and job opportunities, stimulating economic growth by broadening hiring pools and increasing the local workforce and wages that will in turn be

reinvested in the local economy. Public transit also improves access to schools, medical appointments, grocery stores, and other essential services, while taking more vehicles off the roadways, decreasing congestion during peak times, and slowing down the degradation of local roads. The attached Transit Continuity Plan identifies several state-wide and local transportation, transit, comprehensive, and economic development plans that all identify the importance of creating and maintaining safe and efficient transportation systems, increasing connectivity and mobility, and supporting economic development, all of which can be supported by transit systems.

A significant percentage of MSB residents fall into "priority population" groups. These are populations identified as having a statistically higher likelihood of relying on transit to meet basic needs and access essential services. The priority populations identified in the MSB Coordinated Human Services Transportation Plan are seniors, veterans, youth, individuals with disabilities, low-income individuals, indigenous populations, and individuals with limited English proficiency. Over half of the MSB population falls into one or more of these groups.

Unlike much of the country and state, transit in the MSB is not operated by the local government. Instead, several non-profit transit providers, health and human services organizations, and private companies work together to transport residents throughout the region. Non-profit organizations provide more than 100,000 rides annually, while private taxi companies have reported more than three times that. Many of these agencies rely on Federal Transit Administration (FTA) funding to support their operations.

In December 2022, the U.S. Census Bureau designated a portion of the MSB's core area as an Urbanized Area (UZA). Transit providers whose services fall within this Census-designated UZA no longer qualify for the FTA 5311 Rural Transit Funding, as the area is no longer recognized as rural. Transit providers in the UZA are instead eligible for FTA 5307 Urbanized Area Formula Funding. The caveat is that non-profit organizations are not able to apply for and receive 5307 funding directly from FTA as they have in the past with 5311 funding. Instead, a local government entity, such as the MSB, must be designated by the State of Alaska as a direct recipient of 5307 funding. Once designated, the MSB would be able to apply for and receive the funds directly.

Becoming a direct recipient of FTA 5307 funding would enable the MSB to provide transit services themselves, pass funding through to sub-recipients, or contract out to local providers (including non-profit agencies) for transit services. The attached Transit Continuity Plan outlines each option in more detail and makes a

recommendation for the MSB to become a direct recipient and contract out for services, as this most efficiently and effectively maintains the continuity of current transit operations with the UZA.

It is estimated by FTA that the MSB could be eligible for up to \$1.5 million in 5307 funding as a new, small UZA. The apportionment notice for Federal Fiscal Year (FFY) 2024 will be released by FTA early in Calendar Year 2024, at which time the MSB would know the final eligibility amount and could begin the grant submittal process. Eligible uses for 5307 funding include, but are not limited to: planning for transit routes, bus stops, and connectivity to community hubs and essential services; engineering and design of park and rides, transit centers, and roadways that support the integration of transit with bike and pedestrian facilities and the local road network; capital investments in buses and bus stops; preventative maintenance of fleets; and other transit improvements. As a small UZA, with a population of less than 200,000, operating assistance to cover program staff is also an eligible expense.

The local match requirement for FTA 5307 funding is 50% for operating expenses and 10-20% for other expenditures such as planning and capital investments. If services are contracted out, a local provider may be able to provide a portion of the match through other grant funding and fare revenues, but the MSB may need to provide a share of the match funding to support transit in the UZA. Match funding can be provided by other grant funding, cash, or in-kind contributions integral to the project, such as MSB program management staffing.

Becoming a direct recipient of FTA 5307 funding is done through cooperative agreement with the State of Alaska. Once authorized by the State to become a direct recipient, the MSB would submit a grant application for the FTA 5307 funds, and upon award of the grant, the State and the MSB would execute a supplemental agreement permitting the MSB to receive and expend the funds and transferring all responsibilities of the grant agreement to the MSB. The Transit Provider Operations document attached provides guidance on operational and reporting responsibilities for all agencies involved, keeping in line with federal, state and local requirements.

Approval of this resolution would authorize staff to do the following:

- Move forward requesting a direct recipient designation from the State of Alaska
- Authorize the Manager to sign and submit a grant application for FTA 5307 Urbanized Area Formula Funding

Future steps that will involve additional approval from the Assembly would include:

- Funding for the local match requirement
- Accepting and appropriating the grant award for FTA 5307 Urbanized Area Formula Funding
- Entering into a supplemental agreement with the State of Alaska, transferring grant management and reporting responsibilities to the MSB
- Approving a Request for Proposal for transit services in the UZA
- Entering into a contracted services arrangement for transit services in the UZA

RECOMMENDATION OF ADMINISTRATION: Respectfully request approval.

**MATANUSKA-SUSITNA BOROUGH
FISCAL NOTE**

Agenda Date: August 15, 2023

SUBJECT: A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY AUTHORIZING THE MATANUSKA-SUSITNA BOROUGH MANAGER TO PURSUE A DIRECT RECIPIENT DESIGNATION FROM THE STATE OF ALASKA TO RECEIVE FEDERAL TRANSIT ADMINISTRATION FUNDING AND AUTHORIZING THE SUBMISSION OF A GRANT APPLICATION FOR URBANIZED AREA FORMULA FUNDING UNDER 49 U.S.C 5307.

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT YES NO
AMOUNT REQUESTED *	FUNDING SOURCE Grant
FROM ACCOUNT #	PROJECT
TO ACCOUNT : *	PROJECT #
VERIFIED BY: <div style="text-align: right; font-size: small;">8 / 2 / 2 0 2 3</div> <div style="text-align: center;">X L i e s e l W e i l a n d</div> <div style="text-align: center; font-size: x-small;">Signed by: Liesel Weiland</div>	CERTIFIED BY:
DATE: 8/2/2023	DATE:

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING						

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING:

(Thousands of Dollars)

General Fund						
State/Federal Funds		*				
Other						
TOTAL		*				

POSITIONS:

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary) *Amount depends on actual grants applied for and funding received.

PREPARED BY: _____ **PHONE:** _____

DEPARTMENT: _____ **DATE:** _____

8 / 3 / 2 0 2 3

APPROVED BY:

X

C h e y e n n e H e i n d e l

DATE:

S i g n e d b y : C h e y e n n e H e i n d e l



2023

Mat-Su Borough Transit Continuity Plan

Prepared by R&M Consultants, Inc. in
collaboration with MSB Planning
Department

Funding provided by Alaska Department of
Transportation & Public Facilities
7/20/2023

IM 23-180
RS 23-088

Matanuska-Susitna Borough Transit Continuity Plan

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Matanuska-Susitna Borough Transit Continuity Plan

Executive Summary

As of the 2020 Census, the Matanuska-Susitna Borough's (MSB) greater core area reached a population of 50,000 people or more, moving it from a rural community to an Urbanized Area (UZA) which qualifies the MSB to apply for Federal Transit Authority (FTA) funds for transit services. The MSB does not currently provide transit services and the new designation does not require the MSB to provide transit services. However, the existing non-profit and non-governmental transit providers will no longer qualify for rural 5311 FTA Transit program funding to operate the current commuter fixed route and on-demand transit services within the UZA, impacting over 100,000 trips per year between the four current providers in the MSB. Many of the riders are those unable to drive or who cannot afford a car, including young people, seniors, persons with disabilities and low-income residents, all who rely on transit services for employment, training, education, medical appointments, personal appointments, job searches, shopping and recreation. The MSB now has the option to become a direct recipient of the FTA's 5307 urban transit funding starting in October 2023. Becoming a Direct Recipient will ensure transit operators continue to serve MSB residents without interruption. This Plan evaluates options for transit service continuity in the urban area of the MSB. The four options evaluated include:

- 1: MSB creates and operates a new Public Transportation/Transit Department with staff and vehicle assets
- 2: MSB passes funding through to an eligible sub-recipient / local government
- 3: MSB contracts for service with a transit provider
- 4: Do nothing, do not become a direct recipient, and pass up the available funding. This would disqualify existing transit providers from receiving FTA funding within the UZA and inhibit the ability to continue providing transit services within the UZA of the MSB

The table below summarizes the four options evaluated:

	Option 1: MSB Transit	Option 2: Pass Through to Subrecipient	Option 3: Contract with Transit Provider	Option 4: Do Nothing
Program eligible	Yes	Maybe	Yes	NA
Capacity to run program	Yes	Maybe	Yes	NA
Negative impacts to existing service	Maybe	Maybe	No	Yes
Sufficient staff capacity	No	No	Maybe	NA
Readiness	No	No	Yes	NA

Matanuska-Susitna Borough Transit Continuity Plan

Planning Recommendation

This Transit Continuity Plan recommends Option 3. This means the MSB would move forward in becoming a direct recipient of FTA 5307 funding and would then contract transit services to a third-party provider. Assembly approval of Option 3 is required prior to the implementation actions outlined below, including the submission of a grant application and the issuance of a request for proposal/bid for a third-party contractor to provide transit services.

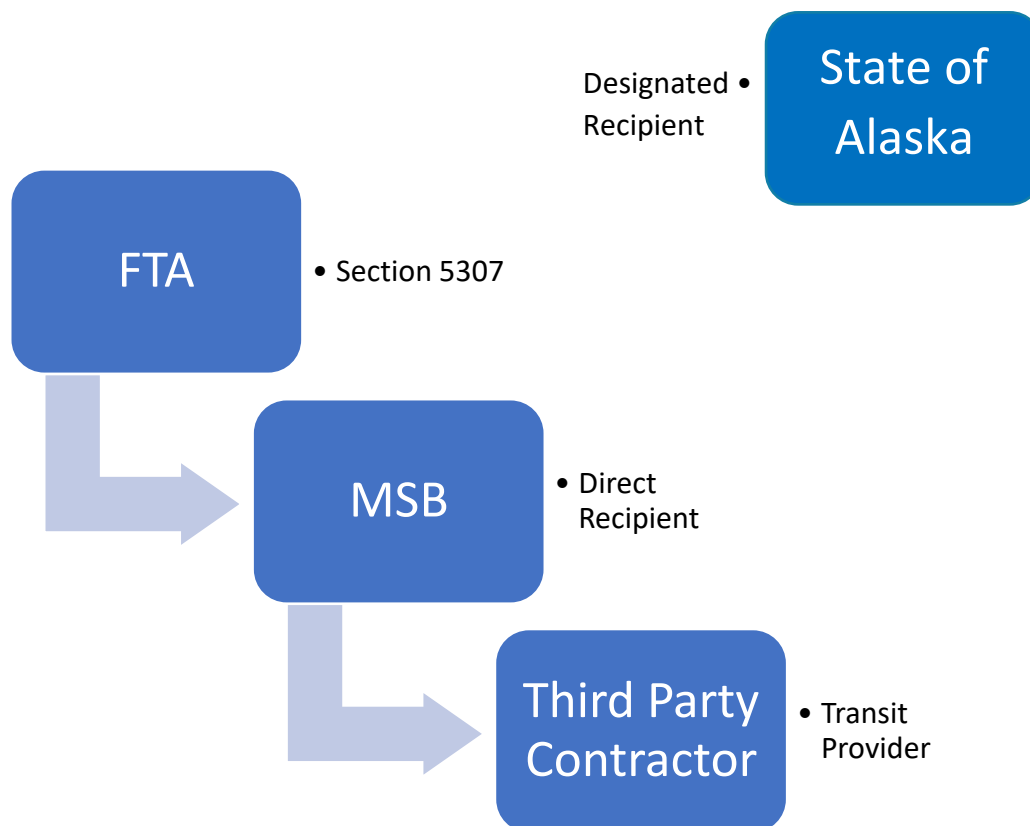
Summary of Action Items and Critical Path Schedule

Order	Action Item	Timeframe
1	Assembly approval to become a direct recipient and approval to submit the FTA 5307 grant application	August 2023
2	Request direct recipient designation from Governor	September 2023
3	Prepare FTA 5307 grant application material	February-May 2024
4	MSB Legal certification of grant application	April/May 2024
5	Assembly approval to submit grant application	April/May 2024
6	Submit FTA 5307 application	April/May 2024
7	Issue RFP for contract for services	June 2024
8	Selection of provider/Award of funding	August 2024

Matanuska-Susitna Borough Transit Continuity Plan

FTA 5307 Funding in Alaska

FTA 5307 funding is made available to designated recipients that are public bodies with the legal authority to receive and dispense federal funds. In Alaska the FTA assigns the governor or governor's designee as the designated recipient for urbanized areas between 50,000 and 200,000. Currently Anchorage and Fairbanks receive Section 5307 funding for their transit programs. For the MSB UZA to receive FTA funding the governor must designate the MSB (or other governmental entity) as a direct recipient. The governor will execute a supplemental agreement that will permit the MSB to receive and spend Section 5307 federal funding and become responsible for all aspects of the grant agreement. As a direct recipient the MSB has several options, discussed in detail in "Transit Service Continuation Options."



The FTA allows funding to be used for costs of operating a public transportation service. As a Small Urbanized Area (population less than 200,000), the MSB would not be limited on how much of their apportionment may be used on operating expenses. Operating expenses are those costs necessary to operate, maintain, and manage a public transportation system. Operating expenses usually include planning, the cost of driver, mechanic, and administrator salaries, fuel, and items having a useful life of less than one year.

Matanuska-Susitna Borough Transit Continuity Plan

Matching Funds Requirements

The Urbanized Area Formula Funding program (5307) is not a competitive grant program. Instead, each grant is based on a specific formula established in the authorizing legislation and regulations. To receive this formula grant, the MSB must meet all the eligibility criteria for the program, which are pre-determined and not open to discretionary funding decisions. Formulas determine what proportion of the total funds the MSB will have to provide to get the federal (matching) funding. It is estimated that the 5307 program will make the MSB eligible for up to \$1.5 million dollars in FFY2024. The funding formula requires a 50% non-federal match for operations expenses. Funding partners will be critical to meet this goal or risk losing the available funds, impacting current transit services for residents.

The required local share of the project cost may come from the following sources:

- Cash from non-federal sources other than revenues from providing public transportation services;
- Non-fare box revenues from the operation of public transportation service, such as the sale of advertising and concession revenues;
- Amounts received under a service agreement with a State or local social service agency or private social service organization;
- Undistributed cash surpluses, replacement or depreciation cash funds, reserves available in cash, or new capital; and
- In-kind contribution such as the market value of in-kind contributions integral to the project may be counted as a contribution toward local share, such as MSB staff salaries of those managing the contract and project budget.

Further clarification may be found in FTA C 9030.1D Chapter III Section 11 *Local Share of Project Costs*.

FTA Requirements

Before FTA will make grants to recipients there are a series of requirements that must be met. These are explained in detail in FTA Circular C 9030.1E. To determine if the MSB meets these minimum requirements they must first complete and submit an application to the FTA after they have been designated as a direct recipient by the state. This process is discussed in more detail in the "Recommendations" section.

Matanuska-Susitna Borough Transit Continuity Plan

Transportation Needs Overview

Access to Job Opportunities for Residents

MSB residents need to be able to access jobs, conduct business, and facilitate the movement of goods and services. Maintaining or improving access to jobs should help more people find employment and give employers access to a larger pool of potential employees. Residents also need access to schools, shopping, medical and other essential services. The greatest need for transit is for those unable to drive or who cannot afford a car, including young people, seniors, persons with disabilities, and low-income residents. Nationally, transportation preferences are changing. People are more often choosing to buy fewer cars, drive less and make more trips using transit, walking, or bicycling. Additionally, a large portion of MSB employed residents work outside the borough, utilizing the regional commuter service between the MSB and Anchorage.

Economic Development Opportunities

In addition to inclusive mobility, access to transportation is critical to economic development and opportunities for success in employment and household income. Transit connects Alaskan businesses with their workforce and transit commuters who are able to get to work because of transit, earn wages and support business sales they help generate. (*ADOT&PF The Economic Value of Public Transit in Alaska May 2022*). The development patterns of the MSB, particularly the core area, pose unique challenges to mobility, and to providing transit. In general, shopping, schools, medical services, senior living facilities, libraries, employment centers, and the Mat-Su College are not concentrated in a central area. This development pattern does not promote easy access to city centers and strategic development of commercial areas, making access to essential services or transit stops more difficult while hindering economic development opportunities.

*Summary of statewide economic
impact of transit 2018-2019*

5,645 Workers

Can get to work because of transit

\$203 Million in Annual Wages

Brought home by transit commuters

\$941 Million in Annual Sales

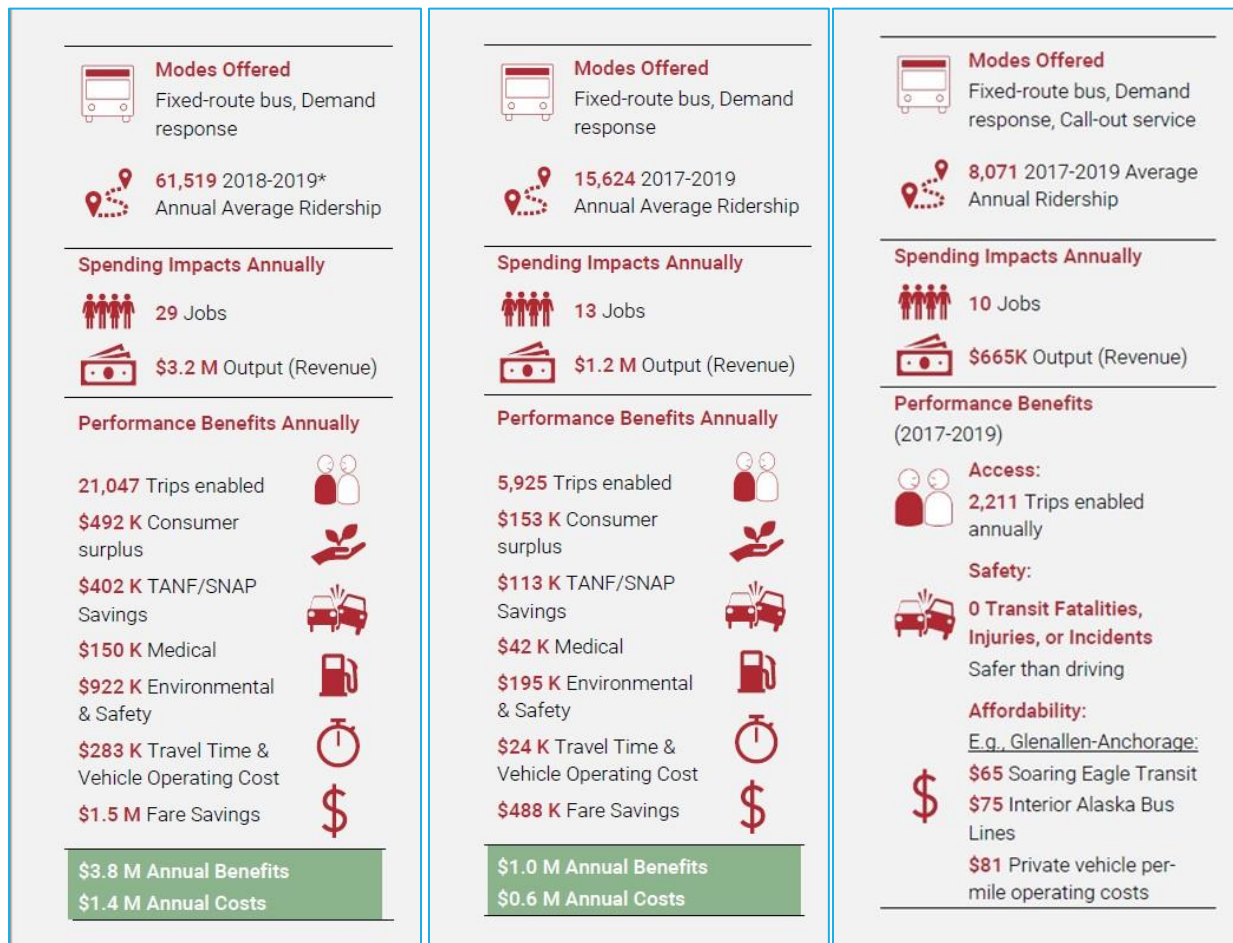
Facilitated by transit commuters

2 Percent

Transit commuter share, statewide

Matanuska-Susitna Borough Transit Continuity Plan

Summary of Economic Impact of three Transit Providers within the MSB. Source: ADOT&PF Economic Value of Public Transit in Alaska 2022.



Existing Plans & Policies Summary

The Matanuska-Susitna Borough has many plans, policies and other documents that have an impact on the transportation system and the way residents move around and access essential services. Many of them prioritize the importance of creating and maintaining safe and efficient transportation systems, increasing connectivity between communities, improving mobility for residents of all ages and abilities, and supporting sustainable economic growth, all of which are directly related to the transit system.

Matanuska-Susitna Borough Transit Continuity Plan

Additionally, the Statewide Long Range Transportation Plan, Let's Keep Moving, provides guiding policies that support transit in the MSB. Together these plans create the planning framework to support transit within the new UZA.

Below is a list of relevant plans and studies. A more detailed summary is found in Appendix B.

- Let's Keep Moving, 2016 Statewide Long-Range Transportation Plan
- MSB Comprehensive Plan 2005 (adopted)
- MSB Long-Range Transportation Plan 2017 (adopted)
- MSB Coordinated Human Services Transportation Plan, 2018 (adopted)
- MSB Transit Feasibility Study, 2017 (not adopted)
- Core Area Plan 2007 (adopted)
- Palmer Comprehensive Plan, 2006 (adopted)
- Wasilla Comprehensive Plan, 2011 (adopted)
- Knik Fairview Comprehensive Plan, 1997 (adopted)
- MSB Economic Development Strategic Plan 2010 (adopted)

Existing Conditions

Regional Context and Community Profile

Most of the borough residents live in the greater core area. This includes the Cities of Palmer and Wasilla, and the surrounding suburban neighborhoods. The core area was identified as an urban cluster in 2010 by the U.S Census. The MSB received a UZA designation for a portion of the core area in the 2020 Census. The density within the Cities of Palmer and Wasilla proper is greater than the surrounding area, but they are still a relatively small portion of the core area population. The two cities combined represent about one-third of the total core area population. This is somewhat unique because most urbanizing areas have a central city that comprises a higher percentage of area population and becomes the focus of transit services.

Demographics

According to the Alaska Department of Labor & Workforce Development (ADOL&WD)¹, the State of Alaska and MSB grew rapidly from the 1970s through the 2000s. Around 2010, the Alaskan population began to stabilize, growing only 3 percent between 2010 and 2022. By contrast, the MSB population grew 22 percent over the same period. These trends are projected to continue, with the ADOL&WD forecasting a 38 percent increase in population within the MSB by 2050, compared with only 4 percent statewide.²

¹ADOL&WD, Alaska Population Estimates, 2021, <https://live.laborstats.alaska.gov/pop/index.cfm>

² ADOL&WD, Alaska Population Estimates, 2021, <https://live.laborstats.alaska.gov/pop/index.cfm>

Matanuska-Susitna Borough Transit Continuity Plan

Key populations in need of transportation are:

- Seniors (age 65 and over);
- Youth (under age 18);
- Low income (below federal poverty level);
- Persons with disabilities;
- Indigenous persons;
- Zero vehicle households; and
- Veterans.

Seniors – The American Community Survey reports 15% of the MSB is age 65 and over. The number of seniors is expected to continue to increase through 2045. As a nation this demographic is growing, additionally the MSB offers property tax relief to seniors which could attract new older residents. According to the 2018 Coordinated Human Services Transportation Plan (CHSTP) the highest concentration of seniors is in the borough’s core area. As residents age, many are no longer able to drive and must rely on other methods of transportation.

Youth – The U.S. Census reports 25.6% of the MSB is under the age of 18. Those under the age of 18 generally use public transit more than adults.

Low income – In 2021 12% of the borough population had an income below federal poverty level, including 5% of those over the age of 65. According to the 2018 CHSTP poverty is concentrated in the core area. Households with lower incomes are proportionally more dependent on walking, biking, and public transit to meet their mobility needs.

Persons with disabilities – In 2021 14% of borough residents had a disability; 23.3% of MSB veterans has a disability as well as 39.3% of those over the age of 65. Certain disabilities can prevent individuals from driving fully or under certain conditions such as low light or snow.

Indigenous persons -The FTA includes indigenous persons as a target population for transit funding. Often, tribal nations are located on lands that would otherwise be considered rural and are historically underserved by public transportation services. Indigenous people may also be Veterans, low-income, older adult or an individual with a disability. The American Community Survey indicates 7% of the MSB population are American Indian/Alaskan Native.

Zero vehicle households – The 2018 CHSTP reports that 3.3% of MSB occupied households did not have a vehicle in 2016. The highest concentration of zero-vehicle households is in the core area.

Veterans – In 2021 Veterans made up 17% of the MSB total population. The MSB offers property tax relief to Veterans, which may attract new residents to the area. Current Veterans Affairs facilities are located in Wasilla and Anchorage.

The MSB’s chief export is its workforce. The ADOL&WD reports that 41% of MSB employed residents worked outside the borough. Of these commuters, 28% worked in Anchorage, and 13% worked elsewhere in Alaska.

Matanuska-Susitna Borough Transit Continuity Plan

Existing Transit Service and Ridership Overview

Transit service in the MSB is currently provided by non-profit entities, rather than local government. This is unusual in Alaska and throughout the US where local government or regional organizations provide public transit service for their residents. In the MSB transit services are provided by a mix of non-profit transit operators and health and human service organizations. The following is a summary overview of the current transit providers and their ridership numbers.

Valley Transit

In 2014, The State of Alaska Transit Office mandated a consolidation between Valley Mover and Mat-Su Community Transit (MASCOT). Valley Transit was created in the merger, which was finalized in July 2017. Valley Transit provides a fixed route commuter route between the MSB and Anchorage, as well as demand response within the Valley. There is a need for additional demand response services, but Valley Transit does not currently have the resources to do so. While ridership dipped due to the COVID-19 pandemic. Valley Transit received a new fleet of buses in 2023 which are dedicated to commuter service between the MSB and Anchorage. With the new fleet and post-pandemic rebound, ridership is expected to increase. In FY2022 Valley Transit served a total of 31,183 riders, with 20,411 of those as commuters, and 10,772 demand response. Whereas, in FY2019 they had a total ridership of 62,839.

Sunshine Transit

Sunshine Transit is a “rural” provider of demand response transit service in the Upper Susitna Valley. Sunshine Transit serves Talkeetna, Trapper Creek, Willow, Caswell and Houston, and works to compliment service provided by Valley Transit. They report that demand is growing fast, and they are having difficulties meeting the demand. Sunshine Transit has the highest ridership for non-commuter routes among the three nonprofit transit organizations, with 14,442 riders in FY2022. Sunshine’s ridership remained consistent through the COVID-19 pandemic, with 14,030 riders in FY2019.

Mat-Su Senior Services

Mat-Su Senior Services, founded in 1980, is a non-profit organization established to assist area seniors, individuals with Alzheimer’s Disease or related disorders, and anyone of any age on the Home and Community Based Medicaid Waiver Program. Transportation is one the many supportive services the organization offers. Wheelchair accessible vans provide transport to medical appointments, adult day care services, pharmacy, community events at the senior center and the grocery store. Rates depend on an individual’s program eligibility and the nature of the trip. Suggested donations are requested. Reservations are required, with a preference for a week’s notice for trip scheduling purposes. In FY2022 they provided 1,457 total trips.

Chickaloon Area Transit System

Matanuska-Susitna Borough Transit Continuity Plan

Chickaloon Area Transit System (CATS) was established in 2006 using a FTA Bus and Operating grant, with operations beginning in 2011. It is operated by the Chickaloon Village Traditional Council—the traditional sovereign government for the Chickaloon Native Village. CATS provides demand response service between Chickaloon and Palmer for all residents of the area. Funding for this transportation comes from Tribal Federal Transportation 5311 funds. CATS offers connections to Valley Transit in Palmer and Wasilla with connections to Anchorage. In FY2018 the annual ridership for CATS was 2,500.

Wasilla Area Seniors Inc.

Founded in 1981, Wasilla Area Seniors Inc. (WASI) is a non-profit organization that provides services and resources to promote health and independence to area seniors. WASI's Transportation Program provides personalized, and affordable transportation for qualified seniors and disabled adults. Individuals can schedule essential transportation for doctor appointments, grocery shopping, and prescription pick-up or drop-off on a suggested donation basis or schedule non-essential transportation on a private fare basis. WASI is a Medicaid Choice Waiver and TriWest Healthcare Alliance provider for individuals 60 years of age or older, veterans, have a disability, or live with a senior that is 60 years of age or older. From July 1, 2022-June 30, 2023 WASI provided 8,308 rides to 168 customers.

For-profit providers such as private taxi services, provide a significant number of rides to Borough residents each year—well over the amount provided by nonprofit providers (300,000 rides per year) – many of these are Medicaid funded for residents to access health and human services.

Transit Service Continuation Options

A governmental entity must be designated as a direct recipient, as defined by FTA, to receive FTA funding directly to continue transit services within the newly identified UZA. As the largest regional government, representing nearly 60,000 people in the UZA, the MSB is likely the only local government with the capacity to take on this role. Further clarification may be found on p. II-5 of FTA Circular 9030.1E

A direct recipient is a public entity that is legally eligible under federal transit law to apply for and receive grants directly from FTA. A direct recipient can receive and expend the federal funds and assumes all responsibilities of the grant agreement. In Alaska, Anchorage and Fairbanks both receive 5307 Urbanized Area Formula Grants. Both communities operate fixed route systems with a municipality or borough-run transportation department. Options 1-3, below, all assume the MSB as the Direct Recipient of FTA Section 5307 funding.

Option 1: MSB creates a Transit/Public Transportation Department

Matanuska-Susitna Borough Transit Continuity Plan

The MSB creates a public transportation department to provide transit services to fulfill the current demand of over 100,000 annual trips currently being served by the four existing transit providers. The transit services would focus on a fixed route bus service, versus on-demand or paratransit that would include a defined schedule and transit stop locations and infrastructure to support transit stops.

Fixed route bus service –
Specific transportation service, where a vehicle is operated along a prescribed route according to a fixed schedule. Fixed route bus service may include point to point service.

This will require funding for the following resources:

- Staffing (including a Director, Admin, Finance, Fleet management/maintenance and drivers);
- Facilities/assets;
- Rolling stock (vehicles);
- Garage/bus barn; and
- Tools/equipment.

Tasks will include:

- Developing Policies/procedures, Scheduling, Maintenance (facilities and assets); and
- Providing service.

Option 2: MSB Pass Through to Sub-Recipient

Sub-recipient arrangements may be used to allocate funding to projects undertaken by a smaller cooperating agency on behalf of a designated or direct recipient. Funds can also go to a private non-profit organization that is responsible for a job access and reverse commute project within or near the service area. A sub-recipient does not relieve the direct recipient of its responsibilities related to the grant agreement.

Currently, transit services within the MSB are provided by several non-profit organizations. FTA regulations only allow 5307 funds to be provided to non-profits as a sub-recipient for job access and reverse commute projects. None of the non-profit transit providers would benefit from becoming a sub-recipient under this program as their current services would not be eligible for the funding.

In many communities there are regional organizations that become sub-recipients and provide transit within UZAs. The MSB does not have an organization that could take on this role. CATS, operated by the Chickaloon Native Village, as a government entity could become a sub-recipient. The Cities of Palmer and Wasilla, as well as the Knik Tribe, are also eligible to become sub-recipients. None of these governments operate a transit program, and like the MSB, would have to develop a program from scratch. Additional steps are needed for any of these entities to stand up a transit operation and provide transit services outside their boundaries.

Option 3: MSB Contracts with Transit Provider

Matanuska-Susitna Borough Transit Continuity Plan

Another option for continuing transit services within the MSB's UZA is for the MSB to become a direct recipient of FTA Section 5307 funding and contract with provider(s) to continue transit services. This would be done through a competitive bid process in accordance with federal and MSB procurement procedures. The contractor would be responsible for meeting the federal requirements of the program, such as operational policies, Title VI requirements, tracking of funds/fares and all other requirements applicable in the FTA Master Agreement. The contractor would also be responsible for maintaining rolling stock, garages/barns, staffing and associated payroll and human resource responsibilities. Because most transit services are currently provided by non-profit organizations this option would provide for continuity of services. Staff, rolling stock, facilities and operational policies and procedures are already in place and non-profits are using FTA Section 5311 funds, which have many of the same requirements as Section 5307.

Option 4: Do Nothing

If the MSB does not act on one of the options above, the FTA will distribute Section 5307 funds to the other urbanized areas of the state, Fairbanks, and Anchorage. Current providers of transit within the MSB's UZA who are currently funded in part by FTA 5311 Rural Funding, would no longer be eligible for these funds. Valley Transit would suffer a funding crisis and may be unable to continue providing transit service.

	Option 1: MSB Transit	Option 2: Pass Through to Subrecipient	Option 3: Contract with Transit Provider	Option 4: Do Nothing
Program eligible	Yes	Maybe	Yes	NA
Capacity to run program	Yes	Maybe	Yes	NA
Negative impacts to existing service	Maybe	Maybe	No	Yes
Sufficient staff capacity	No	No	Maybe	NA
Readiness	No	No	Yes	NA

Planning Recommendation

The MSB becomes a Direct Recipient of FTA 5307 funding and Contracts with Transit Provider through a competitive RFP process that meets all FTA requirements (option 3, above).

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This option provides much needed continuity of service. Ridership numbers indicate there is a clear need for transit in the greater core area, and available information shows that need will continue to grow in the future. Transit supports many goals of the MSB including facilitating economic growth. Existing non-profits are well situated to take on the responsibility of providing transit services in accordance with the FTA requirements. They have experienced staff, established protocols and necessary equipment and facilities. While Section 5307 has some responsibilities and requirements that are not required of Section 5311, the majority are the same.

Action Items for Option 3:

In Alaska, Section 5307 funds for small urbanized areas are directed from FTA to the State. For the MSB to receive Section 5307 funds, the Governor must designate the MSB as a direct recipient. Currently, Anchorage and Fairbanks receive Section 5307 funding for their transit programs as direct recipients. For the MSB to officially become a direct recipient, the governor will execute a supplemental agreement that will permit the MSB to receive and spend Section 5307 federal funding and be responsible for the requirements of the grant agreement. For the MSB to move forward with this option they must formally request designation as a direct recipient from the Governor before October 1, 2023.

Once the MSB has been authorized to apply to FTA as a direct recipient the MSB will submit an independent grant application for the 5307 formula funding. FTA Circular 9030.1E, Urbanized Area Formula Program: Program Guidance and Application Instructions, outlines this process in detail and provides information about administrative requirements, planning and project development, general program information, instructions for preparing a grant application, project budget, an application check list, as well as forms and sample documents. The MSB would work closely with the Alaska Department of Transportation and Public Facilities (ADOT&PF) and FTA in the development of this application.

The grant application and administration process is similar to other federal grant programs. The MSB has a long history of successfully applying and administering federal grants. The application requires a project budget and documentation of the required non-federal matching funds. The FTA will review the grant for eligibility and completeness before it requires signatures from the authorized official and the application is formally submitted.

The FTA grant application process requires an authorizing resolution from the MSB Assembly that gives permission to the MSB, as a direct recipient, to apply for 5307 funds. This resolution will authorize the borough manager to execute and file the application with the required documents. Once the grant is awarded the Assembly would accept and appropriate the funds with an ordinance.

FTA also requires a legal certification from the MSB's legal counsel that they have reviewed pertinent laws and concluded that there are no legal barriers to the grant submittal and that there is no pending or threatened litigation that might adversely affect the MSB's ability to carry out the project as described in the application.

Once the grant is awarded the MSB would issue a Request for Proposals for a third-party transit provider. The scope of work would specify the operational and reporting requirements of the third-party

Matanuska-Susitna Borough Transit Continuity Plan

operator in accordance with the FTA Section 5307 requirements. The competitive process would result in the selection of a transit provider.

Roles and Responsibilities

MSB

Under the Section 5307 program, MSB as the direct recipient receives and apportions the FTA funds within the applicable UZA. MSB's role is to develop program criteria, notify eligible applicants about the fund availability, solicit proposals, review proposals, select proposals, ensure fair and equitable distribution of funds, adhere to federal and state program guidelines, certify eligibility of service provider third party contractors, reimburse third party contractors, monitor grants, ensure that audits are performed on all Section 5307 grants, and grant project close out. For detailed information about the responsibility of a direct recipient, please refer to the current FTA circular for Section 5307.

Transit Service Provider- Third Party Contractors

The transit provider's role is to manage the day-to-day activities of the 5307 program award. They will provide non-discriminatory public transportation in the UZA, document the UZA services and operate in accordance with contract details, program requirements, including FTA Drug and Alcohol Program and Drug Free Workplace Act requirements, and regulations related to 5307 financial assistance. They will cooperate in audits related to the Section 5307 award, prepare required reports and process allowable operational expenses for reimbursement in accordance with the contract, MSB, state and federal requirements.

Transit providers will also be required to produce a Quarterly Report, an Annual Operating Report, Capital Equipment Maintenance Summary Report, an Annual Operational Expenditures Report and an Annual Monitoring Report.

MSB and Transit Service Providers

Transit service providers and MSB as direct recipient are all responsible for complying with federal laws, regulations, and executive orders to include:

(1) Title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. 2000d et seq.) provides that no person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

(2) U.S. Department of Transportation (DOT) regulations, "Nondiscrimination in Federally-Assisted Programs of the Department of Transportation—Effectuation of Title VI of the Civil Rights Act of 1964," 49 CFR part 21.

(3) FTA Circular 4702.1B "Title VI Requirements and Guidelines for Federal Transit Administration Recipients." This document provides FTA recipients and subrecipients with guidance and instructions necessary to carry out DOT Title VI regulations (49 CFR part 21), and DOT Policy Guidance Concerning

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Recipient's Responsibilities to Limited English Proficient (LEP) Persons (70 FR 74087, December 14, 2005).

(4) U.S. DOT Policy Guidance Concerning Recipients' Responsibilities to Limited English Proficient (LEP) Persons (December 14, 2005). This Executive Order 13166 guidance clarifies the responsibilities of recipients of federal financial assistance from DOT and assists them in fulfilling their responsibilities to LEP persons, pursuant to Title VI of the Civil Rights Act of 1964 and Executive Order 13166.

(5) FTA Circular 4703.1 "Environmental Justice Policy Guidance for Federal Transit Administration Recipients." This document provides FTA recipients and subrecipients with guidance and instructions necessary to carry out DOT Order 5610.2, Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, and Executive Order 12898 on Environmental Justice. The DOT Order describes the process that the office of the secretary of Transportation and each operating administration will use to incorporate environmental justice principles into existing programs, policies, and activities.

(6) U.S. DOT Order to Address Environmental Justice in Minority Populations and Low-Income Populations. DOT Order 5610.2 describes the process that the office of the secretary of Transportation and each operating administration will use to incorporate environmental justice principles (as embodied in Executive Order 12898 on Environmental Justice) into existing programs, policies, and activities.

(7) Equal Employment Opportunity. The recipient agrees to comply, and assures the compliance of each third-party contractor and each sub-recipient at any tier of the project, with all equal employment opportunity (EEO) requirements of Title VII of the Civil Rights Act of 1964, as amended, (42 U.S.C. 000e), and with 49 U.S.C. 5332 and any implementing regulations DOT may issue.

(8) Nondiscrimination on the Basis of Sex. The recipient agrees to comply with all applicable requirements of Title IX of the Education Amendments of 1972, as amended, (20 U.S.C. 1681 et seq.), with DOT implementing regulations, "Nondiscrimination on the Basis of Sex in Education Programs or Activities Receiving Federal Financial Assistance," 49 CFR part 25.

(9) Nondiscrimination on the Basis of Age. The recipient agrees to comply with all applicable requirements of the Age Discrimination Act of 1975, as amended (42 U.S.C. 6101 et seq.), and Department of Health and Human Services' (DHHS) implementing regulations, "Nondiscrimination on the Basis of Age in Programs or Activities Receiving Federal Financial Assistance" (45 CFR part 90), which prohibit discrimination against individuals on the basis of age. In addition, the recipient agrees to comply with all applicable requirements of the Age Discrimination in Employment Act (ADEA), 29 U.S.C. 621 through 634, and Equal Employment Opportunity Commission (EEOC) implementing regulations, "Age Discrimination in Employment Act" (29 CFR part 1625), which prohibit employment discrimination against individuals on the basis of age.

(10) Disadvantaged Business Enterprise (DBE) Program. To the extent required by federal law, regulation, or directive, the recipient agrees to take the measures outlined in Circular FTA C 9030.1E.

Matanuska-Susitna Borough Transit Continuity Plan

Implementation Actions and Schedule

- | | |
|--|--------------------|
| 1. Assembly approval to become a direct recipient and prepare the grant application to FTA | August 2023 |
| 2. Request direct recipient designation from Governor | September 2023 |
| 3. Prepare FTA 5307 grant application material | February- May 2024 |
| 4. MSB Legal certification of grant application | April/May 2024 |
| 5. Assembly approval to submit grant application | April/May 2024 |
| 6. Submit FTA 5307 application | April/May 2024 |
| 7. Issue RFP for contract for services | June 2024 |
| 8. Selection of provider/Award of funding | August 2024 |

Appendices

- A. Transportation Provider Operations
- B. Summary of relevant plans and policies related to and in support of transit
- C. FTA Circular 9030.1E (*electronic only*) [FTA Circular 9030.1E - Urbanized Area Formula Program: Program Guidance and Application Instructions | FTA \(dot.gov\)](#)
- D. The Economic Value of Public Transit in Alaska May 2022
- E. FTA Letter RE: 2020 Decennial Census Urbanized Areas of 199,999 or Less in Population

Matanuska-Susitna Borough Transit Oversight Guide

As a portion of the core area of the Matanuska Susitna Borough (MSB) transitions to a federally designated urban area (UZA), funding for transit within the UZA has also transitioned from Federal Transit Administration (FTA) 5311 Rural Transit funding to the FTA 5307 Urban Transit funding. This oversight guide has been developed to ensure that providers of transit services within the UZA are able to fulfill the requirements associated with federal financial assistance and federal transit laws and reporting requirements as expressed in the FTA Circular 9030.1E and successor circular on Grant Programs for Urbanized Areas.

Legislative Background for Federal Transit Funding Support

Since the 1950s, the United States has evolved in its discussions, planning, and support of ground transportation initiatives. Although public transit legislation first moved forward as part of The Housing Act of 1961 and was broached to Congress by President Kennedy in 1962, it wasn't until July 9, 1964, that President Lyndon Johnson signed the Urban Mass Transportation Act into law. The Urban Mass Transportation Act provided \$375 million in capital assistance to public transportation activities over three years. In time, new transportation legislation would be adopted to aid economic efficiency and livability for the growing number of U.S. citizens living in urban areas. The Urban Mass Transportation Assistance Act of 1970 was a landmark decision to authorize long-term federal funding of mass transportation.

As local, state, and federal lawmakers recognized the benefits of the nation's growing transportation systems, additional legislation resulted to support surface transportation. In 1974, due to high maintenance and operational costs incurred by aging transit agencies, the National Mass Transportation Assistance Act of 1974 authorized mass transit operating subsidies.

Amendments grew to not only include funding operating expenses but also funding programs that supported transit loans, matching grants, research, planning, demonstration projects, coordinated efforts with Housing and Urban Development, and discretionary and formula grant programs. In 1994, Pub. L. 103–272 codified Section 9 of the Urban Mass Transportation Act, “Block Grants,” at 49 U.S.C. 5307, and The Federal Transit Act of 1998, Title II of the Transportation Equity Act for the 21st Century (TEA–21), Pub. L. 105–178, in 1998 changed the heading for 49 U.S.C. 5307 to “Urbanized Area Formula Grants.” Congress continued to authorize changes to transit programs and funding through The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users, Public Law 109-59 (August 2005) and P.L. 112-141, the Moving Ahead for Progress in the 21st Century Act (MAP-21).

In 2012, MAP-21 modified the program's formula for fund apportionment by increasing the amount of funding apportioned under the Small Transit Intensive Cities formula from 1 percent to 1.5 percent of available program funds. A new apportionment component was also added, based on a UZA's low-income population, an amount equal to 3.07 percent of available program amounts. Operating assistance remained based on population. In UZA with populations less than 200,000 operational assistance remained. Previously authorized exemptions for specific UZA over 200,000 were repealed and replaced with a single nationwide exemption for fixed route transit operators that operate fewer than one hundred buses in peak service. Qualifying operators are eligible for

operating assistance in an amount based on an individual operator's percentage of all public transportation services in the UZA; a local formula or agreement may determine the actual amount available.

Program Goal

Per FTA, the Urbanized Area Formula Funding program (49 U.S.C. 5307) purpose is to make Federal resources available to UZA and Governors for transit capital and operating assistance and for transportation-related planning in UZA. This funding helps achieve community-wide transportation goals and ensures federal funds reach the transit providers that support the community's daily living needs and economic goals.

Program Objectives

The MSB has the following objectives for Section the 5307 Program:

- Support the mobility of residents in the UZA through the continuation of public transportation;
- Maximize existing resources to support public transportation;
- Solicit public and stakeholder input to better understand public transportation needs;
- Ensure adherence to applicable federal, state, and local regulations;
- Seek additional funding opportunities to continue existing public transportations services and expand upon them.

Roles And Responsibilities

Roles and responsibilities for implementation and administration of the Section 5307 Program require action at the Federal, State, and local levels and are described below. In addition to the roles stated below, all awarded parties will be governed by, and are responsible for complying with, Federal regulations while fulfilling the below roles.

Federal Transit Administration

The Federal Transit Administration (FTA) is the federal oversight agency. The FTA headquarters office in Washington, D.C. is responsible for providing overall policy and program guidance for the Section 5307 program, allocating funds annually to the States, developing and implementing financial management procedures, initiating and managing program support activities, and conducting national program reviews and evaluations.

The FTA Region 10 Office in Seattle is responsible for the day-to-day administration of the program. Regional office activities include reviewing and approving state and designated recipient grant applications, obligating funds, working with grant awardees to implement the annual program, receiving state and designated recipient certifications and revisions to the program of projects, reviewing and approving State Management Plans; oversight of state management responsibilities, and overall grant management.

Alaska Department of Transportation & Public Facilities

The Alaska Department of Transportation & Public Facilities (DOT&PF) is the designated recipient of Section 5307 funding. Through an agreement DOT&PF has named the MSB as a direct recipient, discussed below. DOT&PF typically provides little day-to-day interaction for the 5307 program. Projects from the MSB are included in the state transportation improvement program (STIP). However, the DOT&PF will provide support with the transition to Section 5307.

Direct Recipient (MSB)

Under the Section 5307 program, MSB acts as the direct recipient, receiving and apportioning the FTA funds within the applicable UZA. MSB's role is to develop program criteria, notify eligible applicants about fund availability, solicit proposals, review proposals, select proposals, ensure fair and equitable distribution of funds, adhere to federal and state program guidelines, certify the eligibility of service providers or third-party contractors, reimburse third-party contractors or sub-recipients, monitor grants, ensure that audits are performed on all Section 5307 grants, and grant project closeout. For detailed information about the responsibility of a direct recipient, please refer to the current FTA Circular 9030.1E and successor circular on Grant Programs for Urbanized Areas.

Sub-recipients

Sub-recipients for Section 5307 funding are responsible for committing local match to the federal share and supplying all supporting documentation as required by MSB. Sub-recipients must assess and identify the transit need, plan an appropriate transit system, and establish the funding plan. Sub-recipients may directly operate the transit system or contract for service with a private for-profit or nonprofit provider. In either case, sub-recipients are responsible for: compliance with program requirements (federal and state); project management and management oversight; monitoring budgets, service, and subcontracts; ongoing service planning; ensuring that audits are performed in accordance with FTA and MSB requirements, submitting invoices to MSB for reimbursement; completing monthly, quarterly, or annual reports as necessary; and contractor oversight.

Under a purchase of service arrangement, sub-recipients are required to enter into a contract with the transit provider before the MSB may reimburse expenditures under a grant contract. MSB requires that any applicant contemplating a purchase of service arrangement procure those services competitively. MSB must review and approve all documents prior to the procurement as well as any resulting award and contract.

Entities seeking to receive Section 5307 funding must contact MSB to understand its responsibilities.

Third-Party Contractors (Transit Service Provider)

The transit service provider's role is to manage the day-to-day activities of the 5307 program award. They will provide non-discriminatory public transportation in the UZA, document services within the UZA, and operate in accordance with contract details, program requirements, and regulations related to 5307 financial assistance. They will cooperate in audits related to the Section 5307 award, prepare

required reports, and process allowable operational expenses for reimbursement in accordance with the contract, MSB, state, and federal requirements.

Required Reports: Quarterly Report, Annual Operating Report, Capital Equipment Maintenance Summary Report, Annual Operational Expenditures Report, and Annual Monitoring Report.

MSB, Subrecipients, Transit Service Providers

Transit service providers, sub-recipients, and the MSB as a direct recipient are all responsible for complying with federal laws, regulations, and executive orders to include:

(1) Title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. 2000d et seq.) provides that no person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

(2) U.S. Department of Transportation (DOT) regulations, “Nondiscrimination in Federally-Assisted Programs of the Department of Transportation—Effectuation of Title VI of the Civil Rights Act of 1964,” 49 CFR part 21.

(3) FTA Circular 4702.1B “Title VI Requirements and Guidelines for Federal Transit Administration Recipients.” This document provides FTA recipients and sub-recipients with guidance and instructions necessary to carry out DOT Title VI regulations (49 CFR part 21), and DOT Policy Guidance Concerning Recipient’s Responsibilities to Limited English Proficient (LEP) Persons (70 FR 74087, December 14, 2005).

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(5) FTA Circular 4703.1 “Environmental Justice Policy Guidance for Federal Transit Administration Recipients.” This document provides FTA recipients and sub-recipients with guidance and instructions necessary to carry out DOT Order 5610.2, Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, and Executive Order 12898 on Environmental Justice. The DOT Order describes the process that the Office of the Secretary of Transportation and each operating administration will use to incorporate environmental justice principles into existing programs, policies, and activities.

(6) U.S. DOT Order to Address Environmental Justice in Minority Populations and Low-Income Populations. DOT Order 5610.2 describes the process that the Office of the Secretary of Transportation and each operating administration will use to incorporate environmental justice principles (as embodied in Executive Order 12898 on Environmental Justice) into existing programs, policies, and activities.

(7) Equal Employment Opportunity. The recipient agrees to comply and assures the compliance of each third-party contractor and each sub-recipient at any tier of the project, with all equal employment opportunity (EEO) requirements of Title VII of the Civil Rights Act of 1964, as amended,

(42 U.S.C. 2000e), and with 49 U.S.C. 5332 and any implementing regulations DOT may issue.

(8) Nondiscrimination on the Basis of Sex. The recipient agrees to comply with all applicable requirements of Title IX of the Education Amendments of 1972, as amended, (20 U.S.C. 1681 et seq.), with DOT implementing regulations, “Nondiscrimination on the Basis of Sex in Education Programs or Activities Receiving Federal Financial Assistance,” 49 CFR part 25.

(9) Nondiscrimination on the Basis of Age. The recipient agrees to comply with all applicable requirements of the Age Discrimination Act of 1975, as amended (42 U.S.C. 6101 et seq.), and Department of Health and Human Services’ (DHHS) implementing regulations, “Nondiscrimination on the Basis of Age in Programs or Activities Receiving Federal Financial Assistance” (45 CFR part 90), which prohibit discrimination against individuals on the basis of age. In addition, the recipient agrees to comply with all applicable requirements of the Age Discrimination in Employment Act (ADEA), 29 U.S.C. 621 through 634, and Equal Employment Opportunity Commission (EEOC) implementing regulations, “Age Discrimination in Employment Act” (29 CFR part 1625), which prohibit employment discrimination against individuals on the basis of age.

Transit Provider Responsibilities

The MSB will require a transit provider in the UZA to comply with the following, whether as a third-party contractor, as a sub-recipient, or as a third-party contractor to a sub-recipient.

Policy & Procedures

The transit provider must have a policy and procedures manual that includes, at a minimum:

- Days and hours of service
- Vehicles
 - Criteria for replacement of vehicles
- Fuel
- No Shows
- Transportation Service Delivery
- Pickup and delivery standards
- Denial of service
- Back up service
- Procedures for ordering and canceling service
 - Ordering trips
 - Cancelling trips
 - Suspending trips
 - Terminations
- Policy updates

Vehicles

The transit provider will supply vehicles. The vehicles must be maintained in a safe and good mechanical condition. The Transit Provider shall provide for the personnel, parts, and preventative and repair maintenance to keep the vehicles clean and in good working order.

Vehicle Insurance

The transit provider must provide vehicle insurance in accordance with FTA 5307 requirements, MSB requirements, and, if applicable, sub-recipient's requirements.

Vehicle Maintenance

All vehicles must be maintained according to the manufacturer's suggested preventative maintenance guidelines. The transit provider must have a written maintenance plan that includes accessibility equipment. The plan should include:

- Daily vehicle and equipment inspections;
- Vehicle and equipment routine and/or preventative maintenance;
- Vehicle and equipment warranty procedures;
- Tracking of repairs and condition of vehicles and equipment.

The transit provider will complete and file a monthly maintenance report documenting maintenance and repair work. Vehicle maintenance should be scheduled and performed so that a sufficient number of vehicles are available to provide service. Maintenance must include wheelchair lifts and other accessibility equipment.

Marking of Transit Vehicles

The transit provider is responsible for ensuring all vehicles are marked as public transit vehicles. All vehicles must be marked with the system name, logo, and telephone number.

Vehicle Safety

All vehicles are to be maintained in a safe condition. Unsafe vehicles shall not be operated.

The transit provider must have a written safety plan that complies with 49 CFR part 673. The plan must address vehicle safety, such as driver protocols for operations and passenger safety.

Staffing and Supervision

The transit provider is responsible for hiring and properly training all personnel necessary to successfully provide transit services in the UZA, including drivers, maintenance personnel, dispatchers, and supervisors. The transit provider will have an organizational chart and description of the responsibilities for each position.

Driver Requirements

The transit provider must ensure that the transportation services provided comply with the minimum driver requirements of the Section 5307 program. Minimum requirements are:

- Possession of an Alaska Commercial Driver's License (CDL);
- Passing a criminal background check;
- Complying with drug and alcohol policies and testing.

Drivers should be competent in their driving habits, be courteous, patient, and helpful to all passengers, and be neat and clean in appearance.

Volunteers are prohibited from driving transit vehicles.

Driver, Attendant, and Service Personnel Training

The transit provider must ensure adequate training is provided for all personnel, including drivers, dispatchers, and supervisors.

The following training is required:

- Mobility Aid and Wheelchair Securement;
- First Aid and CPR.

The following training is encouraged:

- Defensive Driver;
- Consumer Service;
- Courtesy and Sensitivity Awareness.

Dispatcher training must, in addition to the above, include the following:

- Use of dispatching equipment;
- Grouping of trips for more effective utilization of vehicles and resources;
- Record processing and keeping.

Service personnel, including drivers and dispatchers, must be provided with an orientation and understanding of all aspects of the transportation service operations.

Fare Collection

The transit provider is responsible for collecting, accounting, and safeguarding proper fare revenues from all passengers.

Drug and Alcohol

The transit provider must comply with federal regulations regarding drug and alcohol testing, which includes a drug and alcohol testing program and an adopted drug and alcohol policy in compliance with 49 CFR 653 and 654. The policy will reflect zero-tolerance procedures and follow-up testing under specific circumstances. They must certify compliance annually. Additionally, the transit provider must implement a drug and alcohol-free workplace and establish a drug-free awareness program to inform employees about:

- The dangers of drug abuse in the workplace;
- The agency's policy of maintaining a drug-free workplace;
- Any available drug counseling, rehabilitation, and employee assistance programs;
- The penalties for drug abuse violations occurring in the workplace.

Accident/Incident Reporting

The transit provider will complete a written report of any accidents while delivering transit services. When an accident occurs, the Drug and Alcohol Requirements must be fulfilled. The transit provider shall maintain copies of each accident report in both the vehicle and the driver files.

All other incidents or occurrences during service operations involving passengers, altercations, odd behavior, threats, or disputes must be documented and follow appropriate procedures established in the policy manual.

Complaint Processing

The transit provider will record and respond to complaints regarding the delivery of transit services. This includes complaints by the passengers, human service providers, or any individual or group who contacts the Transit Provider. All Title VI and ADA complaints must be filed and published in accordance with federal guidelines.

The transit provider must complete a quarterly summary report and analyze complaints to determine the quality of services to passengers. The report must identify any patterns or trends in the complaints received and describe corrective actions taken.

Marketing

The transit provider is responsible for all marketing and promotion of transit services. Marketing and promotion are needed to encourage the use and awareness of the transit system. Marketing should include the development, production, and distribution of all literature (ex. advertising materials and rider's guide) and other promotional materials. The transit provider is encouraged to develop a "how to ride" video and include "how to ride" instructions in the rider's guide.

Invoicing/Payment

The transit provider will invoice the MSB, or sub-recipient if applicable, monthly, utilizing a format that is mutually agreeable. Invoices should be accompanied by adequate documentation and justification, as outlined in the reporting requirements below. All invoiced expenses must be allowable according to the executed grant agreement.

Reporting

The transit provider must provide various reports to ensure activity documentation, adequate monitoring, data collection, and customer service standards to meet federal and state reporting requirements. For efficiency, reports to the MSB should contain at least the minimum information required for NTD reporting requirements of Section 5307. Reports to be submitted to MSB, or sub-recipient if applicable, shall include, at a minimum, the following:

Monthly Reports

- Monthly operating and financial data including the following for each service mode: total passenger trips carried, total miles, total hours, total road calls, total collision accidents, missed trips, revenue hours operated along with an invoice, and a profit and loss statement for services provided under the resulting contract.

- A written summary of trips requested that the transit provider could not, or failed to, accommodate and the purpose for the failure or denial of service.
- Backup documentation of all expenses requested for reimbursement.

National Transit Database Data (NTD)

The transit provider must collect NTD data on transit ridership, expenses, fares, safety, assets, and other required information for the 5307 program. <https://www.transit.dot.gov/ntd>

NTD allows small systems (under 30 vehicles in peak service) to apply for reduced reporting requirements. There are additional waivers that may be requested. If no waiver to reporting requirements is approved, NDT will require an Annual Report, Monthly Report, and a Safety and Security Report.

Records Maintenance

The transit provider must keep all required reports and documents orderly and up to date. The following records must be readily available to the MSB, sub-recipient, state or federal personnel for inspection and must be retained for at least five years after the close of each FTA grant:

- Financial reports;
- Vehicle and equipment maintenance;
- Vehicle and equipment purchase and disposal;
- Training records;
- Annual reports.

Records that relate to litigation or the settlement of claims arising out of the performance of the resulting agreement, or costs under the resulting agreement, as to which the auditors have taken exception, shall be retained by the transit provider until such litigation, claims, or exceptions have reached final disposition.

Other Program Requirements

MSB requires and monitors compliance with Title VI (Civil Rights), Disadvantaged Business Enterprise (DBE), Equal Employment Opportunity (EEO), Limited English Proficiency (LEP), and Environmental Justice (EJ) requirements by apprising them of their responsibilities, collecting documentation of compliance via site visits and requesting the submission of applicable reports. Documentation includes but is not limited to:

- Monthly Disadvantaged Business Enterprise utilization reports;
- Good Faith Effort documentation for procurement;
- Impact of sub-recipient service provision on minorities and individuals with disabilities;
- Workforce composition of transit system personnel.

FTA Circular 9030.1E and successor circular on Grant Programs for Urbanized Areas provides a full detailed list of all program requirements.

Transit Providers funded with Section 5307 must comply with the program requirements of the Urbanized Area Formula Program, Section 5307. FTA Circular 9030 1.E and successor circular on Grant Programs for Urbanized Areas provides details about these requirements.

Let's Keep Moving, 2016

Let's Keep Moving, the Statewide Long-Range Transportation Plan, establishes transportation policies, goals, implementing actions and performance measures for the Alaska Department of Transportation and Public Facilities (DOT&PF) through 2036. This Plan aligns with federal mandates and establishes the State's policy direction to provide guidance for balancing the State's competing needs—between developing a performance-based transportation system, preservation, operations, and maintenance; between different modes; and between urban and rural communities. The plan articulates the expectation for increased public transit as population increases along with forecasted rise in seniors and veterans. The plan states the largest population growth is expected in the Mat-S region. The following summarizes policies that support transit.

Policy 1.A: Develop the multimodal transportation system to provide safe, cost-effective, and reliable accessibility for people and freight.

We will address efficient intermodal connections between roads, airports, rail, harbors, transit terminals, and bicycle and pedestrian facilities through area, corridor and modal plans to improve asset utilization, safety, reliability, and the cost-effective movement of people and freight.

Policy 1.C: Upgrade and modernize passenger and freight transportation systems to increase productivity and reliability, and to reduce safety risks.

We will continue to support the modernization and improvement of transit systems in Alaska.

Support improvement of local transit systems across the state, including improvement of mobility of the transit-dependent and residents with disabilities.

Address increasing pedestrian, bicycle, and transit travel demands in urban areas through the MPO, corridor and local planning process.

We will support local governments in Alaska in meeting federal transit asset management requirements.

Support local transit agencies/systems in the application of new technologies and transit asset management plans to improve the efficiency and effectiveness of transit operations.

Policy 3.A: Ensure the efficient management and operation of the passenger and freight transportation system.

We will support cost-effective and sustainable efforts by the Alaska Railroad, local public transit providers, and regional entities that improve the department's ability to manage and operate its facilities.

We will support transit, ride sharing, trip reduction, non-motorized transportation, and the use of alternative fuels where economically feasible.

Advance regional funding approaches for major new construction and transit service needs identified in area and MPO plans.

Appendix B – Plans and Policies Summary

MSB Comprehensive Plan 2005 (Adopted)

The 2005 Borough-wide Matanuska-Susitna Comprehensive Plan provides goals and policies to guide future development throughout the Mat-Su Borough. Community based comprehensive plans and special use districts refine the boroughwide plan at the community level. Community based plans must be consistent with the boroughwide plan. Below are goals and policies from the 2005 MSB Comprehensive Plan that specifically address transportation and transit.

Goal E-3: Create an attractive environment for business investment.

Policy E3-3: Enhance transportation infrastructure to reduce travel times and improve transport efficiencies and safety.

Goal T-1: Develop an integrated surface transportation network that facilitates the efficient movement of people, goods and services throughout the Borough and region.

Policy T1-4: Develop an effective multi-modal transportation plan that provides recommendations for all modes of transportation including surface, air, waterborne, rail, public transit and trails, pipeline, electrical and communications. Such a plan should strive to better connect the borough's various communities and neighborhoods.

Policy T1-5: Complete functional plans that address each mode of transportation to achieve a higher level of specificity.

Goal LU-1: Protect and enhance the public safety, health and welfare of Borough residents.

Policy LU1-1: Provide for consistent, compatible, effective, and efficient development within the Borough.

Goal LU-5: Recognize and protect the diversity of the Borough's land use development patterns including agricultural, residential, industrial, and cultural resources, while limiting sprawl.

Policy LU5-1: Develop and implement land use planning efforts that recognize, protect, and enhance the Borough's diverse land use development patterns and encourage local community land use decision making, while limiting sprawl and maintain consistency with the goals and policies of the borough-wide Comprehensive Plan.

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This plan updates the 2007 Long Range Transportation Plan and the Official Streets and Highways Plan. The plan was developed in coordination with AKDOT&PF to guide transportation solutions, improvements, funding decisions, and policy development by the MSB and State of Alaska. The plan identifies the MSB's highest transportation priorities. The plan notes (p. 9) that transportation in the MSB is evolving, and residents expressed a focused interest in improving transit and active transportation. The plan explains that expansion of transportation options does not mean roads and automobiles are not important, but means a transportation system that services all people, not just those who drive, by providing access to employment, shopping retail, and medical services. To that end the plan presents strategies to meet the challenge of developing a safe, efficient, multimodal transportation system. Below highlights recommendations of the LRTP that address transit.

GOAL ONE: Improve Transportation & Land Use Connection Transportation and land use are fundamentally connected. Everything that happens to land use has transportation implications, and vice versa.

Strategy: Create Transit Supportive Development To support transit, higher residential and employment densities are needed. The MSB should pursue transit-supportive land uses within a quarter (1/4)-mile radius of either side of the identified mainline transit routes to develop the ridership base needed to support effective, sustainable transit service. The MSB should also encourage infill development along these corridors as practical.

GOAL TWO: Provide Transportation Choices Provide transportation choices that allow people more effective travel options for a variety of purposes.

Strategy: Develop a Long-Range Transit Vision Currently, there is no coordinated long-range vision for transit in the MSB. The project team heard from stakeholders about the desire for commuter bus service from Knik Goose Bay Road to Anchorage. Stakeholders also identified a desire for additional fixed-route transit in the MSB Core Area. Such service could start as an initial bus route between Palmer, Wasilla, and the Mat Su Regional Medical, adjacent health care facilities and the Mat Su College (see Figure 3). Stakeholders also identified future needs for additional routes (see Figure 4) in the future to provide more coverage of the Core Area.

Strategy: Expand Vanpools Program Vanpools are similar to carpools, except they typically involve more people traveling in a larger vehicle. Vanpooling allows people to share the ride and expenses associated with commuting. The Municipality of Anchorage's (MOA) Public Transportation Department offers and administers the Share-A-Ride vanpooling program, and many program participants are MSB residents who commute to Anchorage or Joint Base Elmendorf-Richardson. The existing program does not allow vanpools that start and end within the MSB, although the MSB could organize a program to handle such intra-borough trips. Expanding the existing vanpool program would allow more residents who commute from the MSB to Anchorage to participate.

Strategy: Consider Additional Demand Response Service Demand response service is a non-fixed-route transit system. This system operates similarly to a taxi but carries more than one fare at a time. Stakeholders indicated they would like more demand response service in the MSB, including longer hours, more coverage, and shorter wait times. Demand response service is likely to be more popular in the future as the MSB population grows and ages, as seniors tend to make up a significant portion of the users. The MSB and transit providers should work together to identify how additional demand response service could be provided and funded. Demand response service can be provided by a transit provider. New and emerging technology allow services such as UberPOOL³ and Lyft Line⁴ to provide a similar service.

Strategy: Encourage Ride Sharing Services Providing transit service in the MSB is challenging because of its geographic size and low population density. Traditionally, ride sharing, or carpooling, involved the sharing of vehicles by passengers to reduce costs, vehicle trips, traffic congestion, and automobile emissions. In recent years, ride sharing is the term used for companies that offer for-hire, for-profit driving services (like Uber or Lyft). These companies connect riders with noncommercial drivers who provide rides for hire in their private vehicles. Companies use an internet-based platform to match drivers and riders. These services are attractive because they provide door-to-door service, making them

Let's Keep Moving, 2016

Let's Keep Moving, the Statewide Long-Range Transportation Plan, establishes transportation policies, goals, implementing actions and performance measures for the Alaska Department of Transportation and Public Facilities (DOT&PF) through 2036. This Plan aligns with federal mandates and establishes the State's policy direction to provide guidance for balancing the State's competing needs—between developing a performance-based transportation system, preservation, operations, and maintenance; between different modes; and between urban and rural communities. The plan articulates the expectation for increased public transit as population increases along with forecasted rise in seniors and veterans. The plan states the largest population growth is expected in the Mat-S region. The following summarizes policies that support transit.

Policy 1.A: Develop the multimodal transportation system to provide safe, cost-effective, and reliable accessibility for people and freight.

We will address efficient intermodal connections between roads, airports, rail, harbors, transit terminals, and bicycle and pedestrian facilities through area, corridor and modal plans to improve asset utilization, safety, reliability, and the cost-effective movement of people and freight.

Policy 1.C: Upgrade and modernize passenger and freight transportation systems to increase productivity and reliability, and to reduce safety risks.

We will continue to support the modernization and improvement of transit systems in Alaska.

Support improvement of local transit systems across the state, including improvement of mobility of the transit-dependent and residents with disabilities.

Address increasing pedestrian, bicycle, and transit travel demands in urban areas through the MPO, corridor and local planning process.

We will support local governments in Alaska in meeting federal transit asset management requirements.

Support local transit agencies/systems in the application of new technologies and transit asset management plans to improve the efficiency and effectiveness of transit operations.

Policy 3.A: Ensure the efficient management and operation of the passenger and freight transportation system.

We will support cost-effective and sustainable efforts by the Alaska Railroad, local public transit providers, and regional entities that improve the department's ability to manage and operate its facilities.

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Advance regional funding approaches for major new construction and transit service needs identified in area and MPO plans.

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The Economic Value of Public Transit in Alaska

Developed by EBP US, Inc.
for the Alaska Department of Transportation & Public Facilities

MAY 2022



EBP

IM 23-180

RS 23-088

Alaska Transit Agencies

The study includes the providers that receive grant funding from the Alaska Community Transit Office:

- Anchorage – People Mover and AnchorRIDES
- Bethel – Bethel Transit Bus System
- Central Kenai Peninsula – Central Area Rural Transit (CARTS)
- Fairbanks – Metropolitan Area Commuter System (MACS) and Van Tran
- Girdwood – Glacier Valley Transit (GVT)
- Gulkana – Soaring Eagle Transit (SET)
- Hollis – The Inter-Island Ferry Authority (IFA)
- Juneau – Capital Transit
- Ketchikan – Ketchikan Gateway Borough Transit (The Bus)
- Kodiak – Kodiak Area Transit System (KATS)
- Wasilla – Valley Transit
- Sitka – The Ride
- Talkeetna – Sunshine Transit
- Tok – Interior Alaska Bus Line (IABL)

The Economic Value of Public Transit in Alaska

Public transportation agencies across Alaska serve residents, visitors, and businesses by providing safe, affordable, reliable, and accessible transportation. This report assesses the multifaceted benefits of transit and its importance to the Alaskan economy, including:

Statewide Economic Impacts of Transit Expenditures. Transit agency expenditures create jobs and generate business sales throughout Alaska. This includes both jobs and sales directly supported by transit agencies as well as “multiplier” effects, including increased sales for suppliers and the spending of worker income at Alaskan businesses.

Transit Commuters and the Alaskan Economy. Transit connects Alaskan businesses with their workforce. Using data from the American Community Survey, this study quantifies the number of transit commuters by industry who are able to get to work because of transit, alongside the wages they earn and the business sales they help generate.

Transit’s Role in Providing Inclusive Mobility. A crucial role of transit is providing inclusive mobility, particularly for those who may have limited or no alternative means of transportation. This

study provides data on the cohorts for whom transit is especially important, including households without a vehicle, older adults, people with restricted mobility, and young people.

Performance Benefits of Transit. One way of understanding the ongoing value of providing transit services is to consider the counterfactual: “what would happen if transit were not available?” The study quantifies how transit helps avoid costs to people and society relative to other alternative modes of transportation which are often expensive and inconvenient. The evaluation includes user benefits like travel cost savings as well as broader societal effects on safety and the environment. The study also analyzes the value of enabling access to jobs, health care, and other social connections.

Transit Agency Highlights. Transit agency highlights developed based on interviews with transit agency staff and other community members provide insights into the unique ways in which agencies serve their communities across the state.

To capture stable conditions before disruptions caused by the COVID-19 pandemic, the study relies on data from the years 2017 to 2019. Findings from interviews provide additional insights into the impacts of the pandemic and how agencies responded and adapted to continue to safely serve their riders.

Key Findings

Statewide Economic Impacts of Transit Expenditures	Transit Commuters and the Alaskan Economy	Transit's Role in Providing Inclusive Mobility	Performance Benefits of Transit
 <p>831 Jobs \$113.9 Million in Annual Sales Supported by transit agency expenditures on operations, maintenance, and capital projects</p> <p>\$1.9 in Business Sales for Every \$1 Spent within Alaska on transit</p>	 <p>5,645 Workers Can get to work because of transit</p> <p>\$203 Million in Annual Wages Brought home by transit commuters</p> <p>\$941 Million in Annual Sales Facilitated by transit commuters</p> <p>2 Percent Transit commuter share, statewide</p>	 <p>28 Percent Of AK transit commuters live in households without a car available</p> <p>\$24,826 Median income of AK transit commuters</p> <p>52 Percent Of AK transit commuters identify as non-white</p> <p>24 Percent Of AK transit trips by young people under the age of 16</p> <p>34 Percent Of AK transit trips by people who are 60+ years of age</p>	 <p>1 Million Trips enabled by Alaska transit agencies that would not be possible otherwise</p> <p>\$117 Million On average in annual benefits from Alaska transit</p> <p>Compared to</p> <p>\$56 Million On average in annual costs</p>

Source: EBP Analysis. Enabled trips do not include Interior Alaska Bus Lines and the Inter-Island Ferry Authority. Benefits exclude Interior Alaska Bus Lines, Inter-Island Ferry Authority, and Gulkana Soaring Eagle Transit. Photo credits: Municipality of Anchorage, dba: Public Transportation, Capital Transit, Hall Anderson, Courtesy of Leslie Jackson, Ketchikan Gateway Borough Transit.

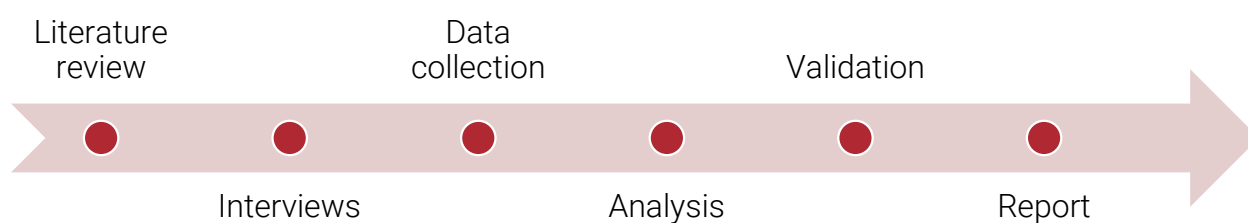
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1. Introduction

Public transportation agencies across Alaska serve residents, visitors, and businesses in the state by providing safe, affordable, reliable, and accessible transportation within and between Alaskan communities. This report assesses the economic impact and value of transit, bringing together both quantitative and qualitative findings to capture the multifaceted benefits of transit and its importance to the Alaskan economy. The study approach, depicted in Figure 1, joins best practices from national and state studies for capturing the economic value of transit, insights from interviews, and data collected from national and local sources.

Figure 1: Study Approach

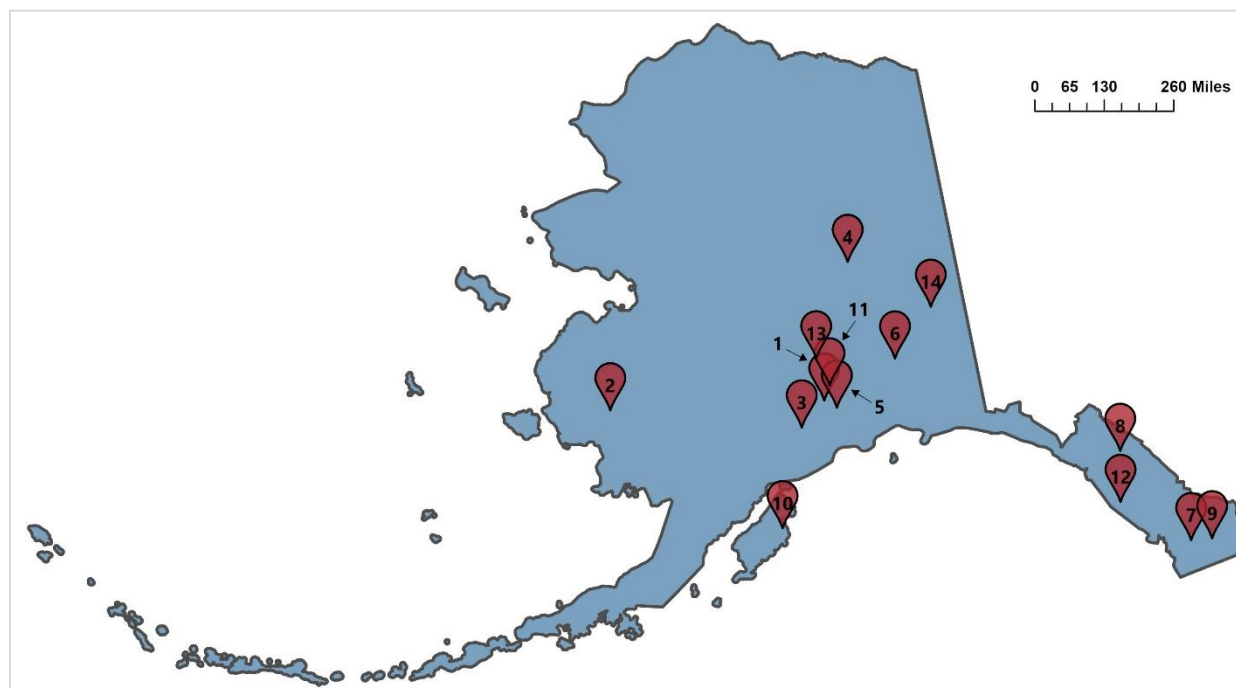


The scope of the study includes the fourteen public transit providers that currently receive grant funding from the Alaska Community Transit Office:

1. Anchorage – People Mover and AnchorRIDES
2. Bethel – Bethel Transit Bus System
3. Central Kenai Peninsula – Central Area Rural Transit System (CARTS)
4. Fairbanks – Metropolitan Area Commuter System (MACS) and Van Tran
5. Girdwood – Glacier Valley Transit (GVT)
6. Gulkana – Soaring Eagle Transit (SET)
7. Hollis – The Inter-Island Ferry Authority (IFA)
8. Juneau – Capital Transit
9. Ketchikan – Ketchikan Gateway Borough Transit (The Bus)
10. Kodiak – Kodiak Area Transit System (KATS)
11. Wasilla – Valley Transit
12. Sitka – The Ride
13. Talkeetna – Sunshine Transit
14. Tok – Interior Alaska Bus Line (IABL)

Figure 2 shows the location of the transit agencies across the state, with numbers corresponding to the list above.

Figure 2: Alaska Transit Agency Locations Across the State



The study includes the following perspectives, organized in individual chapters within the report:

- Statewide Economic Impacts of Transit Expenditures.** Transit agency expenditures create jobs and generate business sales throughout the State of Alaska. This includes both jobs and sales directly supported by transit agencies as well as “multiplier” effects, including increased sales for suppliers and the spending of worker income at Alaskan businesses, that ripple throughout the Alaskan economy. To help contextualize these findings, the report benchmarks financial productivity and sources of funding for Alaska transit alongside other low-density states.
- Transit Commuters and the Alaskan Economy.** Transit plays a key role in connecting Alaskan businesses with their workforce across a range of industries. Using data from the American Community Survey, this study quantifies the number of transit commuters by industry who can get to work because of transit, alongside the wages they earn and the business sales they help generate.
- Transit’s Role in Providing Inclusive Mobility.** A crucial role of transit is providing inclusive mobility, particularly for those who may have limited or no alternative means of transportation. This study provides data on the cohorts for whom transit is especially important, including households without a vehicle, older adults, people with restricted mobility, and young people.
- Performance Benefits of Transit.** One way of understanding the ongoing value of providing transit services is to consider the counterfactual: “what would happen if transit services were not available?” The study quantifies how transit helps avoid costs to people

and society relative to other modal alternatives which are often expensive and inconvenient. The evaluation includes user benefits like travel cost savings as well as broader societal effects on safety and the environment. The study also analyzes the value of transit in terms of enabling access to jobs, health care, and other social connections in ways that would not be possible without transit.

- **Transit Agency Highlights.** While transit agencies share commonalities in terms of mission and benefits to Alaskans, every transit agency is unique. Individual agency highlights developed based on interviews with transit agency staff and other community members provide insights into the unique ways in which agencies serve their communities across the state.

To capture stable conditions before disruptions caused by the COVID-19 pandemic, the study relies on quantitative data from the years 2017 to 2019. These findings are supplemented with qualitative insights from interviews on the impacts of the pandemic and how transit agencies responded and adapted to continue to safely serve their riders.

2. Statewide Economic Impacts of Transit Expenditures

Transit agency expenditures create jobs and generate business sales throughout the State of Alaska, including both direct and multiplier effects.

2.1. Understanding Direct and Multiplier Effects

The total economic impacts of operations, maintenance, and capital expenditures by transit agencies are comprised of three distinct categories:

- **Activity Directly Supported (Direct):** Transit agencies employ workers, pay them wages, and invest in equipment and supplies.
- **Supplier Activity (Indirect):** Transit agencies purchase goods and services from Alaskan companies which in turn employ and pay workers.
- **Spending of Worker Income (Induced):** Transit agency and supplier employees spend their income, generating additional activity within the Alaska economy.

Supplier activity and spending of worker income together comprise multiplier effects. Each type of impact is quantified in terms of both jobs and output (business revenue or sales).

Figure 3: Direct and Multiplier Effects

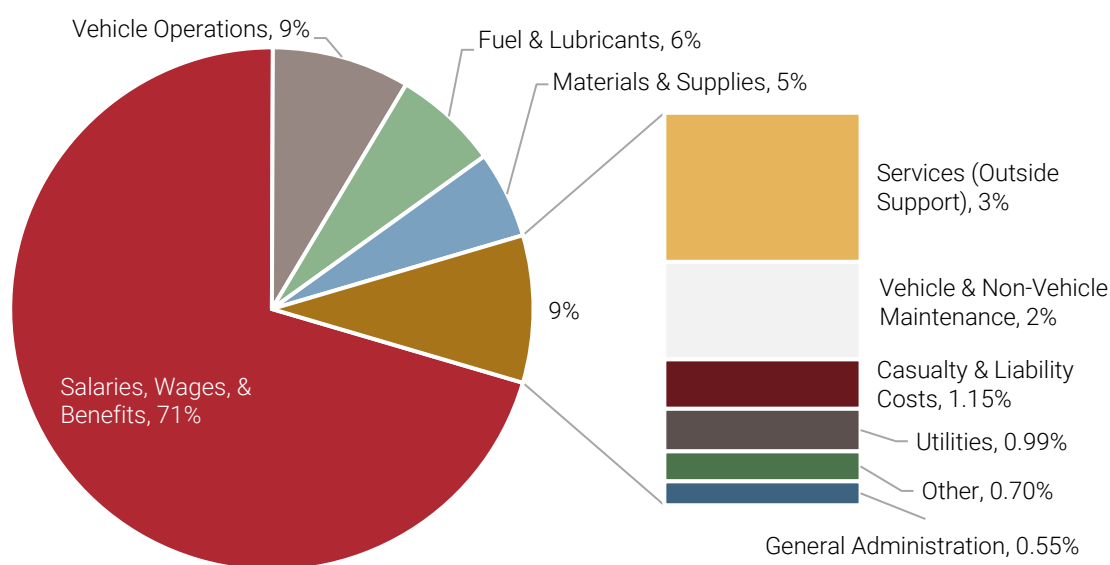


2.2. Direct Impacts

The fourteen transit agencies included in this study invested an average of \$62.3 million annually in operating, maintaining, and improving the statewide transit network between 2017 and 2019.¹ This includes \$56.8 million in operations and maintenance expenditures and \$5.5 million in capital projects. Figure 4 and Figure 5 summarize transit agency expenditures by type of expenditure, with operations and maintenance on top and capital on the bottom.

Approximately 71 percent of operating costs are allocated to worker salaries, wages, and benefits. Transit agency staff include both vehicle operators and staff who plan, maintain, and administer transit services. Another 20 percent of operating expenditures cover vehicle operations, fuel and lubricants, and materials and supplies, as shown in Figure 4.

Figure 4: Composition of \$56.8 Million in Average Annual Transit Operations and Maintenance Expenditures by Category (3-Year Average, 2017-2019)

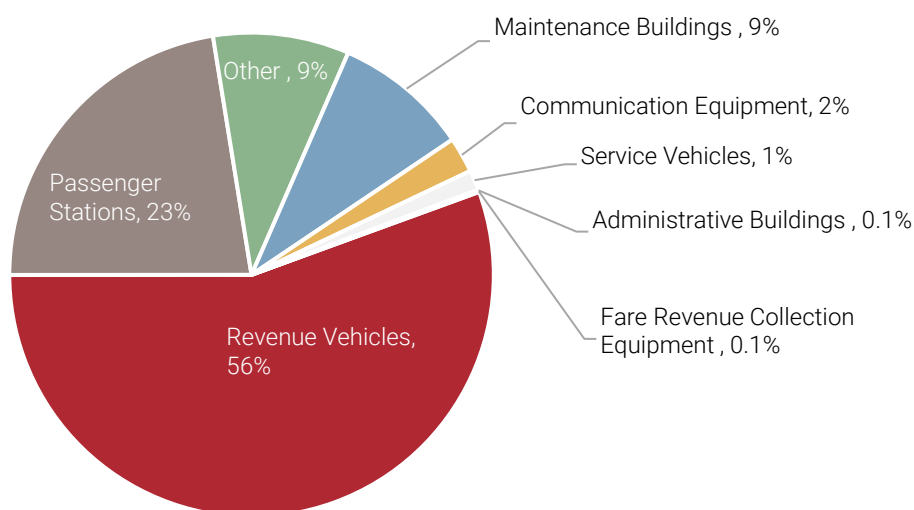


Source: Federal Transit Administration National Transit Database and Alaska DOT Transit Agency Financial Reports. Note: Percentages shown may not sum exactly to 100% due to rounding, but all expenditures are included.

¹ Data on total expenditures from the Federal Transit Administration's National Transit Database to which transit agencies report key financial and performance metrics.

The majority of capital expenditures are used to purchase vehicles and construct stations, with significant additional investment in maintenance buildings and communications equipment (Figure 5).

Figure 5: Composition of \$5.5 Million in Average Annual Transit Capital Expenditures by Category (3-Year Average, 2017-2019)



Source: Federal Transit Administration National Transit Database and Alaska DOT Transit Agency Financial Reports. Note: Percentages shown may not sum exactly to 100% due to rounding, but all expenditures are included. "Other" includes costs such as vehicle branding, shelters, signs, and passenger amenities (e.g., benches) not in passenger stations, as well as other furniture and equipment.

2.3. Total Stimulus Impacts on the State Economy

Figure 6 summarizes the average annual economic impact of transit agency expenditures in Alaska. The annual impact of ongoing transit operations and maintenance expenditures, including multiplier impacts, is 805 jobs, contributing over \$110 million in total output to the state's economy. From 2017 to 2019, transit capital expenditures supported an average of 26 jobs and \$3.7 million in total output each year. The total impact figures demonstrate how every dollar that is spent within Alaska on transit generates \$1.9 in business sales.²

831 Jobs

\$113.9 Million in Annual Sales

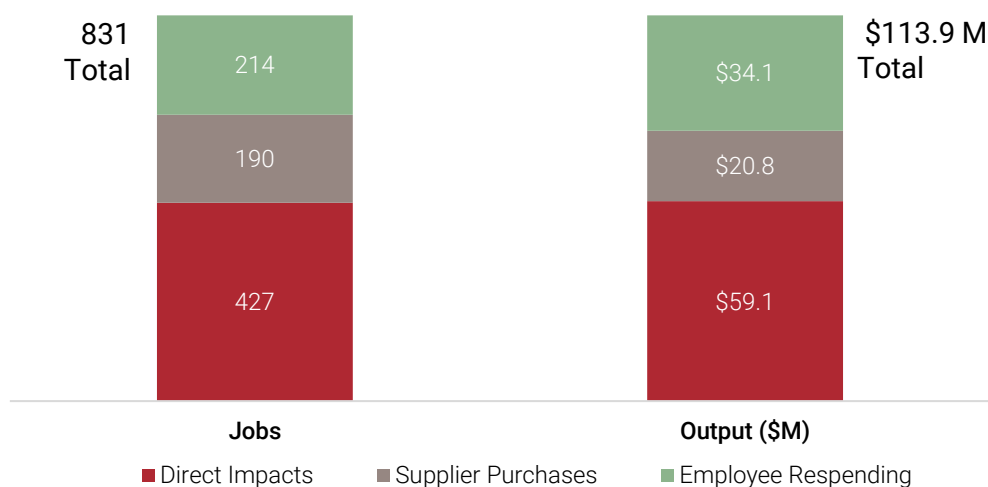
Supported by Transit Agency Expenditures on Operations, Maintenance, and Capital Projects.

\$1.9 in Business Sales for Every \$1

Spent within Alaska on transit

² 1.9 represents the ratio between total and direct impacts (\$113.9 divided by \$59.1 million). Excluded from this calculation are expenditures that "leak out" of the Alaska economy such as purchases of vehicles manufactured outside the state.

Figure 6: Total Economic Impact of Transit Operations, Maintenance, and Capital Expenditures, Including Both Direct and Multiplier Effects (3-Year Average, 2017-2019)

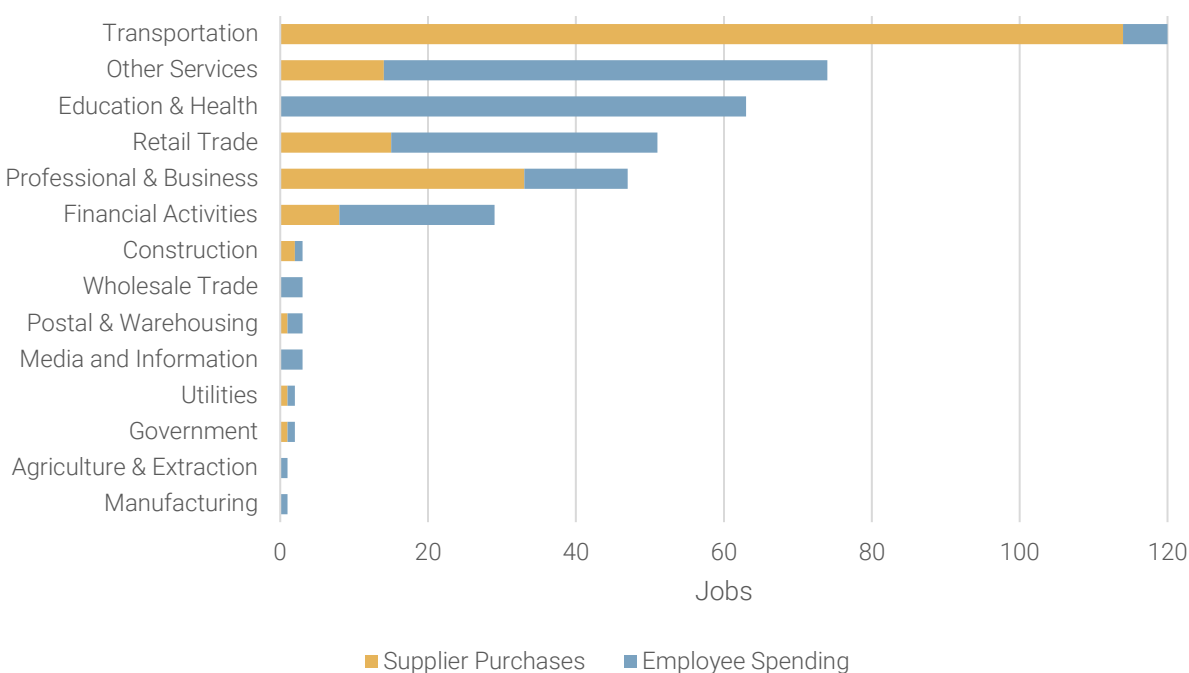


Source: EBP analysis using TREDTransit.

Direct expenditures support jobs in the transportation industry and construction, as expected. However, the multiplier impacts of supplier purchases and employee spending extend to other industries within the Alaska economy, as shown below in Figure 7. Supplier industries include transportation (including transit services contracted to outside parties) and professional and business services. Employee spending supports activity within the education & health, retail, and other service industries.



Figure 7: Composition of “Multiplier” Job Impacts by Sector



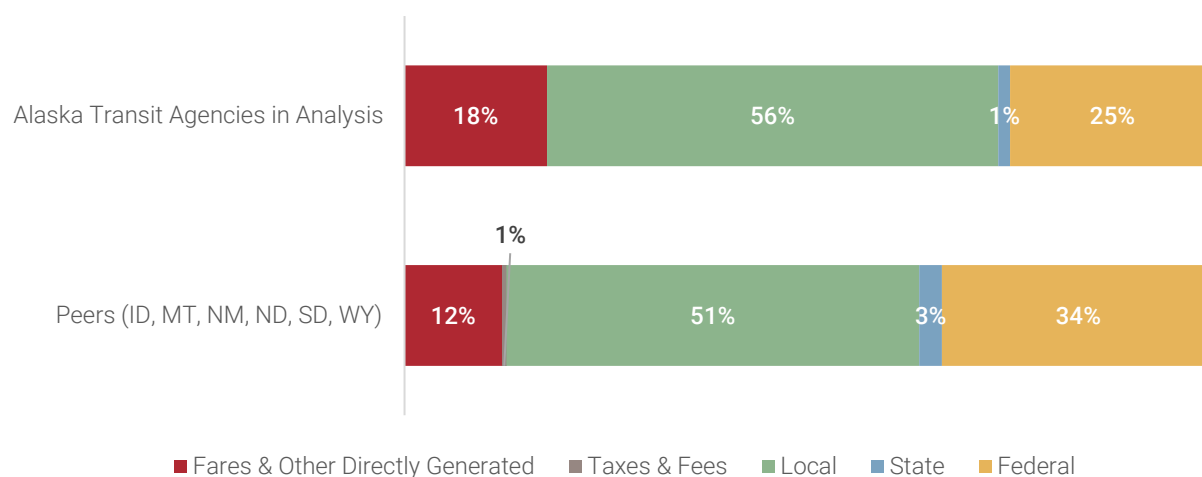
Source: EBP analysis using TREDTransit.

2.4. Alaska Transit Funding by Source and Peer Comparison

Transit agencies in the State of Alaska leverage multiple sources to fund their operating and capital costs. According to data from the 2019 National Transit Database (NTD), the Alaska transit agencies in this study invested over \$59 million in operating expenditures in 2019 alone. As shown in Figure 8, approximately 56 percent of these funds came from local funding sources, followed by federal funds (25 percent), fares and other directly generated sources (18 percent), and state funds (1 percent). Funding sourced from outside of Alaska effectively brings money into the state, supporting Alaska’s transit users and the state’s economy.

Figure 8 also compares Alaska’s funding sources to those used for transit in the six other lowest density states by population in the United States (Idaho, Montana, New Mexico, North Dakota, South Dakota, and Wyoming). Compared to these peers, the Alaska transit agencies received a lower share of state funding than all peer states but New Mexico (which provided zero state funding in 2019). The share of operating expenditures met by state funding is smaller in Alaska than in Montana, North Dakota, South Dakota, and Wyoming. Overall, Alaska transit agencies rely more heavily on local funding, fares, and other directly generated revenue to cover operating expenditures.

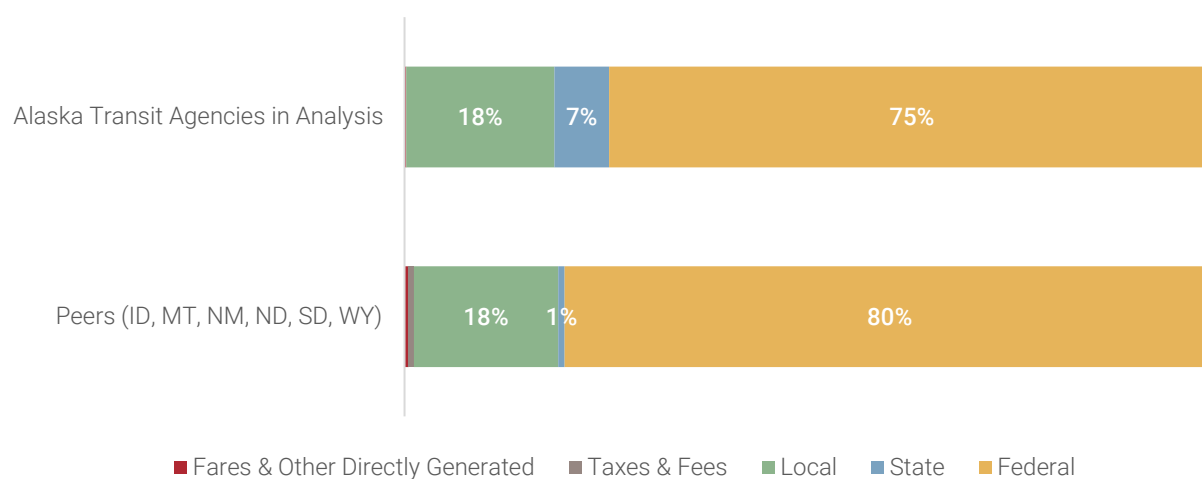
Figure 8: Share of Operating Expenditures in Alaska by Funding Source, Compared to Six Low-Density Peer States, 2019



Source: National Transit Database, 2019.

The Alaska transit agencies in this study also invested over \$4.1 million in capital expenditures in 2019, of which 75 percent of funding came from federal sources, 18 percent from local sources, and 7 percent from state sources (Figure 9). Compared to the six peer states, the Alaska transit agencies receive a larger share of capital funds from the state and a smaller share from federal sources.

Figure 9: Share of Capital Expenditures in Alaska by Funding Source, 2019



Source: National Transit Database, 2019.

2 Percent State Funding

State sources accounted for just 2 percent of overall funding for the Alaska transit operators in this study in 2019.

Local sources account for the greatest share of funding available for Alaska transit agencies. About 65 percent of all local funding in Alaska in 2019 came from general revenue funds allocated to the Municipality of Anchorage's Public Transportation by local government through its annual budgeting process. State sources accounted for just 2 percent of overall transit funding in Alaska in 2019.

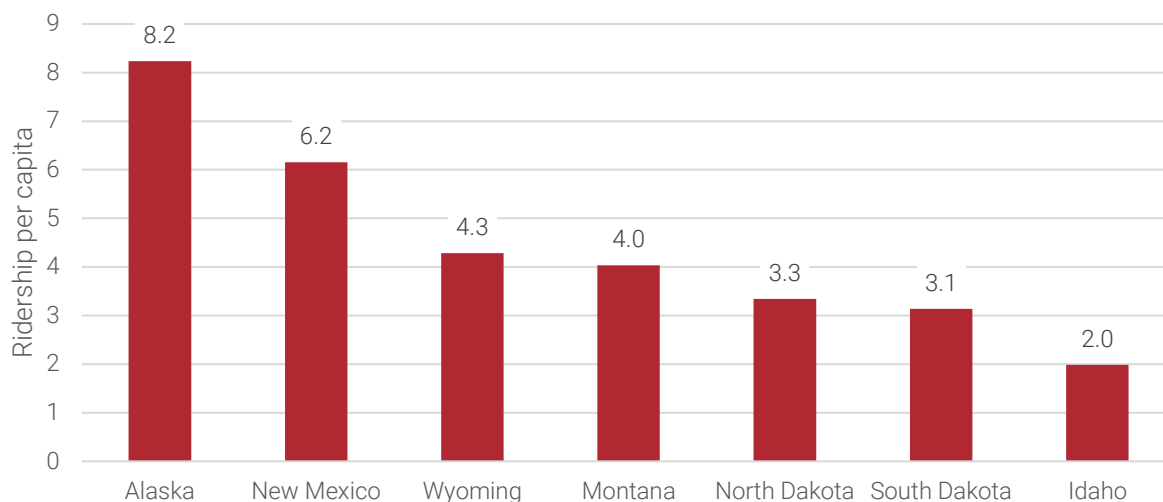
Alaska transit agencies received approximately 28 percent of their total operating and capital funding from federal sources in 2019. Over half of the federal funding for Alaska transit agencies came from the Federal Transit Administration (FTA) Urbanized Area Formula Program (5307) and Bus & Bus Facilities (5339) program, which mostly went to agencies that serve Alaska's cities. The FTA Rural Program (5311) provided 36 percent of federal funds received by transit agencies in Alaska, funding the operations and capital improvements of agencies that serve rural areas. The remaining 13 percent came from other federal funding sources, including other sources from FTA and USDOT.

Approximately 18 percent of funding for Alaska transit agencies in 2019 was directly generated by the transit agencies. Of directly generated funds, 82 percent were from fare revenues. Approximately 3 percent was generated by advertising revenues, while the remaining 15 percent was generated by other sources, including donations and bond proceeds.

2.5. Benchmarking Ridership and Financial Productivity

Ridership per capita is an indicator of the extent to which people make use of transit services in a given area. Figure 10 shows the average ridership per capita for Alaska and six low population density peer states in 2019. The data include all transit agencies in the State of Alaska except The Alaska Railroad because of its unique operating characteristics and market. The Alaska Railroad provides both passenger and freight intercity service and as such is not comparable to the other local and regionally focused passenger transit services. The comparison state data similarly exclude rail modes, specifically, commuter rail service in New Mexico. Alaska has the highest ridership per capita among the seven states, followed by New Mexico. Given its population size and density, Alaska succeeds in attracting significant ridership when compared to other low-density peers. A contributing factor in this performance is likely to be the significant usage by tourists visiting the state in addition to use by residents.

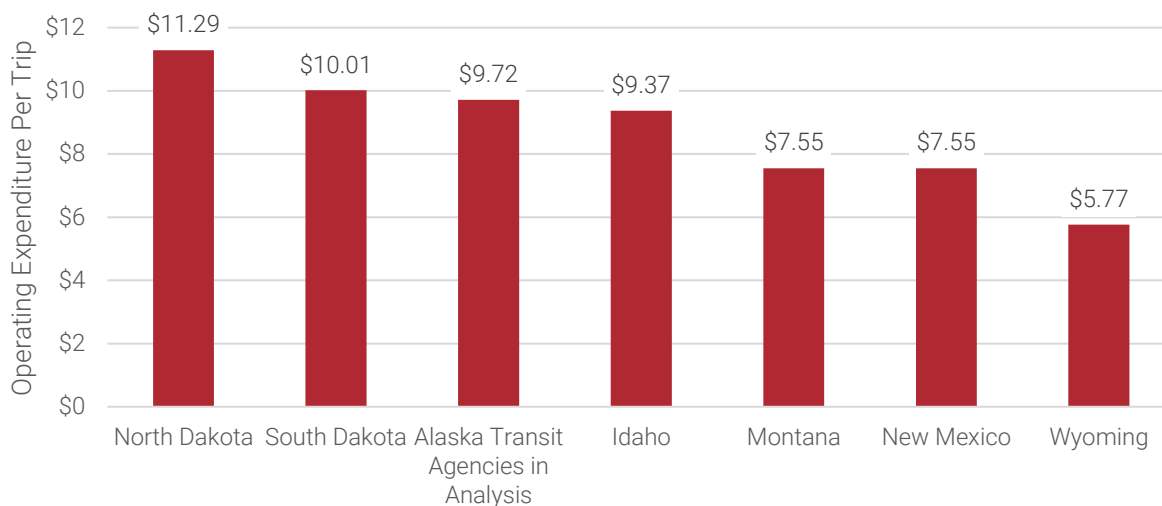
Figure 10 Ridership Per Capita: Alaska and the Peer Low-Density States, 2019



Source: National Transit Database 2019. Excludes rail service.

Operating expenditures per trip provide an indicator of financial productivity, capturing how much it costs to serve a given number of trips. As shown below in Figure 11, Alaska transit agencies in this analysis invested \$9.72 per trip in operating expenditures in 2019. When compared with the other six low-density states, the Alaska transit agencies in this study conducted the second most passenger trips in 2019 and have the third-highest operating expenditures per trip. This means that Alaska transit agencies on the whole are serving riders in a cost-effective manner when compared to other low-density peer states.

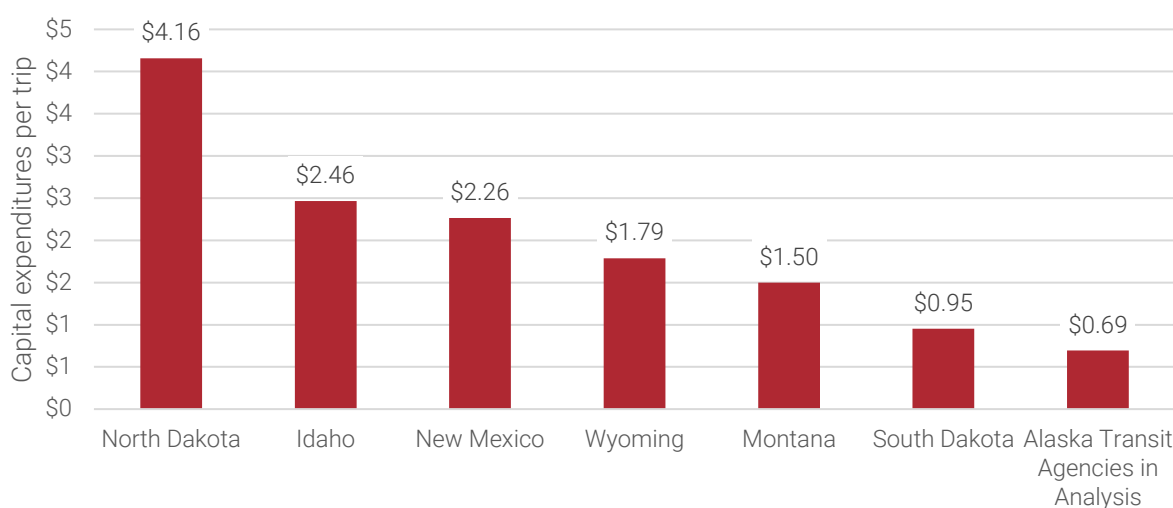
Figure 11. Operating Expenditures per Trip, 2019



Source: National Transit Database 2019. Excludes rail service.

Though operating costs per trip for the Alaska transit agencies in this analysis are similar to that of other low-density states, Alaska transit agencies spend only \$0.69 per trip on transit capital investments, the lowest among the low-density states as shown in Figure 12. North Dakota, which conducted the second least passenger trips in 2019, invested the most in both operating and capital expenditures per trip. This indicates that Alaska transit may be underinvested in capital projects and transit agencies could struggle to keep up with demands to maintain their systems and fleets in a state of good repair. Consequences of underinvestment can include increased risk of vehicles breaking down leading to degradation of service for passengers, higher emissions from aging vehicles, and safety hazards.

Figure 12. Capital Expenditures per Trip, 2019



Source: National Transit Database 2019. Excludes rail service.

3. Transit Commuters and the Alaskan Economy

Transit plays a key role in connecting Alaskan businesses with their workforce across a range of industries. The American Community Survey Public Use Microdata Sample, a product of the U.S. Census Bureau, collects data on a person's reported commuting mode, earnings, and the industry in which they are employed.³ In Alaska, this data counts approximately 5,600 workers in the state that use transit to reach their jobs. These individuals earn \$203 million in wages each year. While transit commuters comprise only 2 percent of all those traveling to work in Alaska, they nevertheless play a significant role in the state economy. In fact, they facilitate approximately

³ PUMS ACS 2015-2019 data files (and ACS2015_2019_PUMS_README.pdf) from US Census ACS: <https://www.census.gov/programs-surveys/acs/microdata/access.2019.html>

\$941 million in annual business sales.⁴ Thirty-three percent of transit commuters are part-time workers, defined as people who work less than 35 hours per week.⁵

Table 1 provides additional detail on the industries in which transit commuters work. These include service sectors such as retail, accommodations and food services, education, health care, public administration, and professional, scientific, and technical services. Other industries such as transportation and warehousing, manufacturing, construction, and mining also rely on transit for access to their workforce.

5,645 Workers

Can get to work because of transit

\$203 Million in Annual Wages

Brought home by transit commuters

\$941 Million in Annual Sales

Facilitated by transit commuters

2 Percent

Transit commuter share, statewide

Table 1: Transit commuters by wages earned, sales supported, and commute mode share

Major Industry	Transit Commuters	Averages Wage ^{1,3}	Wages (Millions)	Sales (Millions) ²	Transit Mode Share
Retail Trade	822	\$19,000	\$16	\$50	2%
Accommodation and Food Services	760	\$30,000	\$23	\$80	3%
Transportation and Warehousing	601	\$31,000	\$18	\$82	3%
Manufacturing	472	\$29,000	\$14	\$124	4%
Educational Services	409	\$13,000	\$5	\$16	1%
Health Care and Social Assistance	392	\$44,000	\$17	\$45	1%
Public Administration	392	\$62,000	\$24	\$46	1%
Construction	378	\$61,000	\$23	\$64	2%
Mining	347	\$87,000	\$30	\$293	4%
Professional, Scientific, and Technical Services	323	\$57,000	\$18	\$56	2%
Administration, Support, Waste Management, and Remediation Services	199	\$18,000	\$4	\$13	3%
Arts, Entertainment, and Recreation	177	\$17,000	\$3	\$18	3%
Other Sectors	373	\$20,000	\$8	\$53	1%
Total	5,645	\$36,000	\$203	\$941	2%

Source: EBP analysis using 2015-2019 American Community Survey 5-Year Estimates, Public Use Microdata Sample. Sales estimates are based on ratios from the IMPLAN model's 2019 industry detail and adjustment factor from the BEA to translate wage and salary income into total labor income.

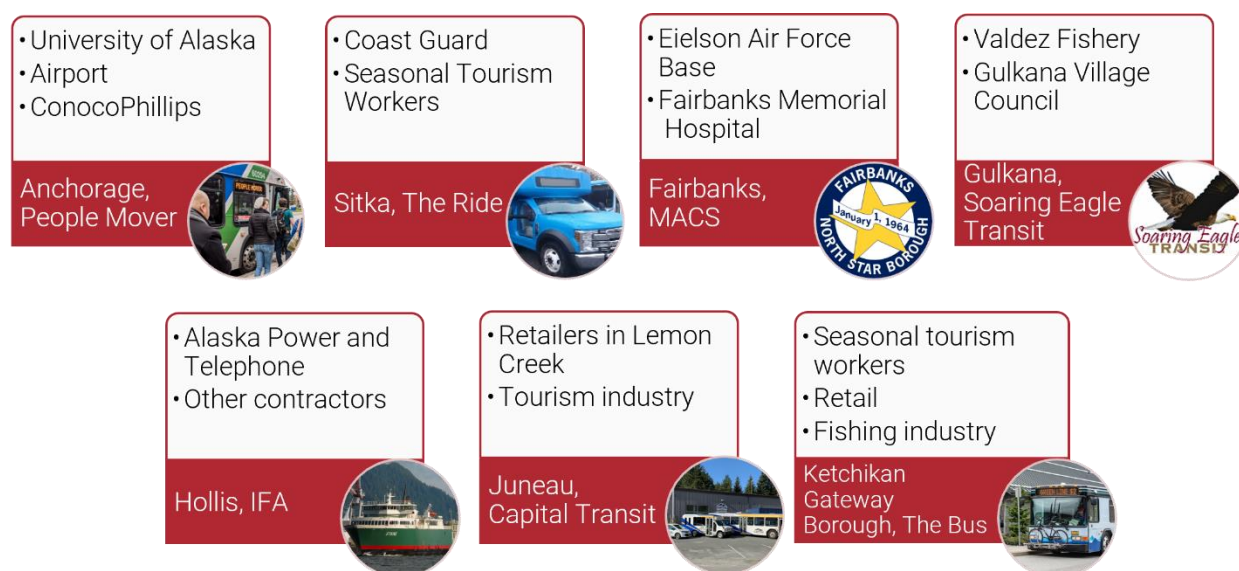
Notes: (1) Wages or salary income in the past 12 months, in constant dollars, rounded to the nearest thousands; (2) Also called business revenues or total output; (3) Industry-specific notes: Wages reported in PUMS for Food and Beverage Stores, General Merchandise Stores, Administrative and Support Services, and Motion Picture and Sound Recording Industries are assumed to represent part-time and/or seasonal employment. Wages for Construction and Social Assistance were adjusted to all industry values from PUMS to correct for atypical values reported in the small sample of transit commuters.

⁴ Sales estimates are based on ratios from 2019 regional IMPLAN industry economic data and adjustment factor from the Bureau of Economic Analysis (BEA) to translate wage and salary income into total compensation.

⁵ Part-time work definition per U.S. Census: [Frequently Asked Questions \(FAQs\) about Labor Force Statistics \(census.gov\)](https://www.census.gov/data/tables/2019/tables/2019-08-20-frequently-asked-questions-about-labor-force-statistics.html)

In addition to the quantitative findings summarized above, interviews with individual staff from transit agencies across the state also highlighted businesses that rely on a transit commuter workforce. Figure 13 provides specific examples.

Figure 13 Examples of Businesses that Rely on a Transit Commuter Workforce



Source: Interviews with Transit Agencies.

4. Transit's Role in Providing Inclusive Mobility

28 Percent

Of AK transit commuters live in households without a car available

\$24,826

Median income of AK transit commuters

52 Percent

Of AK transit commuters identify as non-white

Alaska's transit agencies provide transportation opportunities across the state, connecting residents and visitors to essential services and destinations. Particularly during the pandemic, transit provided (and continues to provide) a lifeline for residents who lack other means of transportation to access medical appointments, reach job opportunities, and acquire groceries.

Although transit commuters account for a small share of total commuters in Alaska, there is a strong reliance on transit by people who do not own a vehicle, those who are lower-income, and non-white residents of the state (Table 2). Over a quarter (27.8 percent) of transit commuters have 0 available household vehicles, compared to only 5 percent of all Alaskan commuters. These households can avoid the annual cost of car ownership and use their income for other of their needs and wants. According to AAA, the annual cost of car ownership in 2020 was approximately \$16,154 assuming 15,000 miles of driving per year. This includes ownership costs such as insurance, license/registration fees, taxes, depreciation, and financing. It also

includes per mile fuel and maintenance costs.⁶ Relatedly, the median income for transit commuters was approximately \$25,000 (\$24,826), while the median income for total commuters was roughly \$20,00 more (\$44,025). In addition, over half (52.3 percent) of transit commuters identify as non-white, compared to a third (33.8 percent) of total commuters.

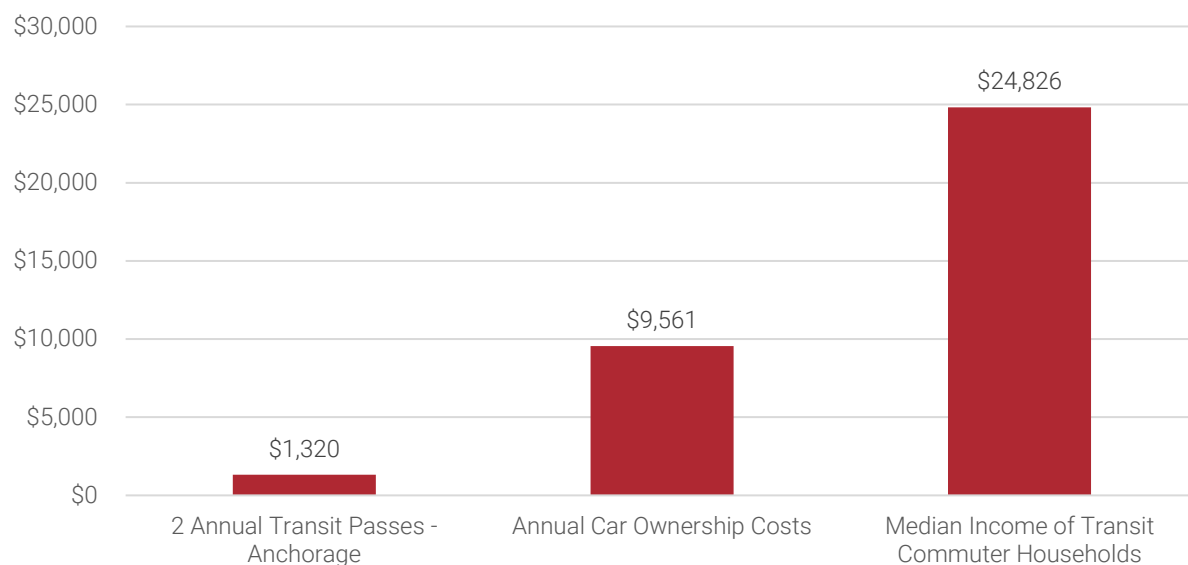
Table 2: Demographics of Alaska transit commuters compared to total Alaskan commuters

Demographic	Transit Commuters	Total Commuters
Zero Household Cars Available (%)	27.8%	5.4%
Non-White Racial/Ethnic Composition (%)	52.3%	33.8%
Median Income (2019 \$)	\$24,826	\$44,025

Source: American Community Survey (ACS) 5-Year Estimates Subject Tables, 2015 – 2019. S0802: Means of Transportation to Work by Selected Characteristics. US Census.

Figure 14 further illustrates the relative affordability of transit compared to owning, operating, and maintaining a car. While car ownership could require up to 39 percent of the median income available to transit commuter households, two annual transit passes in Anchorage would only account for 3 percent of that same budget.

Figure 14: Comparison of Car Ownership and Transit Affordability to Median Household Income of Transit Commuters



Source: [Annual Cost of Car Ownership from AAA \(2020\)](#). [Anchorage Full Cost Annual Transit Passes are \\$660 each](#), with an assumed two commuters per household. Median Income of AK Transit Commuters from ACS 2015 – 2019.

⁶ [2020-Your-Driving-Costs-Brochure-Interactive-FINAL-12-9-20.pdf \(aaa.com\)](#)

Transit provides additional travel opportunities for older adults and younger people who may or may not be in the workforce. For children and younger adults, particularly for those who are unable to drive, transit provides a means to travel to school, after-school activities, and recreational opportunities. For older adults, transit can provide a social lifeline that enables independence, fosters connections with other riders, and facilitates mobility for elders seeking essential services or socialization activities.

24 Percent

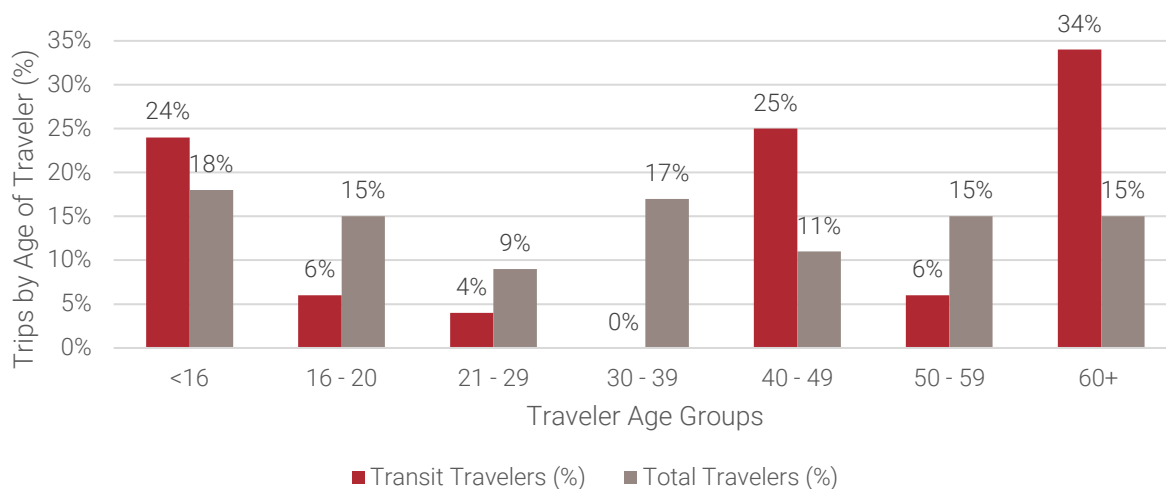
Of AK transit trips by young people under age 16

34 Percent

Of AK transit trips by people who are 60+ years of age

According to the National Household Travel Survey (2017), 24 percent of transit trips (by commuters and non-commuters, alike) in Alaska are by people below the age of 16, compared to 18 percent for people traveling by all modes. Similarly, 34 percent of transit trips are by people aged 60 and above, while less than half (15 percent) of total trips are by people in the 60+ age group (Figure 15). Alaska has the fastest growing senior (65-plus) population per capita of any state nationwide.⁷ Alaska's 60-plus population grew 62.3 percent from 2010 to 2021.⁸ A 2018 survey of Alaskans aged 55 years and older identified transportation as one of the top five concerns or respondents.⁹ There is a growing need for transportation options, such as transit, that meet the needs of older adults.

Figure 15: Age distribution of Alaska transit trips (commute and non-commute) compared to all modes



Source: US Department of Transportation (US DOT) Federal Highway Administration (FHWA), 2017. National Household Travel Survey (NHTS). Count of Public Transit Usage by Respondent Age per State.

⁷ 2020 Profile of Older Americans, Administration on Aging cited in Alaska Commission on Aging (ACoA) Senior Snapshot Older Alaskans in 2020/21. https://dhss.alaska.gov/acoa/Documents/ACoA_seniorsnapshot_2022.pdf

⁸ Senior Snapshot Older Alaskans in 2020/21. https://dhss.alaska.gov/acoa/Documents/ACoA_seniorsnapshot_2022.pdf

⁹ [The Alaska State Plan for Senior Services FFY 2020-2023](#)

5. Performance Benefits of Transit

One way of understanding the ongoing value of providing transit services is to consider the counterfactual: “what would happen if transit were not available?” This chapter quantifies how transit helps people and society avoid costs when compared to other modal alternatives which are expensive or inconvenient. It also analyzes the value transit provides in terms of enabling trips to jobs, healthcare, or other social connections in ways that would not be possible without transit.

5.1. Methodology

5.1.1. Available Modal Alternatives and Travel Characteristics

The analysis relies on survey data to identify the modal alternatives that transit riders would rely on in the absence of transit services. Where available, the analysis leverages survey data from individual transit agencies to define the profile of these alternatives. In cases where transit agencies have not conducted rider surveys or where they only have partial information, the analysis relies on a national profile of modal alternatives from the American Public Transit Association (APTA), as shown in Figure 16.¹⁰ Unless more specific information is available, the analysis also assumes that driving alone, walking, and biking are not generally reasonable alternatives for demand response riders due to age or disabilities.

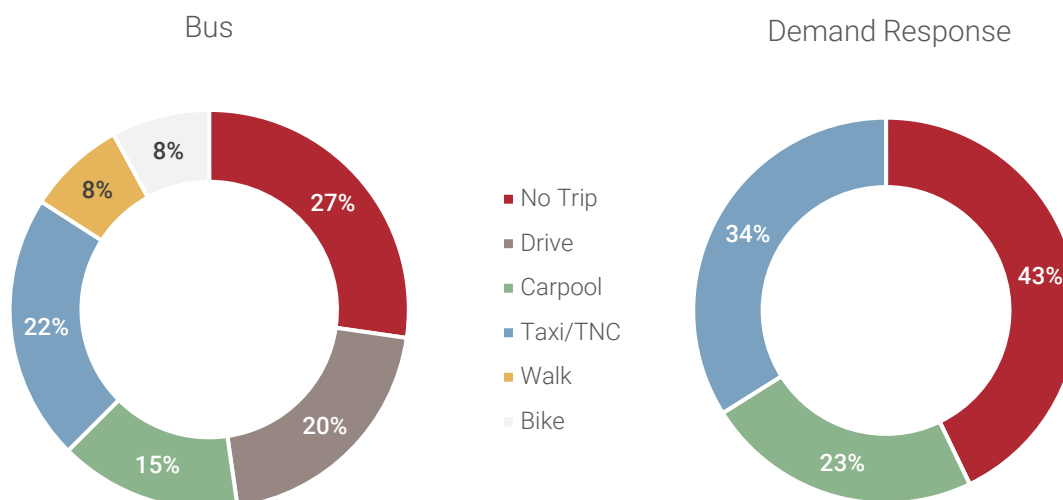
While the analysis is based on the characteristics of these various alternatives, there may be cases where even driving, walking, and biking are functionally infeasible due to seasonal weather and lack of access to other modal facilities (like sidewalks or bicycle lanes). The analysis is therefore conservative in assuming these options are available.

The study also relies on data from the NTD, including transit trips, vehicle revenue miles and hours to estimate transit speeds, safety statistics, fare revenue, and operating and capital costs. As a “Full Reporter” to the NTD,¹¹ the Municipality of Anchorage’s Public Transportation (People Mover and AnchorRIDES) reports passenger miles traveled, meaning average miles per trip can be calculated. For the remaining transit agencies, which are “Reduced” urban or “Rural” reporters to NTD, the analysis uses average transit trip length from the 2017 National Household Travel Survey in Alaska — except in cases where the specific review of transit services necessitated an adjustment (see Table 5 in the Appendix).

¹⁰ APTA. Economic Impact of Public Transportation Investment. 2020 Update. [APTA-Economic-Impact-Public-Transit-2020.pdf](#)

¹¹ Large urban transit agencies are required to report additional data to the National Transit Database. For more information see “Reporter Types” in: [2021 NTD Policy Manual \(Full Reporting\) v1.1 \(dot.gov\)](#)

Figure 16: Available Modal Alternatives Derived from National APTA Analysis



Source: TNC = Transportation Network Companies, such as Uber or Lyft. Derived from APTA. Economic Impact of Public Transportation Investment. 2020 Update. The bus profile redistributes the "other" category in the APTA report to the rest of the alternatives. Drive, walk, and bike are removed from demand response.

5.1.2. Transportation System User Benefits

The first set of outcomes considered are those that affect users of the transportation system, including both transit riders themselves and those that they may have no choice but to rely on in the absence of transit. Benefit categories include:

- Travel time:** Travel time is valued based on USDOT guidelines for per hour values of time,¹² as well as wage rates for taxi drivers from the Bureau of Labor Statistics. The avoidance of walking, biking, and waiting time is valued at a higher rate than is time spent inside a vehicle. Travel time effects reflect differences in modal speeds (transit is generally slower than driving, but walking is slower than transit) as well as the additional time that others would spend carpooling with transit riders in transit's absence.¹³
- Vehicle Operating Costs:** Vehicle operating costs for driving are calculated on a per-mile basis using rates recommended by USDOT and derived from the American Automobile Association.¹⁴ Operating costs include gasoline, maintenance, tires, and depreciation.

¹² USDOT. Benefit-Cost Analysis Guidance for Discretionary Grant Programs. March 2022. [Benefit Cost Analysis Guidance 2022 Update \(Final\).pdf \(transportation.gov\)](#)

¹³ The analysis assumes that the driver of a carpool will go 50% further than the distance of the replaced transit trip.

¹⁴ USDOT. Benefit-Cost Analysis Guidance for Discretionary Grant Programs. March 2022. [Benefit Cost Analysis Guidance 2022 Update \(Final\).pdf \(transportation.gov\)](#); Derived from American Automobile Association, Your Driving Costs – 2020 Edition (2020) <https://newsroom.aaa.com/wp-content/uploads/2020/12/2020-Your-Driving-Costs-Brochure-Interactive-FINAL-12-9-20.pdf>

- **Fare Savings:** Fare savings are calculated by comparing the average fare revenue per trip paid by passengers and the cost of an equivalent trip using taxis or other “Transportation Network Company” (TNC) services such as Uber and Lyft. The analysis uses specific taxi/TNC pricing for each transit agency’s service area where available and uses statewide averages otherwise.¹⁵
- **Reliability Benefits:** While not quantified, interviews conducted for this study highlighted how one of the benefits of transit in Alaska is providing a reliable mode during winter months and harsh weather when personal vehicles may become unreliable.

5.1.3. Broader Societal Benefits

In addition to the user benefits described above, the analysis also considers the following broader societal effects:

- **Safety:** Transit is a safer mode than driving personal vehicles. The analysis uses historical counts of transit fatalities, injuries, and other incidents reported by Alaska transit agencies to the NTD and per-mile crash rates for private vehicular travel from the Alaska Highway Safety Office and the Bureau of Transportation Statistics’ (BTS) National Transportation Statistics (NTS). Avoided crashes are quantified using valuation factors set by USDOT for avoided loss of life, injury, and property damage.¹⁶
- **Emissions:** The analysis values the environmental and social costs of changes in emissions of volatile organic compounds (VOCs), nitrogen oxides (NO_x), sulfur dioxide (SO₂), fine particulate matter (PM_{2.5}), and carbon dioxide (CO₂). Emissions rates are derived from the EPA’s MOVES3 model as well as fuel consumption rates by vehicle type. Per metric ton valuation factors are sourced from USDOT.¹⁷

5.1.4. Access and the Value of Enabled Trips

The third component of benefits considered is the value of providing affordable and accessible transportation options to riders that otherwise may not be able to meet their travel needs to reach essential destinations and services. This component of the analysis relies on the information described in section 5.1.1 to estimate the number of enabled trips by trip purpose and then calculates the value to society as follows:

¹⁵ Traditional benefit-cost studies have sometimes considered this type of effect to be a transfer between parties. They are included here to provide a comprehensive picture of out-of-pocket costs savings to travelers.

¹⁶ USDOT. Benefit-Cost Analysis Guidance for Discretionary Grant Programs. March 2022. [Benefit Cost Analysis Guidance 2022 Update \(Final\).pdf \(transportation.gov\)](#)

¹⁷ NO_x, SO₂, PM_{2.5} factors from USDOT BCA Guidance 2022. VOC factor from 2018 USDOT Guidance, Updated to 2020\$.

- **Enabled Work Trips and Avoided TANF/SNAP Costs:** According to rider surveys, some current transit users would not be able to travel to work without transit and thus would possibly not be able to maintain employment, requiring other forms of government assistance. Enabling commuting trips, therefore, is valued based on estimated reductions in spending through the Temporary Assistance for Needy Families (TANF) program and the Supplemental Nutrition Assistance Program (SNAP).¹⁸
- **Enabled Medical Trips:** Missed health care trips can mean that people with chronic conditions such as chronic obstructive pulmonary disease (COPD), diabetes, asthma, and others, are faced with poorly rather than well-managed health care. This may result in a greater chance of acute episodes (like an asthma attack or heart attack), hospitalization, and degraded quality of life. Additionally, missed trips for preventative care such as vaccinations can yield poorer health outcomes and higher medical costs. Enabled medical trips are valued based on cost differences in health care and valuation of impacts on quality of life.¹⁹
- **All Other Enabled Trips:** All other enabled trips were valued in terms of “consumer surplus,” an economic measure of the wellbeing that people gain from a good or service, in this case, transit. Consumer surplus per trip is estimated using the “rule of half”: the analysis assumes that riders value their trips at least as much as the fare they paid to make them, but not as much as the cost of the next available alternative (assumed to be taxi). Therefore, the value of a trip for an average transit user is about half the difference between the taxi fare (the next best option) and the average transit fare paid per trip. While the benefits that riders gain from the ability to make a trip vary by person and by purpose of the trip, this method represents a way to quantify overall benefits on average.

In addition to these quantitative metrics, it is also important to recognize how transit’s role in enabling trips benefits the entire Alaskan community in ways that may not be fully quantified but are vital to the state. Table 3 describes some of the community benefits of enabled trips, building on prior research by Goldsmith et al.

¹⁸ Methodology follows that defined in Godavarthy, et al. Cost-Benefit Analysis of Rural and Small Urban Transit. National Center for Transit Research. 2014. Expenditures derived from [Characteristics and Financial Circumstances of TANF Recipients Fiscal Year \(FY\) 2019 \(hhs.gov\)](#) for Alaska and include SNAP and TANF Basic Assistance. Analysis assumes 260 workdays per year, 2 trips per day for each household, yielding a combined \$38.98 of avoided costs per one-way linked trip.

¹⁹ A value of \$357 per one-way linked trip is applied based on Godavarthy, et al. (2014) as developed by Hughes-Cromwick, P., R. Wallace, H. Mull, J. Bologna, C. Kangas, J. Lee, and S. Khasnabis. 2005. Cost Benefit Analysis of Providing Non-Emergency Medical Transportation. TCRP Web-Only Document 29 (Project B-27): Contractor’s Final Report, Transit Cooperative Research Program, Transportation Research Board of the National Academies.

Table 3: Community Benefits from Transit Access and Enabled Trips

Type of Access	Beneficiaries
Work	Workers benefit from earning income and improved quality of life. Employers benefit from access to a larger labor pool, decreased turnover, reduced absenteeism, and in some cases reduced parking costs. The entire economy benefits from having more people working and fewer people depending on public support.
Medical Services	People benefit from access to medical care. This improves the quality of life and reduces long-term medical costs. The entire community benefits from improved public health.
Education	Students benefit from better access to schools and universities and an improved outlook in terms of professional opportunities and future earnings prospects. Employers and the overall economy benefit from having an educated and skilled workforce.
Shopping / Eating Out	People can access shopping and dining opportunities. This improves the quality of life by broadening the range of shopping/dining choices. The entire economy benefits from spending in the local economy.
Recreation/Tourism Destinations	Budget-conscious tourists and residents benefit from affordable access to recreational opportunities and tourist destinations. This supports the overall wellbeing of Alaskans and the Alaskan tourism industry.
Social Connections and Activities	People can travel to meet with family and friends. This improves quality of life by allowing people to maintain social connections to each other and their community.

Source: Adapted from Goldsmith, S., Killorin, M., and Larson, E. The Economic Benefits of Public Transportation in Anchorage. May 2006. Institute of Social and Economic Research, University of Alaska Anchorage.

5.2. Performance Benefits Results

1.1 Million

trips enabled by Alaska transit agencies that would not be possible otherwise.

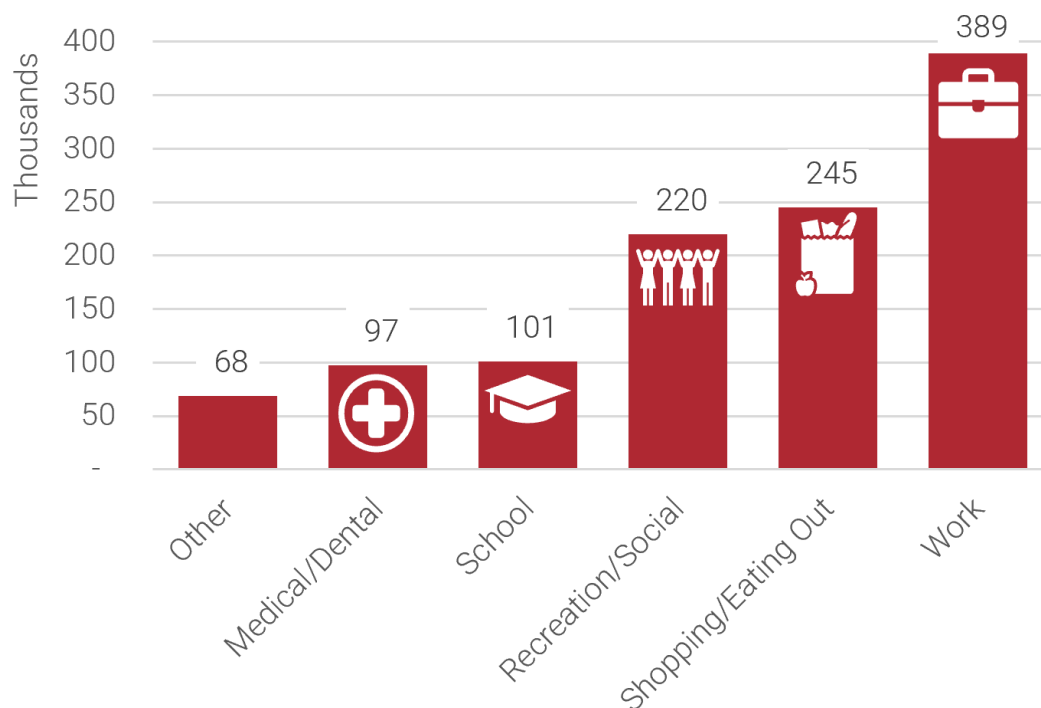
\$117 Million

In average annual benefits from Alaska transit

Between 2017 and 2019, transit in Alaska enabled upwards of 1.1 million trips annually that would not be possible without transit services. Based on available survey data, it is estimated that work trips are the largest category of trips made possible (389,000 per year), followed by trips made for shopping or eating out (245,000) and recreation or social purposes (220,000). Other categories enabled include those to medical or dental appointments (97,000) as well as other

destinations (68,000), as shown in Figure 17. These results include figures for all fourteen of the Alaska transit agencies of this study except Interior Alaska Bus Lines and the Inter-Island Ferry Authority, as these transit agencies serve very different markets and do not have the same kind of data available for analysis.

Figure 17: Average Annual Transit Enabled Trips by Trip Purpose (2017-2019, in thousands)



Source: EBP Analysis. Results include all Alaska transit agencies examined in this study except Interior Alaska Bus Lines and the Inter-Island Ferry Authority.

Alaska transit provides approximately \$117 million in annualized benefits to riders, visitors, and broader Alaskan society. These include transportation system user benefits, broader societal benefits, and the benefits of enabled trips for people who would simply not be able to travel were transit unavailable. These benefits significantly outweigh annual operating, maintenance, and capital expenditures in the state to provide transit services for the analyzed agencies. Table 4 provides details on results by individual benefit category. Because of data limitations, Gulkana Soaring Eagle Transit and Interior Alaska Bus Lines are not included in these benefit calculations, meaning that the results are conservative. Also not included is the Inter-Island Ferry Authority (IFA) because of the very different nature of its services and benefits. Details on the value of the IFA are provided in the agency's highlight.

Table 4: Average Annual Transit Benefits and Costs in Alaska (2017-2019)

Benefits Category	Total in Millions
Transportation System User Benefits	
Travel Time	\$17.66
Vehicle Operating Cost	\$14.58
Fare Savings	\$13.94
Broader Societal Benefits	
Safety & Environmental	\$14.91
Enabled Trips	
Work - Avoided TANF/SNAP	\$15.13
Medical	\$34.68
Consumer Surplus (All Other Trips)	\$6.19
Total Annual Benefits	\$117.10
Total Annual Costs	\$56.44

Source: EBP Analysis. Results exclude Gulkana Soaring Eagle Transit and Interior Alaska Bus Lines due to data limitations (analyzed separately on a per-trip basis). The Inter-Island Ferry Authority was analyzed separately. Annualized results represent averages across 2017-2019, except Fairbanks MACS and VanTran which exclude 2017 due to the change in modal accounting in NTD between 2017 and 2018.

6. Transit Agency Highlights

The following section includes one-page summaries for each of the transit agencies included in this study. Each transit agency profile summarizes key statistics about the agency including modes operated, average annual ridership, the economic impacts of agency expenditures, and the performance benefits of transits. Additionally, findings from interviews are summarized to highlight the diverse ways in which Alaska transit agencies serve their riders and communities.



Modes Offered

Fixed-route bus, Demand response, Vanpool



3,644,267 2017-2019
Annual Average Ridership

Spending Impacts Annually



418 Jobs



\$62 M Output (Revenue)

Performance Benefits Annually

720,208 Trips enabled



\$3.3 M Consumer surplus



\$8.0 M TANF/SNAP Savings



\$28.1 M Medical



\$8.7 M Environmental & Safety



\$8.3 M Travel Time & Vehicle Operating Cost



\$5.2 M Fare Savings

\$61.7 M Annual Benefits

\$32.8 M Annual Costs

Anchorage People Mover and AnchorRIDES



The Municipality of Anchorage operates a fixed-route service with 14 routes (People Mover), along with two commuter bus routes, on-demand paratransit service (AnchorRIDES), and a car or van share service. The primary service area is Anchorage, with commuter routes also serving South Anchorage and the Eagle River area.

The transit services provide affordable access to job centers, schools, and a variety of essential services. One reason people who work in the University Medical District and downtown choose transit is to avoid driving in congestion. Secondary students in the Anchorage school district use transit to get to school and ride for free through a contracted program. On Wednesdays, seniors ride for free and use transit to access services and community programs, many of which are offered at the public libraries and city hall. People

with disabilities will also use transit to access services and programs. The transit service runs a Universal Pass Program which allows riders to simply show their university or employee ID to ride. The University of Alaska, Providence Hospital, and some private employers participate in this program to help manage parking and congestion in the city. While taxis and similar options like Uber and Lyft do exist as alternatives, they are not always accessible vehicles and can be quite expensive. Walking or biking is not always a viable option if the destination is far away, winter maintenance is lacking, or weather is inclement.

Transit plays an important role in supporting the local economy by transporting workers and customers to where they need to go. Some businesses in less-served areas of the city have reported that they've had issues with hiring due to a lack of transit access. During the height of the COVID-19 pandemic, the fixed-route service was stopped for a few months and the city only ran essential trips through its paratransit service. The public's response during this disruption underscored how many people rely on transit each day to access their jobs, grocery stores, medical appointments, the pharmacy, and more essential services. Fixed-route service is now fully restored and serving the community.



Modes Offered

Fixed-route bus



24,255 2017-2019 Annual
Average Ridership

Spending Impacts Annually



7 Jobs



\$614 K Output (Revenue)

Performance Benefits Annually

6,615 Trips enabled



\$6 K Consumer
surplus



\$126 K TANF/SNAP
Savings



\$47 K Medical

\$70 K Environmental &
Safety



\$84 K Travel Time



\$62 K Vehicle
Operating Cost



\$1 K Fare Savings

\$396 K Annual Benefits

\$315 K Annual Costs

Bethel Transit Bus System



The Bethel Transit Bus System operates a fixed bus route through the City of Bethel. The bus route provides transportation access to residents of the city as well as to members of 56 surrounding villages for which Bethel is a hub for essential services.

Bethel's Transit System serves city residents and people from nearby villages of varying ages. The service provides access to jobs, grocery stores, shopping centers, the post office, and medical care facilities, which is particularly important for those who live outside of the city and rely on an affordable means to connect to these necessities. Regular riders say that the bus system is a vital asset as their mode of transportation and that it allows them freedom of mobility.

Public transit is a much more affordable option for locals than taxis, which can be expensive and often make multiple stops and carry multiple passengers anyway. The bus service is also an affordable alternative to owning and maintaining a personal vehicle. Car ownership varies within the service area, being higher among city residents but lower in the surrounding villages where people are more likely to rely on snow machines, 4-wheelers, and personal boats for transportation. The bus service became fare free during the COVID-19 pandemic and remains that way until further notice.

The bus system plays an important role in supporting the local economy and public health within the community. Bethel's Transit Bus System provides local retail businesses in the City of Bethel with access to both customers and employees. During the COVID-19 pandemic, in addition to eliminating fares, the bus service also provided free access to vaccination sites. Looking forward, Bethel is hoping to add a few new buses to its service to increase frequency and improve upon the positive impact that it already has within the city and surrounding communities.

Image credit: City of Bethel.



Modes Offered

Demand response



28,754 2017-2019

Annual Average Ridership

Spending Impacts Annually



22 Jobs



\$2 M Output (Revenue)

Performance Benefits Annually

8,478 Trips enabled



\$73 K Consumer surplus



\$162 K TANF/SNAP Savings



\$61 K Medical



\$123 K Environmental & Safety



\$450 K Travel Time

\$119 K Vehicle Operating Cost



\$190 K Fare Savings

\$1.2 M Annual Benefits

\$1.1 M Annual Costs

Central Area Rural Transit System



Central Area Rural Transit System, Inc. (CARTS) provides demand response service to the central Kenai Peninsula. The service area includes the cities of Kenai and Soldotna, the communities of Funny River, Kasilof, Nikiski, and Sterling, and the areas between. The zones are sometimes extended to Clam Gulch if the driver is already headed that way (towards Kasilof).

CARTS provides reliable transit access to work, medical appointments, shopping, recreation, and school/college, as well as safe and affordable travel opportunities for riders with disabilities, riders who cannot or choose not to drive, and entry-level workers. For many, CARTS provides the sole travel option on the peninsula. According to an on-board survey conducted in January 2018, 79 percent of riders chose to ride transit because it was

the only transportation they had, while 31 percent chose it for convenience, and 29 percent chose transit as it was less expensive than driving. Although a local taxi company operates on the Kenai Peninsula, the taxi fees can be cost prohibitive, especially for entry-level workers.

During the COVID-19 pandemic, CARTS operators limited their demand response service to essential trips only, but soon realized that most of their trips were considered essential. Fortunately, CARTS prepared prior to the pandemic to ensure customers could conduct business (registration, ride reservations, purchasing fares) over the phone or online, so CARTS was able to continue providing essential service trips safely. As a vital service provider to the local economy, CARTS further supports the community (pre- and during the pandemic) by purchasing goods and services from local vendors.

Photo credit: Jennifer Beckmann, CARTS.



Modes Offered

Fixed-route bus, Demand response



486,947 2018-2019*
Annual Average Ridership

Spending Impacts Annually



98 Jobs



\$14 M Output (Revenue)

Performance Benefits Annually

43,749 Trips enabled



\$181 K Consumer surplus



\$715 K TANF/SNAP Savings



\$1.3 M Medical



\$951 K Environmental & Safety



\$3.7 M Travel Time

\$899 K Vehicle Operating Cost



\$1.0 M Fare Savings

\$8.7 M Annual Benefits

\$7.5 M Annual Costs

Fairbanks MACS and Van Tran



Fairbanks North Star Borough administers and operates the Metropolitan Area Commuter System (MACS), a fixed-route bus service, and the Van Tran system, a paratransit demand response service for those with limited mobility who are unable to use the fixed-route bus service. These transit systems serve most of the urban area within the borough.

Riders use the transit systems to get around town and access important destinations including shopping, medical appointments, social services, recreation, and getting to school or work. Seniors and those with disabilities use Van Tran to have independence in their mobility and to access essential services. Many low-income residents do not own a vehicle and rely on transit to commute to work

and school. Fairbanks has a large university student population, due to University of Alaska Fairbanks, who do not own vehicles and therefore rely on MACS. There are also Army and Airforce bases in the area. People stationed at these bases frequently do not own vehicles and therefore benefit from having transit service available. MACS also services tourists, including visitors to Pioneer Park, a historical theme park in the heart of the city.

Public transit is an affordable and critical service for those who do not own a car, or whose car may not be working properly due to cold temperatures. Alternatives available to transit users are often less practical, such as carpooling, or unaffordable, such as taxis and similar services like Uber/Lyft. Walking or biking may not be feasible or comfortable for long trips and during cold weather. Overall, MACS and Van Tran are important services that promote transportation affordability, equity, and safety, and that serve residents and visitors alike.

Photo credit: Fairbanks North Star Borough.

*Performance analysis based on 2017-2019, after Commuter Bus Service was Reorganized into Overall Bus in NTD Data.



Modes Offered

Flex-route bus



85,741 2017-2019 Annual
Average Ridership

Spending Impacts Annually



8 Jobs



\$741 K Output
(Revenue)

Performance Benefits Annually

23,384 Trips enabled



\$135 K Consumer
surplus



\$447 K TANF/SNAP
Savings



\$167 K Medical



\$253 K Environmental
& Safety



\$338 K Travel Time

\$218 K Vehicle
Operating Cost



\$424 K Fare Savings

\$1.98 M Annual Benefits

\$0.42 M Annual Costs

Glacier Valley Transit

Glacier Valley Transit (GVT) provides flex-route service (modified fixed-route service where the bus can be diverted for on-demand service as well) to the town of Girdwood, AK, including service to the train depot, downtown Girdwood, and the Alyeska Resort, Alaska's largest ski area.

Residents and out-of-state visitors use GVT to commute to work or engage in recreational activities, including skiing, shopping, or dining at local restaurants. Walking, biking, and driving provide alternate modes of transportation around the resort town, but few transit riders own a vehicle of their own due to the high cost of ownership. GVT provides a safe and reliable option for regular riders to access work and recreation, as well as temporary riders who rely on transit when their car needs repairs or during inclement weather. Riders chose transit not only due to its affordability and safety benefits but also due to limited parking in and around Girdwood.

It is very difficult for residents and out-of-state visitors lacking a car to access local businesses away from the resort, and as such, GVT provides vital business and tourism connections to the town of Girdwood. In the future, GVT plans to

conduct a feasibility study for a commuter route as well as a non-emergency medical service route to Anchorage, with the hopes of increasing economic growth in Girdwood, and providing greater access in and out of Girdwood for residents and tourists, alike.



Photo credit: Glacier Valley Transit.
<https://glaciervalleytransit.com/flex-route/>



Modes Offered

Fixed-route bus, Demand response, Call-out service



8,071 2017-2019 Average Annual Ridership

Spending Impacts Annually



10 Jobs



\$665K Output (Revenue)

Performance Benefits

(2017-2019)



Access:

2,211 Trips enabled annually

Safety:



0 Transit Fatalities, Injuries, or Incidents

Safer than driving

Affordability:

E.g., Glenallen-Anchorage:



\$65 Soaring Eagle Transit

\$75 Interior Alaska Bus Lines

\$81 Private vehicle per-mile operating costs

Soaring Eagle Transit



Gulkana Village Council operates Soaring Eagle Transit, which provides fixed-route, demand response, and call-out services. Soaring Eagle Transit serves the Copper River Basin between Glennallen and Copper Center, offers service to Anchorage and Valdez, and provides a call-out service that operates within an approximate 50-mile radius from Gulkana.

Locals and tourists use Soaring Eagle Transit to access jobs, schools, essential services, shops, and recreational areas such as national parks and areas for kayaking. Workers throughout the Copper River Basin use the transit service to get to work, including health care workers in Tazlina, Gulkana Village Council workers traveling to different villages, and seasonal fishery workers travelling between Anchorage and Valdez. In addition to transporting employees, Soaring Eagle Transit supports local businesses by providing transportation to

customers. Elders and other locals use the transit service to fulfill essential needs, such as getting to grocery stores and medical appointments. Riders can alternatively use Interior Alaska Bus Lines to get to Anchorage. Otherwise, if a rider does not have access to a car, there are not many other transportation alternatives. Transit is more affordable than driving, particularly when gas prices increase, and is more reliable in the winter when personal vehicles may have issues.

Not only is Soaring Eagle Transit an important support to the local economy and a critical service connecting people to essential services and recreation, but it has also been a vital tool in combatting social isolation throughout the region. Many elders use the transit service to visit family, friends, and to engage with other members of their community. Supporting social connections was especially important during the COVID-19 pandemic when those living in remote areas became further isolated. Many riders depend on transit as a critical service that provides them with physical and emotional support, social interaction that energizes them, and that ultimately gets them where they need to be.

Photo Credit: [Rates - Public Transit Service \(gulkanacouncil.org\)](https://www.gulkanacouncil.org/). Note: Estimation of annual performance benefits was not feasible due to data limitations.



Modes Offered

Ferryboat



42,648 2017-2019

Average Annual
Ridership

Spending Impacts

Annually 2017-2019

(Operating, Maintenance, and
Capital Expenditures)



58 Jobs



\$8.5M Output (Revenue)

Select Facts & Figures 2019



2,900 Tourists and
hunters to Prince of
Wales Island

\$11.1 M Direct visitor
spending



1,530 Patients traveling
to Ketchikan and Sitka
for medical purposes



\$12.1 M Ex-vessel value
of seafood shipped

Source: 2019 Figures from Alaska's Inter-Island Ferry
Authority by the Number 2020, by Rain Cost Data.

Inter-Island Ferry Authority



The Inter-Island Ferry Authority (IFA) provides ferry access for people and vehicles between Hollis and Ketchikan. The ferries (one primary, one in reserve in case of issues) have a capacity of 165 people and 15-19 vehicles, and operate daily, 3-hour, round-trip service. Although Alaska Air operates out of Ketchikan, it costs passengers \$135 to travel from Hollis to Ketchikan by plane,¹ and \$52 to travel by ferry.

Travelers use IFA to access medical appointments and the airport, to commute to work, and to transport seafood and freight for the Alaskan fishing & seafood industry. Large contractors based out of Ketchikan that serve the island rely on IFA service, as well as tourists traveling to Ketchikan for hunting/fishing, or cultural events, such as the Tlingit Native Alaskan totem pole raising ceremony. Younger

students and older adults particularly rely on IFA service, as the ferry offers a 20% discount for school-aged children and receives a grant from the state of AK to provide free service to veterans accessing medical appointments. Flying is the only alternative to ferry transport, but airlines won't operate in inclement weather, making this service alternative unreliable as well as expensive.

IFA service provides a vital link that enables people to remain living in the area they grew up due to the affordability, mobility, and reliability that the ferry provides, facilitating a high quality of life for these residents. Although the pandemic was difficult for IFA and service cuts and fare increases had to be implemented, the service is back in full operation now. As stated, by Chrissy Torsey-Lucero, IFA's Finance Manager, "Being there for folks and knowing they could count on the service was imperative. Safety and reliability are of vital importance."

Photo Credit: Inter-Island Ferry Authority.

¹ Price from taquanair.com as of April 14, 2022.



Modes Offered

Fixed-route bus, Demand response



1,057,392 2017-2019
Annual Average Ridership

Spending Impacts Annually



95 Jobs



\$13.4 M Output
(Revenue)

Performance Benefits Annually

145,726 Trips enabled



\$741 K Consumer surplus



\$2.4 M TANF/SNAP Savings



\$3.8 M Medical



\$2.3 M Environmental & Safety



\$12.9 M Travel Time

\$2.1 M Vehicle Operating Cost



\$1.8 M Fare Savings

\$26.1 M Annual Benefits

\$8.2 M Annual Costs

Capital Transit



Capital Transit provides fixed-route bus and demand response service to the City and Borough of Juneau. Transit service operates from Mendenhall Valley to downtown Juneau, and from downtown Juneau to Douglas Island.

Capital Transit provides transportation for residents, temporary workers, and tourists. The service provides connections to jobs, essential medical appointments, and other key destinations such as grocery stores. Capital Transit is particularly important as an affordable mobility option for older adults and low-income residents and workers. Transit also serves those who are unable to drive or who choose not to do so. Budget-conscious tourists utilize Capital Transit to explore downtown and venture to the Mendenhall Glacier. Approximately 10% of visitors to Juneau use public

transportation.¹ Seasonal workers and visiting nurses, who often lack personal vehicles, also use transit to commute to and from work.

Capital Transit plays an important role in supporting the tourism economy and connecting business centers to the local workforce. While alternative modes of transportation exist (private car in some cases, private shuttles for tourists), they are far more expensive. If transit service was unavailable, older adults and essential service providers (e.g., healthcare and grocery store workers) may not have other travel options, creating ripple effects in the health of residents as well as the local economy. Beyond this, Capital Transit provides additional services to support its community members, such as delivering groceries to homebound individuals at the start of the pandemic. Capital Transit provides a reliable and affordable travel option that keeps the economy running, supports a vibrant downtown environment, and when needed helps get community members back on their feet—at the benefit of riders and non-riders, alike.

Photo Credit: Capital Transit

¹ JUNEAU AIR AND FERRY VISITOR SURVEY. Summer 2018. Travel Juneau.



Modes Offered

Fixed-route bus, Demand response



424,192 2017-2019
Annual Average Ridership

Spending Impacts Annually



40 Jobs



\$4.4 M Output (Revenue)

Performance Benefits Annually

118,588 Trips enabled



\$936 K Consumer surplus



\$2.3 M TANF/SNAP Savings



\$847 K Medical



\$1.2 M Environmental & Safety



\$1.4 M Travel Time

\$1.1 M Vehicle Operating Cost



\$2.9 M Fare Savings

\$10.7 M Annual Benefits

\$2.7 M Annual Costs

Ketchikan Gateway Borough Transit



Ketchikan Gateway Borough Transit offers fixed-route bus and paratransit services. The operator serves the City of Ketchikan and Ketchikan Gateway Borough, which includes the Village of Saxman. Located on an island that is only accessible by boat or air, the transit service serves a large portion of the island.

Ketchikan Gateway Borough Transit provides transportation for city residents, people from outlying communities (e.g., Prince of Wales Island, Metlakatla Indian Community of the Annette Island Reserve) who travel to Ketchikan to access essential services, and seasonal tourists and tourism workers. The service connects people to jobs, schools, grocery stores, retail stores, the airport, medical appointments, government services, and recreation. Ketchikan Gateway Borough Transit is especially important as an

affordable option for low- to moderate-income residents and workers. Some additional transit services operate in the area such as tribal transportation offerings and senior transportation services. While alternatives to transit exist, such as taxis and private vehicles, public transit is the most affordable. The transit service allows people to not need to own a car, meaning they have money to spend on other things.

The transit service plays an important role in supporting local businesses and the community's culture. Retail stores in the area recognize transit's importance in transporting their customers and employees and have lobbied to add transit service to their locations and have even installed shelters for bus stops near their businesses. With over 1 million people a year visiting Ketchikan, transit is vital for helping them get around to local businesses, state parks, and to cultural centers. The service provides access to a heritage center in town, as well as other Native Alaskan landmarks. Transit thus plays a vital role not only in connecting people with essential services and businesses, but also in the sharing of the community's heritage and culture.

Photo Credit: Hall Anderson, Courtesy of Leslie Jackson, Ketchikan Gateway Borough Transit.



Modes Offered

"Dial-a-ride" bus



20,695 2017-2019 Annual
Average Ridership

Spending Impacts Annually



8 Jobs



\$745 K Output (Revenue)

Performance Benefits Annually

5,644 Trips enabled



\$32 K Consumer
surplus



\$108 K TANF/SNAP
Savings



\$40 K Medical



\$25 K Environmental &
Safety



\$47 K Travel Time



\$53 K Vehicle
Operating Cost

\$93 K Fare Savings

\$397 K Annual Benefits

\$390 K Annual Costs

Kodiak Area Transit System



Kodiak Area Transit System (KATS), administered by Senior Citizens of Kodiak, Inc., is a dial-a-ride service with public bus stops. KATS operates within the City of Kodiak with some services extending just outside of the city limits.

While KATS serves the general public, the service is most vital for Alaska Mental Health Trust beneficiaries, seniors, and people with disabilities, as KATS is the only handicapped-accessible transportation option in Kodiak. Locals use KATS to access a variety of necessities and essential services, such as getting to work, shopping areas, medical appointments, college, counseling, and social services. Transit users choose KATS because it is reliable, affordable, and accessible. Kodiak is not a walkable city and the only alternatives to

transit are taxis which are not handicapped accessible and can be very costly. KATS also helps those who cannot drive to have mobility and allows those who cannot afford to own a car to avoid those costs and use their money for other things.

According to Pat Branson, CEO of Senior Citizens of Kodiak, "KATS keeps people in our community." By providing affordable and accessible transportation to Kodiak residents, it provides those who otherwise could not live in the area with the opportunity to stay. Going forward, KATS is hoping to expand service within their community to further support those for whom public transportation is essential.

Bus photo credit: Kodiak Area Transit System.
<https://www.facebook.com/katsbus/photos>





Modes Offered

Fixed-route bus, Demand response



61,519 2018-2019*
Annual Average Ridership

Spending Impacts Annually



29 Jobs



\$3.2 M Output (Revenue)

Performance Benefits Annually

21,047 Trips enabled



\$492 K Consumer surplus



\$402 K TANF/SNAP Savings



\$150 K Medical



\$922 K Environmental & Safety



\$283 K Travel Time & Vehicle Operating Cost

\$1.5 M Fare Savings



\$3.8 M Annual Benefits

\$1.4 M Annual Costs

Valley Transit

Valley Transit offers fixed-route bus service along the Glenn Highway between the Matanuska-Susitna (Mat-Su) Valley and Anchorage as well as demand response service within the Valley. Transit riders rely on the service for access to job opportunities, school or daycare, healthcare appointments, and leisure activities.

Valley Transit provides numerous benefits to the Mat-Su Valley-Anchorage service area, including decreasing congestion on the Glenn highway during peak hours and operating reliable transportation for people without alternate travel options. Without transit, riders would have to drive themselves or carpool if they have access to a car, or take a taxi/ride-share, although these modes can be expensive, especially over long distances. In contrast, Valley Transit supplies convenient transportation

service that is affordable with flat fares (not distance-based) across the region and reliable even in challenging weather conditions, which is particularly important for those who rely on the service regularly.

If Valley Transit were not a viable travel option for people in the Mat-Su/Anchorage area, the cost and burden of transportation would be transferred to the local community and would greatly limit the current travel accessibility and flexibility provided to Valley Transit riders. In this way, not only does the transit service save the community additional and unnecessary costs, but it provides a vital link that enables communities and local economies along the Mat-Su/Anchorage corridor to operate at their fullest capacity.

*Analysis in 2018-2019 due to modal reorganization in 2017.

Photo Credit: [Valley Transit \(valleytransitak.org\)](http://valleytransitak.org)



VALLEYTRANSIT Mission: To provide accessible, sustainable, reliable, efficient and quality public transportation.



Modes Offered

Fixed-route bus, Demand response



64,213 2017-2019
Annual Average Ridership

Spending Impacts Annually



19 Jobs



\$2 M Output (Revenue)

Performance Benefits Annually

18,996 Trips enabled



\$96 K Consumer surplus



\$363 K TANF/SNAP Savings



\$136 K Medical



\$110 K Environmental & Safety



\$40 K Travel Time

\$165 K Vehicle Operating Cost



\$276 K Fare Savings

\$1.2 M Annual Benefits

\$1.0 M Annual Costs

The RIDE (Sitka)



The Center for Community (CFC) contracts with Catholic Community Service, Sitka (CCS), and Sitka Tribe of Alaska, to provide comprehensive transit service for the island city of Sitka. CCS operates demand response service (Care-A-Van), and Sitka Tribe operates fixed-route bus service (the RIDE). Service operates on the main roads of Sitka to provide service to the nearly 9,000 people who live there.

The comprehensive Sitka transit service, referred to as the RIDE, provides reliable access for community members and visitors. This includes bringing older adults and people with disabilities to medical appointments and the grocery store, connecting university students with school and jobs, and serving coast guard personnel and hospital workers. Seasonal tourists and workers utilize the transit service, as do residents traveling downtown for business and personal

shopping, and for activities such as bingo, concerts, churches, and community meals. Alternative transportation modes in Sitka include biking, hitchhiking, ridesharing, taxis, and private cars for those who can afford it. Transit provides a safe and affordable transportation option for those without personal cars, those who are unable to drive, and those who choose not to drive, particularly in the dark during the winter months.

At the beginning of the COVID-19 pandemic, the RIDE's service was shut down from late March through mid-July 2020 while operators waited on PPE supplies but has since resumed service. During the shutdown, the Sitka community stepped up to fill the void left by transit, and businesses started offering delivery and pick-up services to help provide food/supplies to community members. This speaks to the importance of the RIDE's ability to provide access to grocery stores, medical appointments, and other essential services for the Sitka community, and the reliance that the community has on public transit as a result.

Photo credit: Center for Community (CFC), Sitka.



Modes Offered

Fixed-route bus, Demand response



15,624 2017-2019
Annual Average Ridership

Spending Impacts Annually



13 Jobs



\$1.2 M Output (Revenue)

Performance Benefits Annually

5,925 Trips enabled



\$153 K Consumer surplus



\$113 K TANF/SNAP Savings



\$42 K Medical



\$195 K Environmental & Safety



\$24 K Travel Time & Vehicle Operating Cost



\$488 K Fare Savings

\$1.0 M Annual Benefits

\$0.6 M Annual Costs

Sunshine Transit



Sunshine Transit provides public transportation to the Upper Susitna Valley, serving the rural areas of Trapper Creek, Talkeetna, Willow, Houston, and Wasilla. The transit operator runs one deviated fixed-route bus service as well as a demand response van service.

Diverse riders use Sunshine Transit to access necessities and essential services. Seniors, people with disabilities, and low-income populations, in particular, rely on transit as their best available and affordable option for travel. People count on the transit service to access grocery stores, food banks, medical appointments, prescription pick up and drop off, and even to get clean drinking water, to which some very remote parts of the service area don't have access. Younger area residents such as students also use Sunshine Transit to connect to after-

school activities, including activities at the library, sports, and tutoring programs. There are not many reliable transportation alternatives available to users of Sunshine Transit; there are limited taxi services in the area, so people have to either walk long distances, hitchhike, get a ride from a friend or family member, or drive themselves if they are able, which can be difficult during inclement weather. Sunshine Transit provides safe, reliable, and affordable transportation to the area.

Sunshine Transit is a vital service that connects people to necessities and essential services, thus keeping riders and communities healthy. On top of the critical services it regularly provides, Sunshine Transit is available to help in times of need for individuals and communities. For example, one elderly rider who doesn't have family to depend on called Sunshine Transit when they ended up at the hospital and needed to coordinate a way to get home. When wildfires broke out in the region, Sunshine Transit aided in fire rescue services by evacuating people from their homes and delivering firefighters from the airport to the scene of the fire. Members of the community know that they can rely on Sunshine Transit at any time.

Photo credit: [Sunshine Transit](#)



Modes Offered

Inter-city bus and van service

Spending Impacts Annually



7 Jobs



\$490K Output (Revenue)

Key Dates

- | | |
|-------------|--|
| 2011 | Inception of Company |
| 2013 | Purchased two new vans to add to the fleet
Began providing free transit to qualified Veterans through a Highly Rural Transit Grant with the Veterans Association. |
| 2015 | Purchased a new vehicle to replace an aging one for the Northway route |
| 2016 | Purchased 2 new buses to support growing ridership |
| 2018 | Purchased a new van to improve passenger comfort and replace an aging vehicle. |
| 2020 | |

Interior Alaska Bus Line



Interior Alaska Bus Line operates fixed-route service from Anchorage to Tok (6-7-hour trip) and Fairbanks to Tok (4-hour trip), with the service hub located in Tok. The bus line operated an additional on-demand service, the Northway route, but this line was suspended due to the COVID-19 pandemic. The areas served fall between Anchorage, Fairbanks, and Tok.

Interior Alaska Bus Line service provides access to medical appointments, particularly in winter months when people can't or choose not to drive, and provides access to hunters and tourists in summer months, when visitors travel to the area without a car. The bus line supplies year-round access to jobs, transportation opportunities for those without a car or who cannot drive, and valuable social connections, particularly for older adults.

Interior Alaska Bus Line provides free service to Alaskan veterans, as well. Besides bus line service, travelers can drive or carpool if they have access to a car, or take air taxi, an expensive alternative with limited capacity and uncertain wheelchair accessibility. Compared to these alternatives, Interior Alaska Bus Line operates affordable and accessible transportation options for locals and tourists, alike.

Uniquely, Interior Alaska Bus Line facilitates time-sensitive small freight transport and delivery on which businesses and the community rely (e.g., transporting salmon eggs for school dissection, delivering water samples, and bringing medical supplies to local hospitals and urgent care centers). During the COVID-19 pandemic, the service additionally provided medication pickup, check pickup/deposit, mail delivery, and grocery delivery services for vulnerable community members. Interior Alaska Bus Line employees frequently go above and beyond their transportation responsibilities to ensure community members have access to essential services and remain connected with one another.

Photo credit: Interior Alaska Bus Line. Key Dates from [Interior Alaska Bus Line](#).

Appendix

Glossary of Terms

Call-out service – Service available for people who need to schedule special rides not covered by the typical transit schedule. Soaring Eagle Transit uses this term.²⁰

Demand response service – A transit mode operating in response to calls from passengers (or their agents). Demand response service dispatches vehicles and a demand responsive basis to pick up passengers and transport them to their destination. Demand response service vehicles do not operate on a fixed route or schedule and vehicles may pick up passengers at several points before taking them to their respective destinations.²¹

Fixed-route bus service – A transit mode that operates rubber-tired passenger vehicles on fixed routes and schedules over roadways.²²

FTA Bus & Bus Facilities Program (5339) – Federal funding administered by the Federal Transit Administration. This program includes both formula and competitive grant funding to replace, rehabilitate and purchase buses and related equipment and to construct bus-related facilities.²³

FTA Rural Program (5311) – Federal funding administered by the Federal Transit Administration. This formula-based funding program provides transit capital, planning, and operations funding to states to support public transportation in rural areas with populations less than 50,000.²⁴

FTA Urbanized Area Formula Program (5307) – Federal funding administered by the Federal Transit Administration. This formula-based funding program provides funding to public transit systems in Urbanized Areas (UZA) for capital, planning, job access and reverse commute projects, as well as operating expenses in certain circumstances.²⁵

²⁰ <https://www.copperriverrecord.net/tributaries/soaring-eagle-transit-offers-new-passes>

²¹ <https://www.transit.dot.gov/ntd/national-transit-database-ntd-glossary>

²² <https://www.transit.dot.gov/ntd/national-transit-database-ntd-glossary>

²³ <https://www.transit.dot.gov/grants>

²⁴ <https://www.transit.dot.gov/grants>

²⁵ <https://www.transit.dot.gov/grants>

Trip Length Assumptions

Table 5: Trip lengths used in performance benefit analysis (in miles)

Transit Agency	Bus	Demand Response	Van-pool	Ferry	Notes
Anchorage - People Mover and AnchorRIDES	5.84	6.42	36.83	--	Derived from NTD and conversion from unlinked to linked trips based on rider survey data
Bethel – Bethel Transit Bus System	8.8	--	--	--	2017 NHTS Average Person Trip Length, AK Transit
Fairbanks - Metropolitan Area Commuter System (MACS) and Van Tran	6.13	6.13	--	--	Greater Fairbanks Transportation Survey, 2014
Girdwood - Glacier Valley Transit (GVT)	8.8	8.8	--	--	2017 NHTS Average Person Trip Length, AK Transit
Gulkana - Soaring Eagle Transit (SET)	--	--	--	--	NHTS based assumption is invalid because of the range of long-distance services provided by the agency; no other trip length data is available
Hollis - The Inter-Island Ferry Authority (IFA)	--	--	--	42.2	Derived from Google Maps
Juneau – Capital Transit	8.8	8.8	--	--	2017 NHTS Average Person Trip Length, AK Transit
Ketchikan – Ketchikan Gateway Borough Transit (The Bus)	8.8	8.8	--	--	2017 NHTS Average Person Trip Length, AK Transit
Kodiak – Kodiak Area Transit System (KATS)	8.8	--	--	--	2017 NHTS Average Person Trip Length, AK Transit
Wasilla – Valley Transit	40	40	--	--	Conservatively based on the route from Trunk Road Park and Ride to Downtown Anchorage
Sitka – The Ride	8.8	8.8	--	--	2017 NHTS Average Person Trip Length, AK Transit
Central Kenai Peninsula – Central Area Rural Transit (CARTS)	15	15	--	--	Based on a review of origin-destination pairs within the service area
Talkeetna – Sunshine Transit	35	35	--	--	Provided by Sunshine Transit staff
Tok – Interior Alaska Bus Line (IABL)	--	--	--	--	Varies significantly by route and origin-destination pair; no data on averages available



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

REGION 10
Alaska, Idaho, Oregon,
Washington

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Seattle, WA 98174-1002
206-220-7954
206-220-7518 (fax)

March 10, 2023

Honorable Mike Dunleavy
Office of the Governor
P.O. Box 110001
Juneau, AK 99811-0001

RE: 2020 Decennial Census Changes

Dear Governor Dunleavy,

This letter is to inform you of upcoming changes to the Federal Transit Administration's (FTA's) allocation of Urbanized Area Formula Grants (Section 5307), Formula Grants for Rural Areas (Section 5311), and other FTA formula-based programs for which funding is authorized in U.S.C. Title 49, Chapter 53, as amended by the Bipartisan Infrastructure Law, enacted on November 15, 2021. These changes result from the Census Bureau's recent publication of new urban area boundaries based on 2020 Census data and will affect how funding is awarded to grantees beginning in Federal Fiscal Year (FY) 2024, which begins on October 1, 2023. Funds apportioned prior to FY 2024 will not be affected and may continue to be used under the terms for which they were originally apportioned.

Based on the 2020 Census, an existing non-urban/rural area in Alaska – Wasilla-Knik-Fairview-North Lakes, AK – is now designated as a small Urbanized Area (UZA). Below is a summary of how these changes will affect FTA funding eligibility for the transit provider(s) in that area.

- Transit providers will be eligible to receive funds under the Section 5307 Urbanized Area Formula Program and potentially other formula funds made available for use in small UZAs. Funding for all small UZAs in the State will be apportioned to the Governor as a lump sum, who is responsible for allocating these funds to the various small UZAs in the State. States notify FTA Regional Offices of small UZA allocations via annual Split Letter document. Amounts specific to each small UZA in the State are published by FTA for informational purposes only and are non-binding.
- Transit providers in UZAs should fully participate in the planning activities of a newly designated or expanded MPO. The MPO, transit providers, and the State will

be required to coordinate the programming of Federal transit funding.

- Eligible public entities may elect to become or remain direct recipients of FTA funds. Direct recipients are subject to oversight by FTA, which includes additional reporting requirements and compliance reviews (e.g., triennial reviews). However, with the State or designated recipient's approval, eligible transit providers may also become or remain subrecipients. To receive Section 5310 funds, any recipients other than the Designated Recipient must be subrecipients of the Designated Recipient.
- Private non-profit organizations that provide public transit services in a UZA may only receive Section 5307 funds as a subrecipient if they are carrying out Job Access and Reverse Commute projects as defined in [49 U.S.C. 5302\(10\)](#). Private non-profit organizations are eligible subrecipients of Section 5339(a) funds (for public transportation projects) and for Section 5310 funds (for certain public transportation projects or for certain alternatives to public transportation) made available for use in UZAs.

In addition to new urban area designations, there will be boundary changes to existing small and large UZAs that could impact FTA funding eligibility for certain transit providers. FTA will work directly with the State DOT and MPOs to communicate directly with these providers. A summary of additional changes to select program requirements that apply to a transition from Section 5307 to Section 5311 funds, and vice versa, is provided on the [FTA Census Resources and Information webpage](#). An attachment to this letter summarizes notable changes to select FTA program requirements resulting from the 2020 Census for small and large UZAs as well as rural areas.

In addition to the above-referenced changes in funding allocation and planning structures, the change in population between the 2010 Census and 2020 Census will also affect the amount of Federal transit funding that rural areas and UZAs will receive under both rural and urbanized area formula programs, respectively. A summary of FTA formula factors by program is provided on the [FTA Census Resources and Information webpage](#). For more detailed information on how funding made available under each FTA formula grant program is apportioned, visit [FTA's 'Formula Flowcharts' webpage](#).

If you have any questions, please contact Scot Rastelli, Director of Planning and Program Development, FTA Region 10 at (206) 220-7965 or scot.rastelli@dot.gov.

Sincerely,

Susan Fletcher
Acting Regional Administrator, Region 10
Federal Transit Administration

cc: Ryan Anderson, Commissioner, ADOT&PF
James Marks, Director, ADOT&PF
Eric Taylor, Manager, Transit Program, ADOT&PF
Sandra Garcia-Aline, Division Administrator, FHWA Alaska
Kim Sollien, Matanuska-Susitna Borough
Jennifer Busch, Executive Director, Valley Transit

Enclosure



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March 10, 2023

Jennifer Busch
Executive Director
Valley Transit
225 W Riley Ave
Wasilla, Alaska 99654

RE: 2020 Decennial Census Urbanized Areas of 199,999 or Less in Population

Dear Ms. Busch,

This letter is to inform you of upcoming changes to the Federal Transit Administration's (FTA's) allocation of Urbanized Area Formula Grants (Section 5307) and Formula Grants for Rural Areas (Section 5311), and other FTA formula-based programs authorized by the Bipartisan Infrastructure Law, enacted on November 15, 2021. These changes result from the Census Bureau's recent publication of new urban area boundaries based on 2020 Census data, and will affect how funding is awarded to grantees beginning in Federal Fiscal Year (FY) 2024, which begins on October 1, 2023. Funds apportioned prior to FY 2024 will not be affected and may continue to be used under the terms for which they were originally apportioned. Funds apportioned prior to FY 2024 will not be affected and may continue to be used under the terms for which they were originally apportioned.

Based on the 2020 Census, the Wasilla-Knik-Fairview-North Lakes area is now located in a small UZA (population of 50,000-199,999). This change will impact Valley Transit and any other providers of public transportation in the small UZA. Such public transit providers will be eligible in FY 2024 to receive funding under FTA's Section 5307 Urbanized Area Formula Program and potentially other urban-focused formula programs. For small UZAs, funding will be apportioned to the State to support the transit needs of the small UZA, as well as other small UZAs in the State. Amounts specific to each small UZA are published by FTA for informational purposes only and are non-binding.

In order to receive funding through FTA and other Federal transportation funding programs, transit providers in UZAs are required to participate in the federally prescribed multimodal planning processes of a metropolitan planning organization (MPO). The MPO for the UZA will be required to comply with Federal planning requirements by preparing a Unified Planning Work Program (UPWP), a Metropolitan Transportation Plan (MTP), and a Transportation Improvement Program (TIP). These documents will enable transit providers to receive Section

5307 funding and access funding opportunities from a range of other sources. Funding will also be allocated to the MPO to support transit planning activities, as provided in [49 U.S.C. 5305](#).

The allocation of formula funding to the State for small UZAs in FY 2024 will be based on specific variables set in Federal law. A summary of FTA formula factors by formula program is provided on the [FTA Census Resources and Information webpage](#). For more detailed information on how funding made available under each of the FTA formula grant programs is apportioned, visit [FTA's 'Formula Flowcharts' webpage](#).

The following summarizes other changes that will apply to transit providers in small UZAs that were previously designated as rural or located in a large UZA:

- Transit providers will be eligible to receive funds under the Section 5307 Urbanized Area Formula Program and potentially other formula funds made available for use in small UZAs.
- Transit providers will need to participate in the planning activities of an MPO for that UZA. The MPO, transit providers, and State will be required to coordinate the programming of Federal transit funding.
- Transit providers that are eligible public entities may elect to become or remain a direct recipient of FTA funds. Direct recipients are subject to oversight by FTA, which includes additional reporting requirements and compliance reviews (e.g., triennial reviews).
- With the State's approval, transit providers that are eligible public entities may also become or remain subrecipients of the State. To receive Section 5310 (Enhanced Mobility of Seniors & Individuals with Disabilities Program) funds, any recipients other than the State must be subrecipients of the State.
- Private non-profit organizations that provide public transit services in small UZAs may only receive Section 5307 funds as a subrecipient if they are carrying out Job Access and Reverse Commute projects as defined in [49 U.S.C. 5302\(10\)](#). Private non-profit organizations are eligible subrecipients of Section 5339(a) (Buses and Bus Facilities Formula Program) funds for public transportation projects and for Section 5310 funds (for certain public transportation projects and certain alternative to public transportation) made available for use in UZAs.
- Except for those operators for which safety is regulated by another Federal agency, transit providers that receive Section 5307 funds are required by the Public Transportation Agency Safety Plan (PTASP) regulation at 49 CFR part 673 to have an Agency Safety Plan (ASP) in place. The ASP of transit providers that serve a small UZA must be developed in cooperation with frontline employee representatives and incorporate applicable PTASP requirements as defined in [49 U.S.C. 5329\(d\)](#).
- Recipients will need to be in compliance with applicable FTA requirements and have completed the FTA Certifications and Assurances before FTA can award FY 2024 funding.

A summary of additional changes to select program requirements that apply to a change in area designation, along with other information on the 2020 Census, is provided on the [FTA Census Resources and Information](#) webpage.

For general guidance related to the Section 5307 program, please consult [FTA Circular 9030.1E](#) (Urbanized Area Formula Program: Program Guidance and Application Instructions). An attachment to this letter summarizes notable changes to select FTA program requirements resulting from the 2020 Census for small and large UZAs as well as rural areas.

If you have any questions, please contact Scot Rastelli, Director of Planning and Program Development, FTA Region 10 at (206) 220-7965 or scot.rastelli@dot.gov.

Sincerely,

Susan Fletcher
Acting Regional Administrator, Region 10
Federal Transit Administration

cc: Ryan Anderson, Commissioner, ADOT&PF
James Marks, Director, ADOT&PF
Eric Taylor, Manager, Transit Program, ADOT&PF
Sandra Garcia-Aline, Division Administrator, FHWA Alaska
Kim Sollien, Matanuska-Susitna Borough

Enclosure

NOTABLE CHANGES TO SELECT FTA PROGRAM REQUIREMENTS RESULTING FROM THE 2020 CENSUS

SCENARIO 1: Recipient is now in a large urban area (UZA) (200,000+ in population) receiving Section 5307 funds

1. **Fares Charged to Seniors and Persons with Disabilities During Nonpeak Hours:** Per [49 U.S.C. 5307\(c\)\(1\)\(D\)](#), Section 5307 recipients must certify that the fares charged to seniors, individuals with disabilities, or individuals presenting a Medicare card during nonpeak hours, for transportation using or involving a facility or equipment of a project financed under this section, are not more than 50 percent of the peak-hour fare, regardless of whether the service is provided by the recipient or by another entity under contract, lease, or other arrangement. This requirement applies only to fixed-route services and is not applicable to demand-responsive services, services that operate only during peak hours, or services that operate only during off-peak hours. More information on this requirement is available in [FTA Circular 9030.1E](#) (Urbanized Area Formula Program: Program Guidance and Application Instructions).
2. **Public Comment on Fare and Service Changes:** Per [49 U.S.C. 5307\(c\)\(1\)\(I\)](#), Section 5307 recipients must certify that they have a locally developed process to solicit and consider public comment before raising a fare or implementing a major reduction of public transportation service. Additional information on this requirement is available in FTA Circulars [9030.1E](#) (Urbanized Area Formula Program: Program Guidance and Application Instructions) and [4702.1B](#) (Title VI Requirements and Guidelines for Federal Transit Administration Recipients).
3. **Minimum Expenditure on Public Transportation Security Projects:** Per [49 U.S.C. 5307\(c\)\(1\)\(J\)](#) and [FTA Circular 9030.1E](#), each State or designated recipient of Section 5307 funds must certify that, of the amount apportioned to a UZA in a fiscal year, the recipients within the UZA will collectively expend at least one (1) percent of that amount on “public transportation security projects,” or the State or designated recipient(s) must certify that such expenditures for security projects are unnecessary.
4. **Limitations on Use of Funds for Operating Assistance:** Recipients in small UZAs may use Section 5307 funds for operating assistance with no limitation on the amount of their apportionment that can be used for that purpose. However, per [49 U.S.C. 5307\(a\)\(2\)](#), recipients in large UZAs may not use Section 5307 funds for operating assistance unless they operate 100 or fewer buses in fixed-route service or in demand-response service, excluding ADA complementary paratransit service, during peak service hours.

Systems that operate 100 or fewer buses in fixed-route service or in demand-response service during peak service hours may use a variable percentage of their UZA’s 5307 apportionment for operating assistance as follows:

- a. **Minimum of 76 buses and a maximum of 100 buses:** No more than 50 percent of the share of the urbanized area’s Section 5307 apportionment that is attributable to the applicable operator within the urbanized area as measured by vehicle revenue hours; and

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NOTABLE CHANGES TO SELECT FTA PROGRAM REQUIREMENTS RESULTING FROM THE 2020 CENSUS

- b. 75 or fewer buses:** No more than 75 percent of the share of the urbanized area's Section 5307 apportionment is attributable to the applicable operator within the urbanized area as measured by vehicle revenue hours.

Section 5307 funds may not be used for rail fixed-guideway operating assistance but may be used for all other modes.

5. **Minimum Expenditure on Safety-Related Projects:** Per [49 U.S.C. 5329\(d\)\(4\)\(B\)](#), recipients of Section 5307 funds that serve large UZAs must use not less than 0.75 percent of their Section 5307 funds for safety-related projects, unless the recipient is exempt from Public Transportation Agency Safety Plan (PTASP) requirements. Unlike the requirement that designated recipients for UZAs set aside at least one (1) percent of their Section 5307 funds for security-related projects unless they certify that funds are not needed for that purpose, there are no exemptions from this requirement via certification. The 0.75 percent minimum expenditure requirement for safety-related projects applies to each recipient and grant application within a UZA and cannot be satisfied as a total expenditure for the UZA as a whole.
6. **Public Transportation Agency Safety Plans (PTASP):** Per 49 U.S.C. 5329(d), recipients of Section 5307 funds must have an Agency Safety Plan (ASP) under the PTASP regulation at 49 CFR part 673 and recipients that serve a large UZA must certify that they have an ASP approved by the agency's joint labor-management Safety Committee. For more information, visit the PTASP Technical Assistance Center at <https://www.transit.dot.gov/PTASP-TAC>
7. **Service Equity Analyses for Major Service Changes:** In accordance with [FTA Circular 4702.1B](#) (Title VI Requirements and Guidelines for Federal Transit Administration Recipients), recipients of Federal financial assistance that operate 50 or more fixed-route vehicles in peak service and are located in a UZA of 200,000 or more in population must conduct, prior to implementation, service equity analyses for all major service changes in order to determine whether those changes have a discriminatory impact. More information on these requirements is available in [FTA Circular 4702.1B](#).
8. **Drug & Alcohol Testing:** A drug and alcohol testing program is required of both Section 5307 and Section 5311 recipients and subrecipients. Maintenance contractors are exempt from a required drug and alcohol testing program for Section 5311 and small UZA Section 5307 recipients and subrecipients, but not for large UZA Section 5307 recipients. More information on FTA's drug and alcohol testing program requirements and their applicability to various safety-sensitive functions is available at: <https://www.transit.dot.gov/drug-alcohol-program>.
9. **Transit Asset Management:** If the recipient operates more than 100 vehicles, it is a Tier I provider and must complete a full transit asset management plan (TAM Plan). More info can be found at www.transit.dot.gov/tam
10. **National Transit Database Reporting:** If the recipient does not already have an urban reporting ID, it must obtain one and begin completing a stand-alone urbanized area NTD report. More info can be found at: www.transit.dot.gov/ntd

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NOTABLE CHANGES TO SELECT FTA PROGRAM REQUIREMENTS RESULTING FROM THE 2020 CENSUS

SCENARIO 2: Recipient is now in a small UZA (50,000-199,999 in population) receiving Section 5307 funds

1. **Fares Charged to Seniors and Persons with Disabilities During Nonpeak Hours:** Per [49 U.S.C. 5307\(c\)\(1\)\(D\)](#), Section 5307 recipients must certify that the fares charged to seniors, individuals with disabilities, or individuals presenting a Medicare card during nonpeak hours, for transportation using or involving a facility or equipment of a project financed under this section, are not more than 50 percent of the peak-hour fare, regardless of whether the service is provided by the recipient or by another entity under contract, lease, or other arrangement. This requirement applies only to fixed-route services and is not applicable to demand-responsive services, services that operate only during peak hours, or services that operate only during off-peak hours. More information on this requirement is available in [FTA Circular 9030.1E](#) (Urbanized Area Formula Program: Program Guidance and Application Instructions).
2. **Public Comment on Fare and Service Changes:** Per [49 U.S.C. 5307\(c\)\(1\)\(I\)](#), Section 5307 recipients must certify that they have a locally developed process to solicit and consider public comment before raising a fare or implementing a major reduction of public transportation service. Additional information on this requirement is available in FTA Circulars [9030.1E](#) (Urbanized Area Formula Program: Program Guidance and Application Instructions) and [4702.1B](#) (Title VI Requirements and Guidelines for Federal Transit Administration Recipients).
3. **Minimum Expenditure on Public Transportation Security Projects:** Per [49 U.S.C. 5307\(c\)\(1\)\(J\)](#) and [FTA Circular 9030.1E](#), each State or designated recipient of Section 5307 funds must certify that, of the amount apportioned to a UZA in a fiscal year, the recipients within the UZA will collectively expend at least one (1) percent of that amount on “public transportation security projects,” or the State or designated recipient(s) must certify that such expenditures for security projects are unnecessary.
4. **Use of Funds for Operating Assistance:** Unlike recipients in large UZAs, recipients in small UZAs may use Section 5307 funds for operating assistance with no limitation.
5. **Minimum Expenditure on Safety-Related Projects:** Unlike recipients in large UZAs, recipients in small UZAs are not required to expend a minimum of 0.75 percent of their Section 5307 funds on safety-related projects.
6. **Service Equity Analyses for Major Service Changes:** Unlike large UZA recipients of Federal financial assistance that operate fifty or more fixed-route vehicles in peak service, small UZA recipients of Federal financial assistance are not required to conduct service equity analyses for all major service changes to determine whether those changes have a discriminatory impact. However, the requirement that all providers of fixed-route public transportation adopt systemwide service policies to ensure service design and operations practices do not result in discrimination on the basis of race, color, or national origin remains applicable. More information on these requirements is available in [FTA Circular 4702.1B](#).
7. **Drug & Alcohol Testing:** A drug and alcohol testing program is required of all small and large UZA Section 5307 recipients and subrecipients. However, unlike large UZA Section 5307 recipients and subrecipients, maintenance contractors are exempt from a required drug and alcohol testing program for small UZA Section 5307 recipients and subrecipients. More information on FTA’s drug and alcohol testing program requirements and their applicability to various safety-

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NOTABLE CHANGES TO SELECT FTA PROGRAM REQUIREMENTS RESULTING FROM THE 2020 CENSUS

sensitive functions is available at: <https://www.transit.dot.gov/drug-alcohol-program>.

8. **Public Transportation Agency Safety Plans (PTASP):** Per [49 U.S.C. 5329\(d\)](#), recipients of Section 5307 funds that must have an Agency Safety Plan (ASP) under the PTASP regulation at 49 CFR part 673 and do not serve a large UZA must certify that they have an ASP developed in cooperation with frontline employee representatives. Additionally, the Bipartisan Infrastructure Law requires agencies to address strategies to minimize exposure to infectious diseases, consistent with guidelines of the Centers for Disease Control and Prevention or a State health authority. FTA guidance provides that each transit agency should consider identifying mitigations or strategies related to exposure to infectious diseases through the safety risk management process described in the agency's ASP. For more information, visit the PTASP Technical Assistance Center at <https://www.transit.dot.gov/PTASP-TAC>
9. **Transit Asset Management:** If the recipient operates more than 100 vehicles, it is a Tier I provider and must complete a full transit asset management plan (TAM Plan). More info can be found at www.transit.dot.gov/tam
10. **National Transit Database Reporting:** If the recipient does not already have an urban reporting ID, it must obtain one and begin completing a stand-alone urbanized area NTD report. More info can be found at: www.transit.dot.gov/ntd

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NOTABLE CHANGES TO SELECT FTA PROGRAM REQUIREMENTS RESULTING FROM THE 2020 CENSUS

SCENARIO 3: Recipient is now receiving Section 5311 funds

1. **Use of Funds for Operating Assistance:** Section 5311 recipients and subrecipients may use funds for operating assistance with no limitation on the amount that can be used for that purpose.
2. **Fares Charged to Seniors and Persons with Disabilities During Nonpeak Hours:** Section 5311 recipients and subrecipients are not required to offer reduced fares on fixed-route service to seniors, individuals with disabilities, or individuals presenting a Medicare card during nonpeak hours.
3. **Public Comment on Fare and Service Changes:** Section 5311 recipients and subrecipients are not required to have a locally developed process to solicit and consider public comment before raising a fare or implementing a major reduction of public transportation service. Providing ample notice of changes is a good practice.
4. **Ensuring Nondiscrimination when Adopting Service and Fare Changes:** Rural recipients of Federal financial assistance that operate fixed route service are required to review their policies and practices to ensure their service and fare changes do not result in a discriminatory impact. Although a Title VI equity analysis is not required, rural recipients shall use their public participation plans and language access plans to promote inclusive public participation and provide meaningful access to limited English proficient (LEP) individuals. More information on these requirements is available in [FTA Circular 4702.1B](#).
5. **Drug & Alcohol Testing:** A drug and alcohol testing program is required of all Section 5311 recipients and subrecipients. More information on FTA's drug and alcohol testing program requirements and their applicability to various safety-sensitive functions is available at: <https://www.transit.dot.gov/drug-alcohol-program>.
6. **Transit Asset Management:** If the recipient operates more than 100 vehicles, it is now eligible to complete a reduced transit asset management plan (TAM Plan) as a Tier II provider. More info can be found at <http://www.transit.dot.gov/tam>
7. **National Transit Database Reporting:** The recipient may elect to become part of the statewide rural NTD report. More info can be found at: www.transit.dot.gov/ntd

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