

City Talk Article for April 12, 2023  
City Manager's Office  
Robert Weber, transit administrator

### **Public transit funding**

People often ask me how the city will pay for its new transit program, which is certainly a reasonable question and deserves an answer. I hope to help outline the different types of funding available and specifically, how the Sedona transit system will be funded.

Public transit systems in the U.S. are typically funded using a mix of federal, state, local and system-generated funds (i.e., passenger fares/advertising revenue, etc.). However, most systems heavily rely upon federal funding to pay for the lion's share of their transit capital costs like buses and transit facilities.

While the Federal Transit Administration (FTA) does offer some formula funding that can be used for operating expenses, most of these programs are weighted toward capital projects.

Leveraging federal funds:

In most cases, Federal grants require the applicant to provide a local match. Most FTA capital grants will provide up to 80% - 85% of the total capital expense; however, the applicant will be required to provide a local match for the remainder of the total project cost. When you consider paying only \$0.15 - \$0.20 on the dollar for a new transit bus or bus facility, you can see how leveraging federal funds with local money makes sense.

State Transportation Assistance (STA) funds:

Most states provide State Transit or Transportation Assistance (STA) funding, which can also be used toward the local match for federal grants, further reducing the transit provider's local subsidy. Unfortunately, the Arizona Transit Association has told us that Arizona is one of only four states in the union that do not provide any form of STA funding. The city considers this an additional, potential funding opportunity that should be pursued, which is why we will continue to advocate at the state legislative level that this type of funding exist. The Northern Arizona Council of Governments (NACOG) is also advocating that some form of STA funding be made available for public transit - particularly in rural areas.

Funding public transit in Sedona:

Since June 2020, the city has been awarded over \$1.7 million in FTA grant funding to support the development of its new transit system. These funds have been allocated to subsidize administrative, planning and capital expenses to include a portion of the operating costs for the planned microtransit service (coming later this year).

The city uses revenue from the ½ cent transportation local sales tax to fund the local match required to leverage these federal funds.

As the system continues to grow ridership and the city proves to be a responsible grant recipient, additional FTA funding opportunities will become available to continue to support Sedona's transit system.

City staff is also actively pursuing additional Federal grant opportunities through the U.S. Department of Transportation Federal Highway Administration for funding the construction of a transit maintenance and operations center that is planned out by the Wastewater Treatment Plant, as well as funding for the operating costs for the trailhead shuttle program.

Learn more about the city's transit plans at [www.sedonaaz.gov/transit](http://www.sedonaaz.gov/transit).

To sign up for updates on the city's planned Microtransit service and other information on the "Sedona Shuttle" public transportation system, please visit: [www.SedonaShuttle.com](http://www.SedonaShuttle.com).