



ATL

Today's Funding Landscape

How Transit in the Atlanta
Region Is Funded

Prepared by InfraStrategies LLC

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Introduction

This technical memorandum provides an overview of existing funding sources for transit, current fare structures and key initiatives, and planned major transit improvements in the Atlanta region. The purpose of this memorandum is to document the current state of transit funding in the region and to support the Atlanta-Region Transit Link Authority (ATL) in developing a regional transit financial plan and identifying financial strategies to advance transit in the Atlanta region. This memorandum is divided into the following major sections:

- > **Section 1** begins with an overview of the existing operating and capital revenue sources used for agency expenditures as reported to the National Transit Database (NTD), focusing on the region's 11 largest transit operators: Metropolitan Atlanta Rapid Transit Authority (MARTA), CobbLinc, Gwinnett County Transit (GCT), Xpress, Cherokee Area Transportation System (CATS), Connect Douglas, Coweta County Transit, Center for Pan Asian Community Services (CPACS), Henry County Transit, Forsyth County Dial-a-Ride, and Paulding County Transit.
- > **Section 2** provides additional detail on each of the federal, state, and local funding sources that are currently used to fund transit capital and operating expenditures in the Atlanta region.
- > **Section 3** summarizes the current fare structures, revenue, and other key fare revenue indicators, and the ATL's ongoing study to advance Atlanta's first unified, regional fare policy.
- > **Section 4** summarizes the major planned capital improvements and other key transit initiatives currently being advanced in the Atlanta region that are partially funded using existing local sales tax revenue or state sources.
- > **Section 5** outlines next steps that will be covered as part of future tasks under this work.

Section 1. Today's Funding Landscape

The Atlanta region's 11 largest transit operators reported a total of \$726.0 million in operating and \$312.6 million in capital expenditures to the NTD in 2019. While the region's largest transit operator, MARTA, is largely funded through dedicated sales tax revenue and federal formula funds, the other transit operators in the region are primarily funded through federal formula funds and county general funds. Until recently, Georgia had provided only a small amount of transit funding from the State General Fund primarily for the Georgia Department of Transportation (GDOT), the ATL, and the Xpress commuter bus system. Future reports to NTD may report higher state funding shares with the recent approval of dedicated state transit funding in 2020 and the creation of the Georgia Transit Trust Fund in 2021. Additional information on the current state funding landscape is provided in Section 3.

Atlanta Region Transit Operating Sources

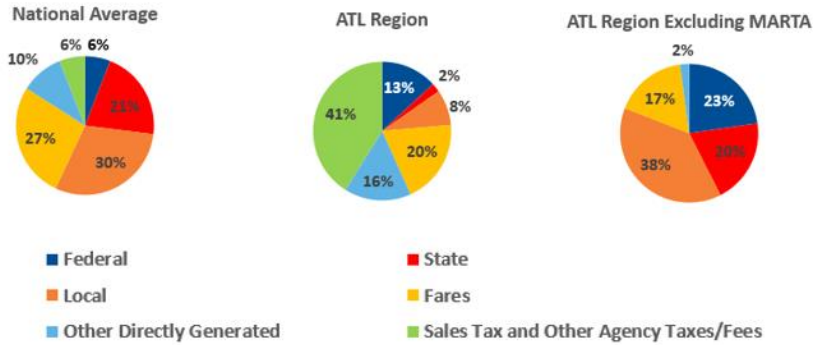
The Atlanta region primarily funds transit operations using sales tax revenue (41 percent), which is supplemented by fare revenue (20 percent), other directly generated agency revenue¹ (16 percent), federal funds (13 percent), local contributions (8 percent), and state funds (2 percent).

Figure 1 summarizes the 2019 operating revenue sources in the Atlanta region, with and without MARTA, compared to national averages.²

¹ Other directly generated revenue include agency revenue derived from parking, concessions, advertising, purchased transportation, and other directly generated agency revenue.

² National averages indicated as reported to NTD in 2018 for all agencies in Metropolitan Statistical Areas (MSAs) with population estimate greater than 2,000,000 excluding New York-Newark-Jersey City, NY-NJ-PA and Los Angeles, Long Beach-Anaheim, CA.

FIGURE 1
Operating Expenditures by Revenue Source, 2019



Source: Derived from the National Transit Database, 2019.

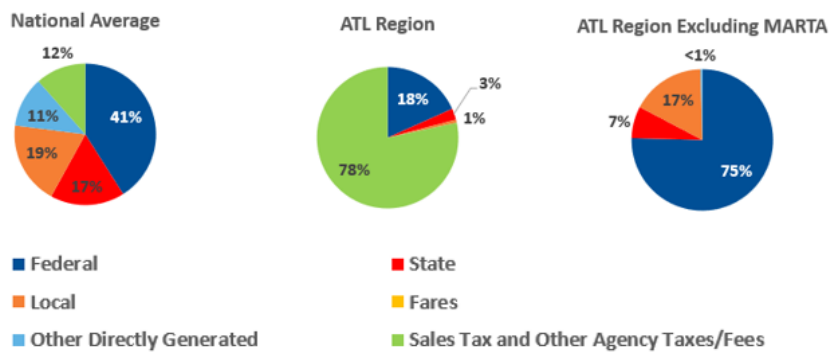
Note: For the purposes of this report, sales taxes and other reported agency taxes and fees are shown separately from other directly generated revenue reported to the NTD. Additional sales tax and other tax and fee revenue may also be included as part of the local category of the national average.

The Atlanta region’s 11 largest transit operators reported a total of \$726.0 million in operating expenditures in 2019, which is divided into six primary funding categories: federal, state, local, fares, other directly generated, and sales tax and other agency taxes and fees. The first three categories refer to the level of government from which the funding originates. For example, federal formula funds are reported in the federal funding category and state operating assistance is reported in the state funding category. Fare revenue is defined as all income directly earned from carrying passengers. Other directly generated includes any revenue generated by or donated directly to the transit agency, including advertising and parking revenue. Sales taxes and other agency taxes may include revenue derived from sales taxes, property taxes, and other taxes imposed by a transit agency. For MARTA, dedicated sales tax revenue accounted for 46 percent of the agency’s 2019 operating expenditures. Relative to national averages, sales tax and directly generated operating revenue makes up a significantly larger portion of all operating expenditures in the Atlanta region. Conversely, state funding, local funding, and fare revenue make up smaller portions of the Atlanta region’s operating expenditures compared to the national average. Collectively, these funding sources account for 30 percent of all operating expenditures in the Atlanta region compared to the 78 percent national average. Excluding MARTA, the other transit providers in the Atlanta region rely less on fares and more heavily on federal and local funding sources compared to national averages.

Atlanta Region Transit Capital Sources

The Atlanta region primarily funds transit capital needs using sales tax revenue (78 percent), which is supplemented by federal funds (18 percent), state funds (3 percent), and local contributions (less than 1 percent). **Figure 2** summarizes the 2019 capital revenue sources used in the Atlanta region, with and without MARTA, compared to national averages.

FIGURE 2
Capital Expenditures by Revenue Source, 2019



Source: Derived from the National Transit Database, 2019
 Note: For the purposes of this report, sales taxes and other reported agency taxes and fees are shown separately from other directly generated revenue reported to the NTD. Additional sales tax and other tax and fee revenue may also be included as part of the local category of the national average.

The Atlanta region’s 11 largest transit operators reported a total of \$312.6 million in capital expenditures in 2019. For MARTA, dedicated sales tax revenue accounted for 82 percent of the agency’s 2019 capital expenditures. Relative to national averages, federal funding in the Atlanta region funds a smaller proportion of capital expenditures primarily due to MARTA’s significant use of sales tax revenue for capital needs; excluding MARTA, federal funding accounts for 75 percent of all capital transit expenditures compared to the 41 percent national average. With MARTA (3 percent) and without MARTA (7 percent), state funding was significantly lower than the national average of 17 percent.

Operating and Capital Revenue Sources by Transit Operator

The following section documents the operating and capital revenue sources currently used by each of the 11 largest transit operators in the Atlanta region. Operators are summarized in descending order according to each agency's total annual operating expenditures. Following MARTA's \$650 million in 2019 operating expenditures, CobbLinc, GCT, and Xpress are the next three largest agencies, with annual operating expenditures between \$18 million and \$26 million. CATS, Connect Douglas, Coweta, CPACS, Forsyth, Henry, and Paulding have operating expenditures of \$3 million or less.

Metropolitan Atlanta Rapid Transit Authority

Metropolitan Atlanta Rapid Transit Authority (MARTA) provides heavy-rail, streetcar, fixed route, and demand-response services in Fulton, Clayton, and DeKalb counties. The agency is primarily funded through a 1% sales tax in Fulton County, DeKalb County, and Clayton County and a 1.5% sales tax in the City of Atlanta. MARTA reported \$539.0 million in sales tax revenue in 2019. In addition, MARTA reported \$125.3 million in federal funds in 2019 from the following programs:

- > FTA Urbanized Area Formula Program (5307)
- > FTA Bus and Bus Facilities (5339)
- > FTA State of Good Repair (5337)
- > Federal Highway Administration (FHWA) Federal Formula Funds (e.g., Surface Transportation Program, Congestion Mitigation Air Quality, and Transportation Alternatives Program)
- > Other Federal Funds (e.g., funding from departments of the federal government other than transportation, including the Department of Homeland Security)

MARTA also reported \$242.4 million in directly generated revenue in 2019, which may include fare revenue, parking revenue, concessions, advertising, and purchased transportation.³ MARTA reported a total of \$31.3 million in local funds in 2019, including revenue from a portion of the title ad valorem tax revenue collected within Fulton, DeKalb, and Clayton counties. The State has historically provided little to no funding to MARTA on an annual basis; however, MARTA reported an abnormally large allocation (\$7.2 million) of state funding in 2019 to the NTD, which was likely related to the State's

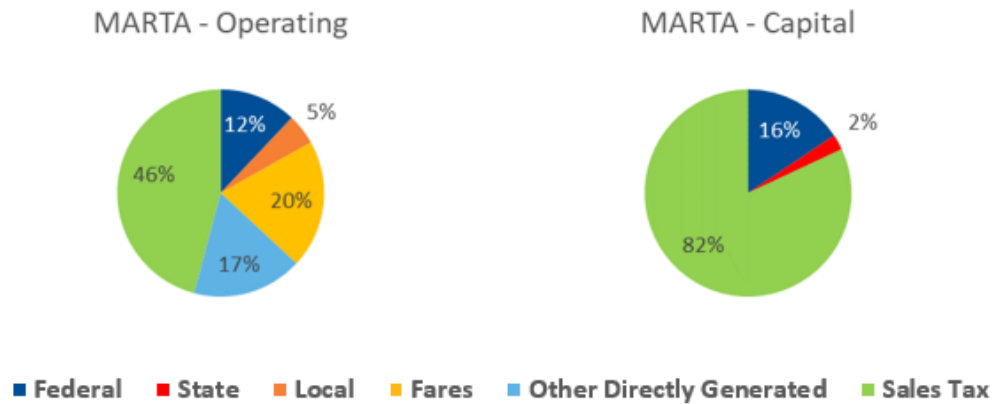
³ Purchased transportation is the revenue accrued by a seller of transportation services through purchased transportation (PT) agreements, not including passenger fares for PT services from service provided under the PT agreement.

continued participation in the procurement of clean fuel buses, rail projects, and American with Disabilities Act paratransit vehicles and assistance.

MARTA’s operating and capital expenditures accounted for \$650.7 million and \$298.9 million respectively in 2019. Operating expenditures were largely funded by sales tax revenue (46 percent) followed by fare revenue (20 percent), other directly generated revenue (17 percent), federal funds (12 percent), and local sources (5 percent).

Capital expenditures were primarily funded by sales tax (82 percent) followed by federal funds (12 percent) and state sources (2 percent). **Figure 3** provides a detailed breakdown of MARTA’s operating and capital sources.

FIGURE 3
MARTA Operating and Capital Sources, 2019



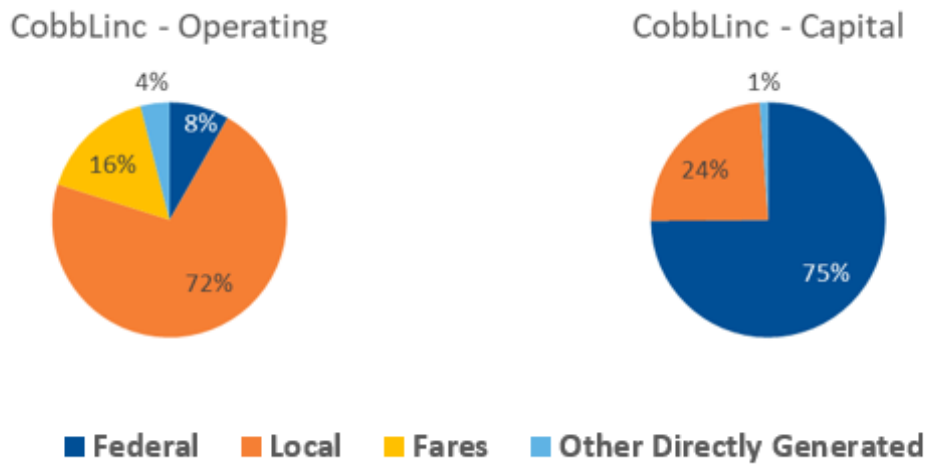
Source: ATL Annual Report and Audit 2020, derived from the National Transit Database, 2019

CobbLinc

CobbLinc is the region’s second-largest transit agency by ridership and service, with fixed-route and demand-response service in Cobb County and commuter bus service to Atlanta. In 2019, the agency reported \$5.7 million in federal funds from the FTA Urbanized Area Formula Program (5307), Bus and Bus Facilities (5339), FTA State of Good Repair (5337), and other FTA funds. CobbLinc reported \$18.9 million from the County General Fund and \$4.7 million in directly generated revenue (e.g., purchased transportation, advertising).

CobbLinc’s operating and capital expenditures accounted for \$22.9 million and \$5.1 million respectively in 2019. **Figure 4** provides a detailed breakdown of CobbLinc’s operating and capital sources.

FIGURE 4
CobbLinc Operating and Capital Sources, 2019



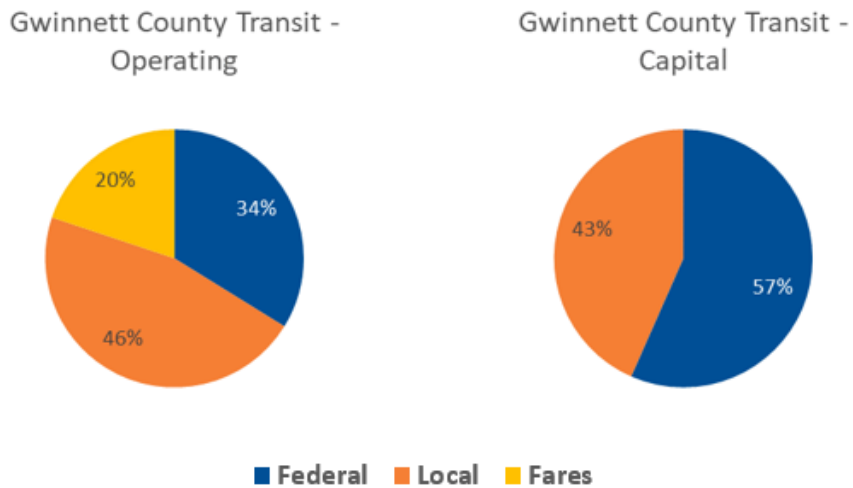
Source: ATL Annual Report and Audit 2020, derived from the National Transit Database, 2019

Gwinnett County Transit

Gwinnett County Transit (GCT) provides fixed-route and paratransit service in Gwinnett County and commuter bus service to Atlanta. In 2019, the agency reported \$7.1 million in federal funds from the FTA Urbanized Area Formula Program (5307) and Bus and Bus Facilities (5339). GCT reported \$9.0 million from the County General Fund and \$3.6 million in fare revenue.

GCT’s operating and capital expenditures accounted for \$18.3 million and \$1.6 million respectively in 2019. **Figure 5** provides a detailed breakdown of GCT’s operating and capital sources.

FIGURE 5
Gwinnett County Transit Operating and Capital Sources, 2019



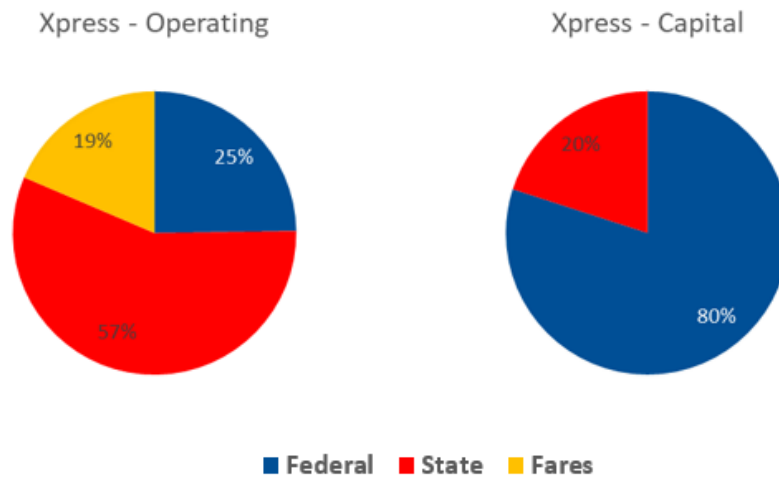
Source: ATL Annual Report and Audit 2020, derived from the National Transit Database, 2019

Xpress

Xpress operates a 12-county commuter bus service and a vanpool service. Xpress is governed by the ATL and provides service from Cherokee, Clayton, Cobb, Coweta, DeKalb, Douglas, Forsyth, Fulton, Gwinnett, Henry, Paulding, and Rockdale counties. Xpress receives state support annually for operations, which is supplemented by federal funds and fare revenue.

Xpress’s operating and capital expenditures accounted for \$26.2 million and \$4.6 million respectively in 2019. **Figure 6** provides a detailed breakdown of Xpress’s operating and capital sources.

FIGURE 6
Xpress Operating and Capital Sources, 2019



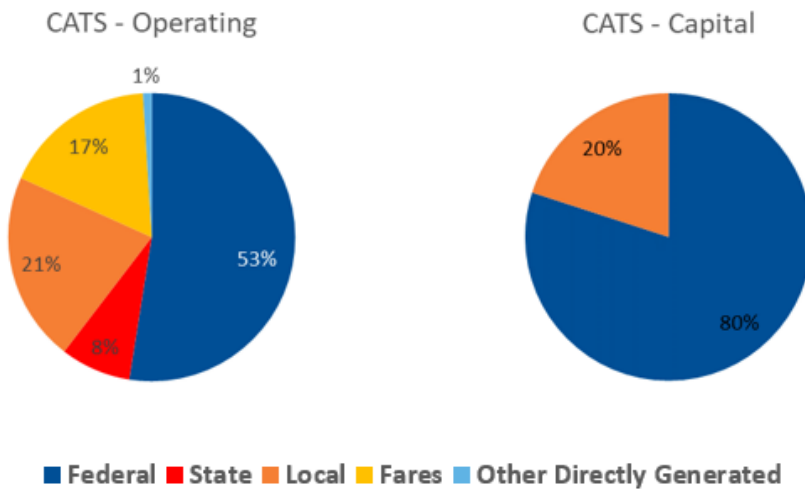
Source: ATL Annual Report and Audit 2020, derived from the National Transit Database, 2019

Cherokee Area Transportation System

The Cherokee Area Transportation System (CATS) provides fixed route, vanpool, paratransit, and demand-response service in Cherokee County. The agency reported \$788,859 in federal funds in 2019, including FTA Urbanized Area Formula Program (5307) and Bus and Bus Facilities (5339), FTA Rural Transit Program (5311), and other FTA funds in 2019. Other sources of revenue include state funds, County General Funds, and fare revenue.

CATS’s operating and capital expenditures accounted for \$1.3 million and \$102,080 respectively in 2019. **Figure 7** below provides a detailed breakdown of CATS’s operating and capital sources.

FIGURE 7
CATS Operating and Capital Sources, 2019



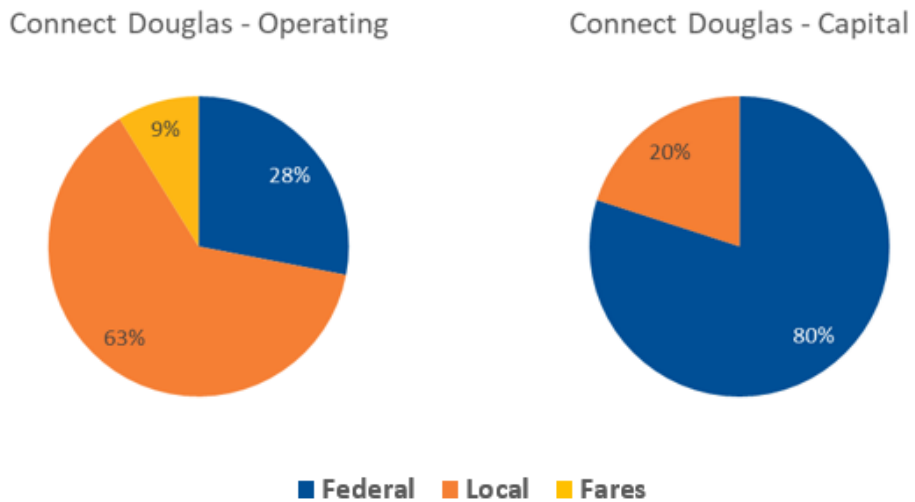
Source: ATL Annual Report and Audit 2020, derived from the National Transit Database, 2019
 Note: Other directly generated revenue includes purchased transportation and other (e.g., revenue directly generated by the transit agency not including fare revenue, parking, concessions, advertising, purchased transportation).

Connect Douglas

Connect Douglas provides fixed route, demand-response, and vanpool service in Douglas County. The agency reported \$1.7 million in federal funds from the FTA Urbanized Area Formula Program (5307) and Bus and Bus Facilities (5339) in 2019. The agency also reported \$1.9 million from the County General Fund and \$238,000 in fare revenue.

Connect Douglas’s operating and capital expenditures accounted for \$2.7 million and \$1.2 million respectively in 2019. **Figure 8** provides a detailed breakdown of Connect Douglas’s operating and capital sources.

FIGURE 8
Connect Douglas Operating and Capital Sources, 2019



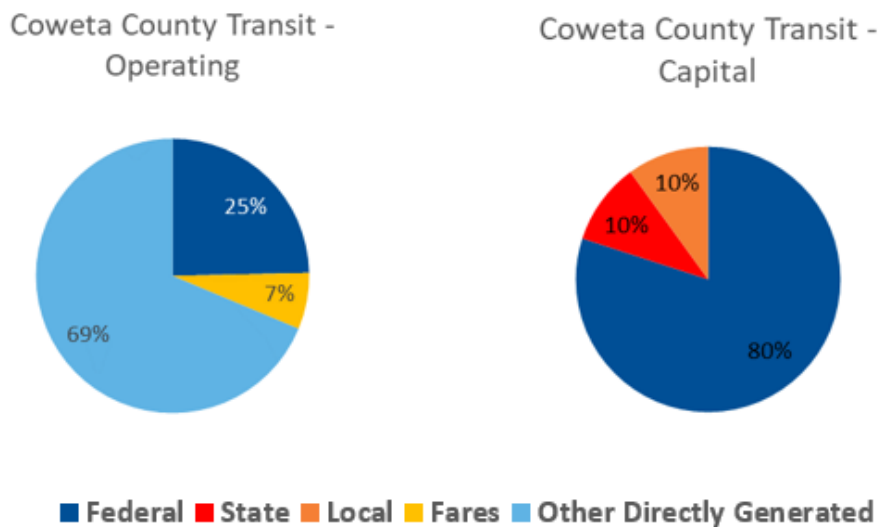
Source: ATL Annual Report and Audit 2020, derived from the National Transit Database, 2019

Coweta County Transit

Coweta County Transit provides demand-response service in Coweta County. The agency reported \$193,118 in federal funds from the FTA Rural Program (5311) in 2019. Other sources of revenue include state matching funds, County General Funds, and directly generated revenue such as fare revenue and purchased transportation.

Coweta County Transit’s operating and capital expenditures accounted for \$367,315 and \$128,303 respectively in 2019. **Figure 9** provides a detailed breakdown of Coweta County Transit’s operating and capital sources.

FIGURE 9
Coweta County Transit Operating and Capital Sources, 2019



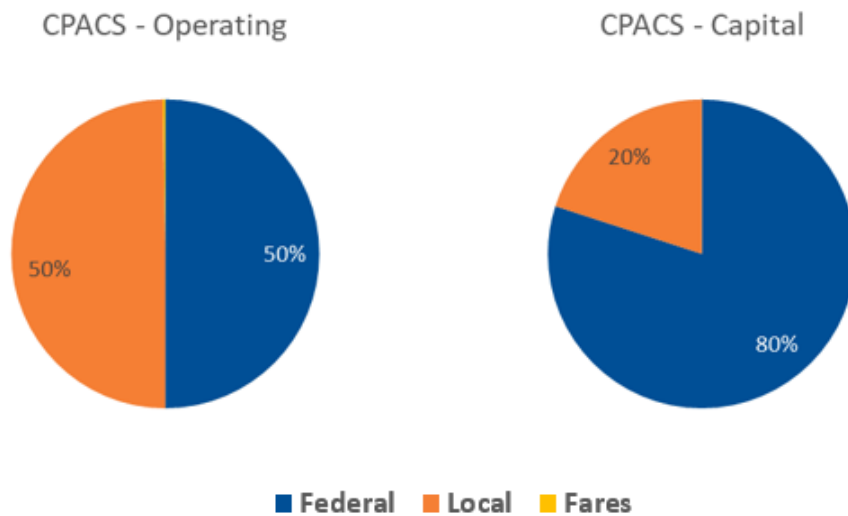
Source: ATL Annual Report and Audit 2020, derived from the National Transit Database, 2019

Center for Pan Asian Community Services

The Center for Pan Asian Community Services (CPACS) operates transit service in DeKalb and Gwinnett counties. CPACS transit service is funded using federal and local sources, with fare collection accounting for less than 1 percent of total operating revenue in 2019.

The CPACS’s operating and capital expenditures accounted for \$833,730 and \$257,495 respectively in 2019. **Figure 10** below provides a detailed breakdown of CPACS’s operating and capital sources.

FIGURE 10
CPACS Operating and Capital Sources, 2019



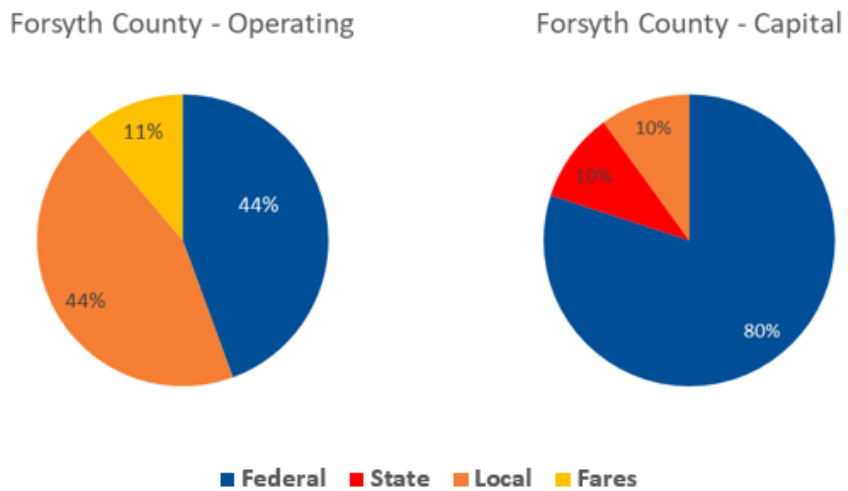
Source: ATL Annual Report and Audit 2020, derived from the National Transit Database, 2019
Note: Fares account for less than 1 percent of CPACS’s operating revenue.

Forsyth County Dial-a-Ride

Forsyth County operates dial-a-ride demand-response service. Forsyth County reported \$317,885 in federal funds from the FTA Rural Program (5311) in 2019. Other sources include state matching funds, County General Funds, and fare revenue.

Forsyth County Dial-a-Ride’s operating and capital expenditures accounted for \$384,292 and \$184,018 respectively in 2019. **Figure 11** below provides a detailed breakdown of Forsyth County Dial-a-Ride’s operating and capital sources.

FIGURE 11
Forsyth County Dial-a-Ride Operating and Capital Sources, 2019



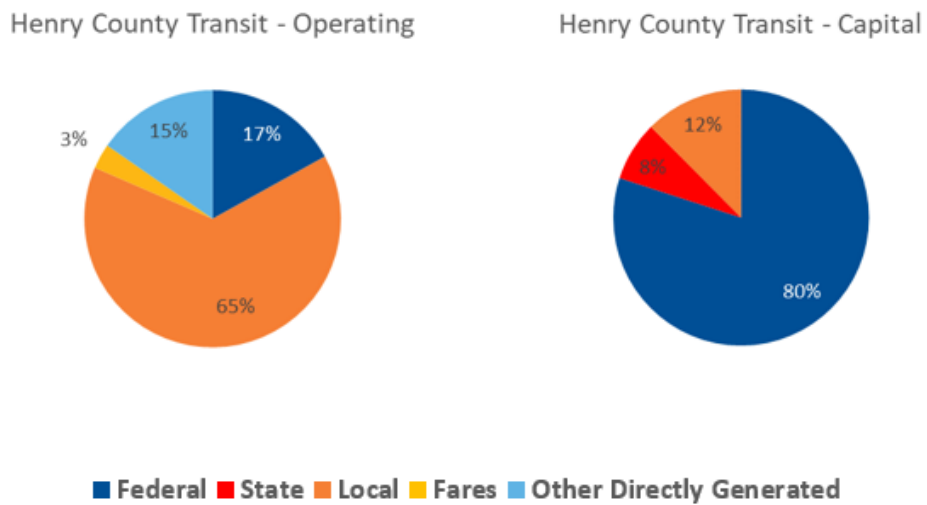
Source: National Transit Database, 2019

Henry County Transit

Henry County Transit provides demand-response service in Henry County. The agency reported \$785,878 in federal funds from the FTA Urbanized Area Formula Program (5307) and Bus and Bus Facilities (5339), FTA Rural Transit Program (5311), and other FTA funds in 2019. Other sources of revenue include state matching funds, County General Funds, and fare revenue.

Henry County Transit’s operating and capital expenditures accounted for \$2.1 million and \$535,443 respectively in 2019. **Figure 12** Error! Reference source not found. present a detailed breakdown of Henry County Transit’s operating and capital sources.

FIGURE 12
Henry County Transit Operating and Capital Sources, 2019



Source: ATL Annual Report and Audit 2020, derived from the National Transit Database, 2019

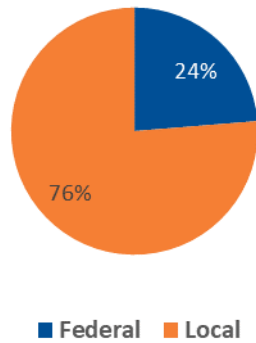
Paulding County Transit

Paulding County Transit operates vanpool service. Paulding County reported \$58,951 in federal funds from the FTA Rural Program (5311) in 2019. The remaining operating expenditures were funded by County General Funds.

Paulding County Transit's operating expenditures accounted for \$248,788 in 2019. No capital expenditures were reported to the NTD in 2019. **Figure 13** below provides a detailed breakdown of Paulding County Transit's operating sources.

FIGURE 13
Paulding County Operating Sources, 2019

Paulding County Transit - Operating



Source: National Transit Database, 2019

Section 2. Existing Transit Funding in the ATL Region

Table 1 outlines the transit funding sources currently used in the Atlanta region on the federal, state, and local levels. Each funding source is described on the following pages.

TABLE 1
Existing Transit Funding Sources

Level	Sources	Programs/ Description
Federal	FHWA Federal Formula Funds	Includes Surface Transportation Program (STP), Congestion Mitigation Air Quality (CMAQ), and Transportation Alternatives Program (TA)
	FTA Federal Formula Funds	Includes Section 5307: Urbanized Formula Funding Program, Section 5340: Growing State and High Density States Formula Funding Program; Section 5337: State of Good Repair Grant Program, Section 5310: Enhanced Mobility of Seniors and Individuals with Disabilities Program, Section 5339: Bus and Bus Facilities Formula Program, Section 5311: Rural Program, and other FTA funds
	Other Federal Discretionary Grants	Includes USDOT RAISE Grants (formerly BUILD/TIGER), FTA Transit Oriented Development Pilot Grants, FTA Bus and Bus Facilities Grants, FTA Low or No (Low-No) Emissions Bus Grants, and FTA Integrated Mobility and Innovation (IMI) Grants
State	Georgia Transit Trust Fund	House Bill 105 of 2020 established a flat fee of \$0.50 per trips and \$0.25 on shared trips for taxis, ride-hailing services, and limousines services in Georgia. Prior to the COVID-19 pandemic, the fee was projected to generate between \$24 million and \$45 million in the first full year. House Bill 511 of 2021 established the Georgia Transit Trust Fund, which will hold the ride hailing fee revenue to be dedicated for use by one or more transit providers for capital transit projects throughout the state of Georgia.
	Georgia Transportation Trust Fund	House Bill 511 of 2021 also established the Georgia Transportation Trust Fund, which will hold revenue from the state heavy vehicle impact fees, state hotel motel fees, and fees on alternative fuel vehicles. Up to 10 percent of funds may be appropriated and expended on transit projects.

Level	Sources	Programs/ Description
	State General Fund Allocations	The state has historically allocated limited annual transit funding to three state entities: GDOT Intermodal Transit Division, Xpress commuter bus service, and the ATL. These allocations were previously funded using the fees that will now be appropriated annually into the Georgia Transportation Trust Fund. General fund allocations are subject to the state’s annual general fund allocation process and must compete with other state priorities, including education and safety.
	State General Obligation Bond Proceeds	The State has awarded state General Obligation bond proceeds to several transit projects in recent years. The ATL recommends a list of transit projects to the Governor and Georgia General Assembly each year for possible state bond funding.
Local	Regional Transportation Special Purpose Local Option Sales Tax (TSPLOST)	Allows for regional sales tax increase of one percent for transportation and transit for 10 years.
	County TSPLOST	Allows for an individual county sales tax increase of up to one percent in increments of 0.05 percent for transportation and transit for 5 years.
	Transit SPLOST	Allows individual counties within the 13-county ATL district to levy a transit sales tax of up to one percent in increments of 0.05 percent for up to 30 years.
	MARTA Sales Tax	Clayton, DeKalb, and Fulton counties impose a one percent sales tax for transit as members of MARTA. In addition, the City of Atlanta imposes a 0.5 percent sales tax for rapid transit purposes (the “More MARTA” initiative).
	County SPLOST	Allows for an individual county sales tax increase of one percent for local capital projects (including transit) for 5 or 6 years.
	County LOST	Allows for an individual county to impose a one percent sales tax for any function of county government. This tax may remain in effect until it is specifically rescinded by county voters.
	Other General Funds	General funds include a variety of sources, including county property taxes, licenses and permits, fees and fines, and other county taxes. County general funds are subject to the county budgeting process and transit must compete with other county needs, including education and safety.

Level	Sources	Programs/ Description
	Fare Revenue	Revenue collected through fares paid by passengers either in the form of cash or pass sales revenue. Key funding source for long-term transit operations and maintenance costs. Cannot be used to match federal funding.
	Other Agency Revenue	Other agency revenue, including parking, concessions, advertising, purchased transportation, and more. Supplemental funding source for long-term transit operations and maintenance costs.

Source: *InfraStrategies LLC*

Federal Revenue Sources

The majority of the federal funds that are currently used for transit capital and operating needs in the Atlanta region are distributed annually by the FTA through several formula programs. Operators have also been successful in securing one-time awards through FHWA “flex” funds and other competitive discretionary grant awards. A future task will explore additional funding opportunities that have never been used or have not been used recently in the Atlanta region, including the FTA Capital Investment Grant (CIG) Program, USDOT Transportation Infrastructure Finance and Innovation Act (TIFIA) Program, Federal Railroad Administration (FRA) Railroad Rehabilitation and Improvement Financing (RRIF) Program, and other potential federal grant and loan programs that could become available with the future passage of a federal infrastructure package or surface transportation reauthorization.

FTA Federal Formula Funds

Federal formula funds account for nearly all of the federal funds currently used to address transit capital and operating needs in the Atlanta region. These funds are distributed annually through the following key programs:

- > Section 5307: Urbanized Area Formula Funding Program
- > Section 5340: Growing State and High Density States Formula Funding Program (administered in the Section 5307 Program)
- > Section 5337: State of Good Repair Grant Program
- > Section 5310: Enhanced Mobility of Seniors and Individuals with Disabilities Program
- > Section 5339: Bus and Bus Facilities Formula Program
- > Section 5311: Rural Program
- > Other FTA funds, which may include:
 - Section 5303 Metropolitan Planning
 - Section 5308 Clean Fuels
 - Section 5310 Special Needs/ADA
 - Section 5316 Job Access and Reverse Commute
 - Section 5317 New Freedom
 - Section 5320 Transit in the Park

FHWA Federal Formula Funds

The FHWA distributes federal formula funds to state and local governments, including sources that are eligible to be “flexed” or transferred to the FTA to support implementation of transit projects.

There are three primary FHWA funding programs that are eligible for transit:

- > Surface Transportation Program (STP)
- > Congestion Mitigation and Air Quality (CMAQ)
- > Transportation Alternatives Program (TA)

The Atlanta Regional Commission (ARC) solicits Transportation Improvement Program (TIP) project funding proposals and awards federal funding from these programs to implement projects that support the goals and objectives of the Atlanta Region’s Plan. Federal funding from the Surface Transportation Block Grant Program (STBG), which includes the set aside for Transportation Alternatives, ARC’s Livable Centers Initiative (LCI) program, and the CMAQ program, are awarded to projects that support the goals and objectives of the Atlanta Region’s Plan.

Other Federal Discretionary Grants

The Atlanta region has had some success in competing for federal discretionary grant awards for transit, including the following key programs:

- > USDOT Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grants (formerly BUILD/TIGER)
 - MARTA was awarded a \$12.6 million TIGER grant in 2018 for the Summerhill Bus Rapid Transit project
 - The City of Atlanta was awarded a \$47.7 million TIGER grant in 2010 for the Atlanta Streetcar project
- > FTA Transit Oriented Development Pilot Grants
 - MARTA was awarded a \$1.6 million FTA TOD grant in 2015 for the I-20 East Heavy Rail Transit Extension project
 - The City of Atlanta was awarded a \$500,000 FTA TOD grant in 2015 to implement its BeltLine Transit Supportive Land Use Implementation Plan
- > FTA Bus and Bus Facilities Grants
 - MARTA was awarded a \$13 million Bus and Bus Facilities grant in 2020 for the Clayton County Operations and Maintenance Bus Facility
 - MARTA was awarded a \$3.6 million Bus and Bus Facilities grant in 2018 to upgrade and expand service in DeKalb County

- The Georgia Regional Transportation Authority (GRTA) was awarded a \$3.6 million Bus and Bus Facilities grant in 2017 to upgrade technology at Xpress park-and-ride lots
- > FTA Low or No (Low-No) Emissions Bus Grants
 - The ATL was awarded a \$5.4 million Low-No Emissions Bus grant in 2021 to purchase battery electric coach buses to replace diesel buses that have reached their useful life
 - MARTA was awarded a \$2.6 million Low-No Emissions Bus grant in 2019 to purchase battery electric buses, plug-in chargers, and one on-route/opportunity charger
- > FTA Integrated Mobility and Innovation (IMI) Grants
 - The ATL was awarded \$430,400 in 2019 to develop multi-modal journey planning application

In addition to the grant programs above, a future task under this project will explore the FTA Capital Investment Grant Program and several additional federal discretionary grant and loan programs that have not been used recently in the Atlanta region. This future task will also include other potential federal grant and loan programs that could become available with the future passage of a federal infrastructure package or surface transportation reauthorization.

State Revenue Sources

Georgia's primary source for state transportation funding, the motor fuel sales tax, is legislatively restricted and can only be used to fund roads and bridges. Until recently, Georgia had historically allocated a little over \$20 million per year in state general funds for transit purposes to three state entities. This annual support had historically been provided through the state general fund allocation process using a portion of the state's transportation revenues that are not legislatively restricted to roads and bridges (e.g., alternative fuel vehicle fees, highway impact fees for heavy vehicles, and hotel motel fees). However, with the recent approval of a new dedicated state source for transit in 2020 and the creation of the Georgia Transit Trust Fund in 2021, additional state funding may become available for certain transit capital projects in future years. The key existing state funding opportunities for transit are profiled below. Additional state funding opportunities, including toll credits and state infrastructure banks, will be profiled as part of a future task.

Georgia Transit Trust Fund

House Bill 105 of 2020 established a new flat fee of \$0.50 on for-hire ground transport trips and \$0.25 on shared trips for taxis, ride-hailing services, and limousines services in Georgia. Prior to COVID-19, a public revenue estimate suggested the fee would generate between \$24 million and \$45 million in the first full year; however, continued COVID-19 recovery impacts are anticipated in the first few years of revenue collections.

The following year, House Bill 511 of 2021 established nine trust funds, including the new Georgia Transit Trust Fund (see Ga. Code § 48-13-141), which will hold revenue from the newly created ride hailing fees. Ride hailing fee revenue will be appropriated annually to the fund and dedicated for use by one or more transit providers for capital transit projects throughout the state of Georgia. The Georgia General Assembly approved the first \$6 million allocation in 2021 for MARTA to make infrastructure improvements at the Bankhead rail station to support Microsoft's investment in Georgia. A second allocation of \$1 million was approved for a new bus maintenance facility needed to support growth in the Athens-Clarke County transit system.

Georgia Transportation Trust Fund

House Bill 511 of 2021 also established the Georgia Transportation Trust Fund (See Ga. Code § 40-2-151.2) to hold revenue from fees on alternative fuel vehicles (see Ga. Code § 40-2-151), highway impact fees for heavy vehicles (see Ga. Code § 40-2-151.1), and hotel motel fees (see Ga. Code § 48-13-50.3). Revenue will be appropriated annually to the fund and dedicated for use and expended by the commissioner of transportation for transportation purposes and transit projects. No more than 10 percent of the funds may be expended on transit projects. It is important to note that

the current annual state general fund allocations for transit (profiled below), including funding for Xpress commuter bus service operations, have historically been funded using the fees that will now be appropriated into the new Transportation Trust Fund.

State General Fund Allocations

Prior to 2021, Georgia had historically allocated a little over \$20 million per year in state general funds for transit purposes to three state entities: the GDOT Intermodal Transit Division, Xpress commuter bus service, and the ATL. These funds are subject to the state's annual general fund allocation process and must compete with other state priorities, including education and safety. As noted above, these allocations had previously been funded by the fees that will now be appropriated annually into the Georgia Transportation Trust Fund.

State General Obligation Bond Proceeds

The State has awarded state bond proceeds to several transit projects in recent years. House Bill 170 of 2015 authorized GO! Transit, a one-time award of \$75 million in general obligation bond proceeds to 11 transit projects in nine communities across the state. In addition to the one-time GO! Transit investment of \$75 million in 2015, the Georgia General Assembly approved \$100 million in state bond proceeds in 2018 for the Georgia 400 Bus Rapid Transit Project. The State of Georgia could choose to advance key transit projects with general obligation bond proceeds in future years. Each year, the ATL provides a list of transit projects of regional significance to the Governor and Georgia General Assembly for possible state bond funding.

Local Revenue Sources

Sales tax revenue is the most common local funding source for transit in Georgia. With the additional transit sales tax mechanisms that have been legislatively authorized recently on the county and regional levels, including the new county transit sales tax authorization established by House Bill 930 of 2018, sales tax will likely continue to be one of the most critical funding sources to advancing transit in the Atlanta region.

Other local revenue, including county general funds, have historically been used to provide the required local match to receive federal formula funds; however, these funds have a much lower revenue potential for transit expansion and will likely not serve as a long-term funding source for those transit operators that are seeking to advance a program of transit improvements.

Sales Taxes

Sales taxes are assessed as a percentage of sales within a defined boundary (e.g., city, county, or region). Once approved by voters, sales taxes have significant revenue potential and are collected over a defined period of time (e.g., 5 years, 30 years, etc.) to fund capital projects, annual debt payments for any bonds or loans that are issued, and long-term operations and maintenance costs. For example, MARTA uses sales tax revenue to support long-term operations and maintenance costs. MARTA also pledges its sales tax proceeds as the primary source of repayment for its revenue bonds. MARTA then uses sales tax revenue for capital construction after meeting debt service and other requirements of its bond indenture.

Georgia has several different sales tax mechanisms that are currently used to fund transit in the Atlanta region. Each mechanism has a unique history and specific requirements, including minimum and maximum sales tax rates, allowable sales, eligible expenditures, and sunsets.

Regional Transportation Special Purpose Local Option Sales Tax (TSPLOST)

The Transportation Investment Act of 2010 established 12 transportation regions comprising the state. In 2010-2011, each region developed a list of potential transportation (including transit) projects and authorized a voter referendum for an additional one percent regional sales tax for a ten-year period. The first Transportation Special Purpose Local Option Sales Tax (TSPLOST) vote for all 12 regions, including the Atlanta region, was held on the July 31, 2012 primary statewide ballot. Only three of the 12 regions passed the TSPLOST, which notably included some of the most rural regions in Georgia. The Atlanta region overwhelmingly rejected the referendum with only 38

percent of the region in favor. In the following years, some regions have considered the possibility of a reattempt or renewal of the regional TSPLOST.

The ten-year tax collection period for regional TSPLOSTs (see Ga. Code § 48-8-240) does not allow for long-term planning, funding of long-term operations and maintenance costs, or financing of capital transit projects. And now that another transit sales tax mechanism has been authorized on the county level with a sunset of 30 years, this may not be the preferred authorization for most project sponsors.

County TSPLOST

In 2015, the Georgia General Assembly amended the regional TSPLOST legislation to streamline the regional process and authorize individual counties to impose TSPLOSTs (see Ga. Code § 48-8-260). In addition to allowing regions to proceed with regional TSPLOST referenda without further state authorization, the 2015 legislation allowed individual counties to proceed with a TSPLOST if a regional TSPLOST was not enacted. Currently, all counties in the ATL district qualify. This authority allows for a sales tax increase of up to one percent in increments of 0.05 percent. However, the county TSPLOST must be renewed by voters every five years similar to county SPLOSTs (profiled below). Similar to the regional TSPLOST (profiled above), revenue may be applied to roadway and transit projects, including transit operations. The five-year tax collection period does not allow for long-term planning, funding of long-term operations and maintenance costs, or financing of capital transit projects. And now that another transit sales tax mechanism has been authorized on the county level with a sunset of 30 years, this may not be the preferred authorization for most project sponsors.

The first individual county TSPLOST was approved by Fulton County voters outside of the City of Atlanta on November 8, 2016. This initiative increased the sales tax by 0.75 percent for five years, which was anticipated to generate an estimated \$570 million in transportation investments for North and South Fulton. The City of Atlanta held two similar referenda on the same day: 0.4 percent TSPLOST for a period of five years and 0.5 percent MARTA sales tax for a period of 40 years. Both were successful.

Transit SPLOST

In addition to establishing the ATL, House Bill 930 of 2018 created additional sales tax authorization to allow individual counties within the 13-county district to levy a transit sales tax of up to one percent in increments of 0.05 percent for up to 30 years (see Ga. Code § 48-8-269). Because transit SPLOSTs authorized under House Bill 930 of 2018 may be imposed for up to 30 years, they can be used to support long-term operations and maintenance costs and/or to support the issuance of debt. This is especially important for projects seeking FTA Capital Investment Grant funds under the New Starts category since they will be required to demonstrate the sponsor's financial capacity to operate and maintain the project for 20 years. Given this significant benefit, many

project sponsors may choose the transit SPLOST option over the five-year county TSPLOST and ten-year regional TSPLOST options. After a failed attempt to join MARTA in 2018 (profiled below), Gwinnett County voters narrowly rejected the region's first attempt at approving a transit SPLOST in November 2020. While no county has passed a transit TSPLOST to date, several are currently considering future ballot initiatives.

MARTA Sales Tax

Clayton, DeKalb, and Fulton counties already impose a one percent sales tax for transit as members of MARTA. In 2014, Clayton County became the first county to successfully join MARTA since its inception. Clayton County's one percent sales tax is the primary local funding source identified for the County's three major capital improvements that were submitted to the 2020 ATL Regional Transit Plan. The remaining original MARTA counties, Cobb and Gwinnett, have the option to enter into a rapid transit contract to join MARTA by approving up to a one percent sales tax increase (see Ga. Code § 32-9-23). The services included in the rapid transit contract must be included in the ATL's Regional Transit Plan and be approved by the ATL. Although MARTA's Board of Directors and Gwinnett's County Commission approved a service contract in August 2018, voters in Gwinnett rejected a referendum in March 2019 that would have allowed the county to join the MARTA system.

MARTA also collects an additional 0.5 percent sales tax for rapid transit purposes (the "More MARTA Atlanta" initiative) within the City of Atlanta (see Ga. Code § 32-9-14). This is the primary local funding source identified in the 2020 ATL Regional Transit Plan for the majority of MARTA's proposed major capital improvements that are located within the City of Atlanta.

County SPLOST

The county Special Purpose Local Option Sales Tax (SPLOST) mechanism (see Ga. Code § 48-8-110) was first authorized by the Georgia General Assembly in 1985. Over the next few decades, SPLOSTs were favored over increasing local property taxes and became a favorable method for obtaining alternative funding for county governments. Today, 155 of Georgia's 159 counties (97 percent) levy a SPLOST, including the 13 ATL counties.

Under this authorization, counties may levy a one percent SPLOST to fund local capital projects (including transit). SPLOSTs require voter approval and must be renewed every five or six years depending on municipal participation. Transit projects are eligible for this taxing mechanism, but revenue is largely committed to other local transportation purposes. Similar to the county TSPLOST authority, the five- or six-year SPLOST sunset does not allow for long-term planning or support of long-term operations and maintenance costs. For these reasons, many project sponsors may consider pursuing a transit SPLOST over this option.

County LOST

Counties are also authorized to impose a one percent Local Option Sales Tax (LOST) for any function of county government (see Ga. Code § 48-8-80). This tax may remain in effect until it is specifically rescinded by county voters. LOSTs are imposed by 154 of 159 counties in Georgia. While transit projects are technically eligible for LOSTs, revenue is largely committed to general county needs and is not regularly applied to county transportation purposes.

County General Funds

Small and medium-sized agencies will often use county general funds as a local match to receive federal formula funds for capital and operations and maintenance needs. General funds are comprised of a variety of sources, including county property taxes, licenses and permits, fees and fines, and other county taxes. County general funds are subject to annual county budgets and transit must compete with other county needs, including education and safety. County general funds do not allow for long-term planning, support for long-term operations and maintenance costs, or allow for debt issuances.

Fare Revenue

Most transit operators in the Atlanta region use fare revenue to offset long-term operations and maintenance costs. Some larger agencies across the country have also pledged fare revenue for repayment of debt. Section 3 provides additional detail on current fare policies and initiatives in the Atlanta region.

Other Agency Revenue

Other agency revenue is comprised of a variety of sources, including parking, concessions, advertising, and purchased transportation. Other agency revenue can be used to augment fare revenue as an ongoing funding source for transit operations and maintenance. This is a traditional transit operations and maintenance funding source that typically accounts for less than five percent of an agency's operating budget.

Section 3. Fare Structures and Key Initiatives

Current Fare Structures by Mode

Currently, the 11 largest transit operators in the Atlanta region have a variety of fare structures and base fares across several transit modes. **Table 2** through **Table 5** list current fare structures by mode.

TABLE 2
Fare Structure for Fixed-Route, Heavy Rail, and Streetcar

Agency/Operator	Base	Senior	People with Disabilities	Students/Children
CATS	\$1.25	\$0.60	\$0.60	Free
CobbLinc	\$2.50	\$1.00	Free to \$1.00	Free to \$1.50
Connect Douglas	\$2.50	\$1.00	\$1.00	\$1.00
CPACS*	\$2.00	\$2.00	\$2.00	\$2.00
GCT	\$2.50	\$1.25	\$1.25	Free
Henry	Free	Free	Free	Free
MARTA (Bus, Heavy Rail)	\$2.50	\$1.00	\$1.00	\$1.00
MARTA (Streetcar)	\$1.00	\$1.00	\$1.00	Free

*CPACS waives fares for qualifying riders
Source: ATL Annual Report and Audit 2020

The most common base fare for fixed-route services in the region is \$2.50. CATS, Henry, and Streetcar riders, who currently pay less (or nothing) per trip, would be more adversely impacted by a single region-wide base fare of closer to \$2.50. Most providers offer a discount to seniors and people with disabilities, except for CPACS and the Atlanta Streetcar. Most providers also offer free or discount fares to students and/or children, but with varying restrictions. For example, some have a maximum age, and others have a maximum height.

TABLE 3
Fare Structure for Commuter Bus

Agency/Operator	Base	Children
CobbLinc	\$5.00	\$5.00
GCT	\$3.75 to \$5.00	Free if in the lap of a parent/guardian
Xpress	One-way: \$3.00 to \$4.00 Round-trip: \$5.00 to \$7.00	Free if in the lap of a parent/guardian (and other restrictions)

Source: ATL Annual Report and Audit 2020

Commuter bus fares vary widely by base cost and trip distance. Xpress offers a discount when purchasing a round-trip ticket. CobbLinc does not offer any discount on commuter bus service. CGT and Xpress offer free rides to children if they sit in a lap of a fare-paying adult.

TABLE 4
Fare Structure for Demand-Response Service

Agency/Operator	Base	Other Fare Type (if applicable)
CATS	\$2.50	N/A
CobbLinc	\$2.50	Children: Free
Connect Douglas	\$1.00	N/A
Coweta	\$3.00	N/A
CPACS	Free	Personal care attendant: Free Travel companion: \$2.00
Forsyth Dial-a-Ride	\$2.00	\$2.00 additional stops
GCT	\$4.00	Personal care attendant: Free Travel companion: \$4.00
Henry	\$4.00	Seniors: \$2.00
MARTA	\$4.00	N/A
Paulding County Transit	Free	N/A

Source: ATL Annual Report and Audit 2020

Fares for demand-response services vary in part because some of the region’s demand-response services are ADA paratransit and others are open to all customers.⁴

⁴ Americans with Disabilities Act. ADA paratransit refers to services available for individuals with disabilities who undergo an eligibility certification process.

TABLE 5
Fare Structure for Vanpool Service

Agency/Operator	Fare
CATS	CATS pays 50 percent of the lease and fuel expenses; vanpool riders share the other 50 percent.
Connect Douglas	One-way: \$6.00 Round-trip: \$8.00 Monthly pass: \$82.00 to \$195.00
Xpress vanpool	The Xpress vanpool program provides a monthly subsidy of \$375.00; vanpool riders share the remaining expenses.

Source: ATL Annual Report and Audit 2020

Each vanpool service has a different fare structure: CATS provides a fixed share of the costs, with passengers paying the remainder; the Xpress vanpool program provides a fixed dollar amount, with passengers paying the remainder; and Connect Douglas’s passengers pay a fixed price per trip or per month. Connect Douglas’ fare structure functions more like a standard fixed-route system with single-trip and monthly prices. Both CATS’s and Xpress’s fare structures incentivize riders to maximize vehicle occupancy: the more passengers, the lower per-passenger cost.

There are many nuances to fare structure not encapsulated by these tables, with discounts available by purchasing a daily pass, monthly pass, 10-trip pass, and transfer rules.

Regional Fare Policy Study

A single card that can be used across all the region’s transit providers is key to a unified regional fare policy. The ATL is actively engaged in developing a regional fare policy intended to simplify the fare payment process and improve customer experience, enhancing connectivity of the region’s transit network.

Section 4. Planned Improvements

As shown in **Table 6**, the 2020 ATL Regional Transit Plan included 14 major capital improvements that are in various stages of early planning and design and are partially funded using existing local sales tax revenue or state sources. Capital costs are estimated using the base year capital costs and project phasing assumptions submitted by each project sponsor to the 2020 ATL Regional Transit Plan. Costs are assumed to escalate annually by 3.5 percent to the assumed years of expenditure. For the purpose of this memorandum, “major” refers to projects submitted to the 2020 ATL Regional Transit Plan that cost greater than \$100 million in base year dollars. As part of a future task under this work, additional definitions will be developed to classify “major” projects and further inform the ATL’s regional priorities.

TABLE 6
Planned Major Capital Improvements in the Atlanta Region

Project	Capital Cost (\$M Year of Expenditure Dollars)	Committed Non-Federal Match
Clayton Bus Maintenance Facility	\$126.4	Clayton County MARTA Sales Tax
Clayton Commuter Rail	\$1,117.7	Clayton County MARTA Sales Tax
Clayton Bus Rapid Transit	\$450.0	Clayton County MARTA Sales Tax
GA 400 Transit Initiative	\$360.0	State Bond Proceeds*
North Avenue Bus Rapid Transit	\$120.6	More MARTA Sales Tax
Campbellton Road High Capacity Transit	\$428.9	More MARTA Sales Tax
Clifton Corridor Phase I with Segment 1b	\$2,814.5	More MARTA Sales Tax*
Atlanta Streetcar Extension East	\$178.8	More MARTA Sales Tax
Atlanta Streetcar Extension West	\$301.5	More MARTA Sales Tax
BeltLine NE Light Rail Transit	\$274.3	More MARTA Sales Tax
BeltLine SE Light Rail Transit	\$478.5	More MARTA Sales Tax
BeltLine SW Light Rail Transit	\$264.8	More MARTA Sales Tax
BeltLine West Light Rail Transit	\$201.3	More MARTA Sales Tax
Northside Drive Bus Rapid Transit	\$434.4	More MARTA Sales Tax
TOTAL	\$7,551.6	

Source: ATL Regional Transit Baseline Financial Model, April 26, 2021, InfraStrategies 2021.

* denotes projects that require some additional local match commitments

Other major planned improvements that have not yet secured local funding include:

- > South Fulton Parkway Rapid Transit
- > I-285 Transit in Express Lanes
- > Clifton Corridor Segment II

Section 5. Looking Ahead

Looking ahead, the Atlanta region is poised to pursue new state and federal funding opportunities and advance transit across the 13 counties. For the first time, Georgia has dedicated state transit funding to advance capital transit projects. Over the next few years, the region will begin to advance its first FTA Capital Investment Grant projects to secure federal funding in more than two decades. And with the passage of several sales tax initiatives for transit over the past decade and several more initiatives on the horizon, the region is in a position to leverage and compete for other federal opportunities, including USDOT RAISE grants, FTA Bus and Bus Facilities grants, FTA Low-No grants, FTA IMI grants, FTA AIM grants, FTA TOD grants, USDOT TIFIA loans, FRA RRIF loans, and other potential federal grant and loan programs that could become available with the future passage of a federal infrastructure package or surface transportation reauthorization. Future tasks under this project will explore additional federal and state funding opportunities, including toll credits and state infrastructure banks, and will consider the use of other existing local sources, value capture tools, and private involvement opportunities as a way for project sponsors to offset capital and operations and maintenance costs.