

**Summary of Significant Information, Methodologies
& Assumptions for Revenue Estimates**

- Sales tax revenue estimate is 2.6% over FY2017 budget based upon review of several economic forecasts.
- Revenue for Measure M's inaugural year is estimated at 95 percent of the Proposition A, C and Measure R revenues. This is based on past history of new sales tax ordinance receipts in the first year.
- Consumer price index (CPI) of 1.75% represents a composite index from several economic forecasting sources and is applied to Proposition A Discretionary program for Included Operators, Transit Service Enhancement (TSE), Bus Service Improvement Program (BSIP), and Discretionary Base Restructuring program. Municipal Operators Service Improvement Program (MOSIP) receives 3% increase from FY2017 allocation.
- Proposition A 95% of 40% growth over inflation (GOI) revenue of \$50.6 million is used to fund formula equivalents for Eligible and Tier 2 operators.
- Proposition 1B PTMISEA Bridge funding allocation represents the 1st of three installments of FY2015 funding allocation.
- Proposition 1B Security Bridge funding allocations are based on FY2015 funding allocation.
- Federal formula grants (urbanized Formula Section 5307, Bus and Bus Facilities Section 5339 and State of Good Repair Section 5337) are presented for budgetary purposes only and will be adjusted upon receipt of the final apportionments.
- Federal Sections 5307 and 5339 are calculated using the Capital Allocation Procedure (CAP) as adopted by the Bus Operations Subcommittee (BOS). Section 5337 is calculated using the same formula used by the Federal Transit Administration (FTA) based on directional route miles and vehicle revenue miles. Estimates are based on FY2018 estimated revenues. Operators' shares of sections 5339 and 5337 will be exchanged with Metro's share of section 5307 allocation.

Bus Transit Subsidies (\$1,079.0M)

Formula Allocation Procedure (\$653.7M)

Allocations of transit subsidy funds (STA, TDA Article 4, and Proposition A 95% of 40% Discretionary) are based on the Formula Allocation Procedure (FAP) that was adopted by the Los Angeles County Metropolitan Transportation Authority (LACMTA) Board of Directors and legislated through SB 1755 (Calderon – 1996). Los Angeles County Included and Eligible Operators submitted their FY2016 Transit Performance Measures (TPM) data for the FY2018 FAP calculations. This data was validated and used in the calculations. The FAP as applied uses 50% of operators' vehicle service miles and 50% Of operators' fare units. (Fare units are defined as operators' passenger revenues divided by operators' base cash fare).

In November 2008, the Board approved a Funding Stability Policy, where operators who increase their fares will have their fare units frozen at their level prior to the fare increase until such time that fare unit calculation based on the new higher fare becomes greater than the frozen level.

Tier 2 Operators Funding Program was approved by the Board in April 2010 to provide operating assistance to LADOT Community Dash program and Glendale, Pasadena and Burbank's fixed route transit programs. Allocation is calculated by the same methodology as in the FAP and does not negatively impact the existing Included and Eligible Operators. This program was funded \$6.0 million each year for three years beginning FY2011, from the \$18.0 million GOI fund that was set aside by the Board in FY2008. With the Board's approval, we will continue to fund this program in FY2018 in the amount of \$6.0 million.

Two-Year Lag Funding

Pursuant to the two-year lag funding policy adopted by the Board in 2006, a total of \$1,543,103 is being re-allocated from Metro to Foothill Transit and Norwalk Transit following the transfers of Lines 190/194 and 270 as approved by the Board in April 2016.

- **Line 190/194** service was transitioned from Metro to Foothill effective June 28, 2016 for a total of 947,846 annual revenue miles.
- **Line 270 (Northern portion from Monrovia to El Monte Station)** services was transitioned from Metro to Foothill effective June 28, 2016 for a total of 81,290 annual revenue miles.
- **Line 270 (Southern Portion)** service was transitioned from Metro to Norwalk effective June 27, 2016 for a total 219,430 annual revenue miles.

The two-year lag funding is paid through the FAP for two years beginning FY2017. After FY2018 the transitioned services operating data will become part of the FAP calculations.

Measure R Allocations (\$168.0M)

- **Measure R 20% Bus Operations (\$157.3M)**
Measure R, approved by voters in November 2008, provides that 20% of the revenues be allocated to bus service operations, maintenance and expansion. The 20% bus operations share is allocated according to FAP calculation methodology to Included and Eligible Operators.
- **Clean Fuel Bus Capital Facilities and Rolling Stock Fund (\$10.0M)**
Measure R ordinance also provides a lump sum allocation of \$150.0 million over the life of the ordinance for clean fuel and bus facilities. This fund is allocated to Metro and LA County Municipal Operators at \$10 million every even year.
- **Regional Ridership Task Force Fund (\$0.7M)**
Metro and Municipal Operators' Measure R funds reduced by \$700,000 through an agreement by transit operators to contribute toward a Regional Ridership Task Force consulting study.

Measure M 20% Transit Operations (\$150.1M)

Measure M, approved by the voters of Los Angeles County on November 8, 2016 to improve transportation and ease traffic congestion consistent with the Measure M Ordinance. As defined in Section 3 of the Measure M Ordinance, the 20% Transit Operations share is allocated according to FAP calculation methodology to Included and Eligible Operators.

Proposition C 5% Security (\$35.5M)

Ninety percent of Proposition C 5% Security fund is allocated to Los Angeles County transit operators and Metro Operations for security services. State law requires that each operator's share of funds be based on its share of unlinked boardings to total Los Angeles County unlinked boardings. The unlinked boardings used for allocating these funds are based on the operators' TPM reports of LACMTA approved services. The remaining ten percent is allocated to Metro to mitigate other security needs.

Proposition C 40% Discretionary Programs (\$71.5M)

The following programs are funded with Prop C 40% Discretionary funds:

- **Municipal Operators Service Improvement Program (MOSIP).** MOSIP was adopted by the Board in April 2001. The program is intended to provide bus

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service improvements to the transit dependent in Los Angeles County by reducing overcrowding and expanding services. Funding is increased by 3% from the previous year's funding level. All Municipal Operators participate in this program, and funds are allocated according to FAP calculation methodology.

- **Zero-Fare Compensation.** The City of Commerce is allocated an amount equivalent to its FAP share as compensation for having zero fare revenues.
- **Foothill Mitigation.** This fund is allocated to operators to mitigate the impact of Foothill becoming an Included operator. The Foothill Mitigation Program is calculated similarly to the TDA and STA portion of the normal FAP, except that Foothill's data is frozen at its pre-inclusion level. The result of this calculation is then deducted from the TDA and STA portion of the normal FAP to arrive at the Foothill Mitigation funding level. This methodology was adopted by the BOS in November 1995.
- **Transit Service Expansion Program (TSE).** The TSE Program continues for five Municipal Operators for expansion or introduction of fixed-route bus service in congested corridors. Metro Operations does not participate in this program.
- **Base Re-Structuring Program (Base-Re).** The Base Restructuring Program continues for four Municipal Operators who added service before 1990. These four Municipal Operators are given additional funding from Proposition C 40% Discretionary.
- **Bus Service Improvement Program (BSIP).** The BSIP also continues to address service improvements on overcrowded non-Metro bus lines used primarily by the transit dependent. Metro Operations and all other Los Angeles County transit operators participate in this program, except for Claremont, La Mirada, and Commerce.
- **Proposition 1B Bridge Funding Program.** The Bridge Funding Program was established to compensate certain operators for the differences in State Proposition 1B allocation, which uses the State Transit Assistance (STA) allocation methodology, and the Los Angeles County Formula Allocation Procedure (FAP). Operators who would have received less or no funding under the State method are allocated with local funds if the FAP method is used. This program continues through the life of the bond as approved by the Board in September 2009. For FY2018, Bridge Funding allocation for the Transit Modernization (PTMISEA) account represents the 1st of three installments the operators earned from FY2015 Proposition 1B allocation; Bridge Funding for the Security account represents the full funding earned from the FY2015 allocation.

Federal Funds (\$344.8M)

Section 5307 Urbanized Formula Program (\$238.5M)

The Urbanized Area Formula Funding program (49 U.S.C. 5307) makes Federal resources available to urbanized areas for transit capital and operating assistance in urbanized areas and for transportation related planning. Based on federal revenue estimates for FY2018, \$238.5 million in Federal Section 5307 Urban Formula funds are allocated to Los Angeles County transit operators and LACMTA Operations. Eighty-five percent (85%) of these funds have been allocated based on a capital allocation formula consisting of total vehicle miles, number of vehicles, unlinked boardings, passenger revenue and base fare. The 15% Capital Discretionary fund and the 1% Transit Enhancement Act fund have been allocated on a discretionary basis with BOS review and concurrence.

At its April 18, 2017 meeting, the BOS allocated \$300,000 each year for the next three years to the Southern California Regional Transit Training Consortium (SCR TTC) from the 15% discretionary fund. SCR TTC provides a training resource network comprised of Community Colleges, Universities, Transit Agencies, Public and Private Organizations focused on the development and delivery of training and employment of the transit industry workforce that is proficient at the highest standards, practices, and procedures for the industry. The funds will be exchanged with Metro's TDA Article 4 share and disbursed through Long Beach Transit.

Section 5339 Bus and Bus Facilities (\$22.0M)

Section 5339 is a grant program authorized by 49 United States Code (U.S.C) Section 5339 as specified under the Federal Reauthorization Moving Ahead for Progress in the 21st Century or "MAP 21". The Program provides capital funding to replace, rehabilitate and purchase buses, vans, and related equipment, and to construct bus-related facilities. Based on federal revenue estimates for FY2018, \$22.0 million is allocated to Los Angeles County operators and Metro operations using the Capital Allocation Procedure adopted by the BOS. Operators' shares are swapped with Metro's share of Federal Section 5307 to minimize administrative process.

Section 5337 State of Good Repair (\$84.3M)

Section 5337 provides grants for new and expanded rail, bus rapid transit, and ferry systems that reflect local priorities to improve transportation options in key corridors. This program defines a new category of eligible projects, known as core capacity projects, which expand capacity by at least 10% in existing fixed guideway transit corridors that are already at or above capacity today, or are expected to be at or above capacity within five years. The program also includes provisions for streamlining

aspects of the New Starts process to increase efficiency and reduce the time required to meet critical milestones. This funding program consists of two separate formula programs:

- **High Intensity Fixed Guideway** – provides capital funding to maintain a system in a state of good repair for rail and buses operating on lanes for exclusive use of public transportation vehicles, i. e. bus rapid transit. Based on federal revenue estimates for FY2018, \$79.5 million is allocated to Metro and municipal operations.
- **High Intensity Motorbus** - provides capital funding to maintain a system in a state of good repair for buses operating on lanes not fully reserved only for public transportation vehicles. Based on federal revenue estimates for FY2018, \$4.7 million is allocated to Metro operations and Los Angeles County operators following the FTA formula: the fund allocated with Directional Route Miles (DRM) data is allocated using the operators' DRM data while the fund allocated with Vehicle Revenue Miles (VRM) data is allocated using the operators' VRM data. Operators' shares are swapped with Metro's share of Federal Section 5307 to minimize administrative process.

Proposition A Incentive Programs (\$15.2M)

In lieu of TDA Article 4.5, five percent (5%) of Proposition A 40% Discretionary funds have been allocated to local transit operators through Board-adopted Incentive Program guidelines. Programs include the Sub-Regional Paratransit Program, the Voluntary NTD Reporting Program and the Sub-Regional Grant Projects. Under the Voluntary NTD Reporting Program, local transit operators report operating data for entitlement to the Federal FTA Section 5307 funds. Operators participating in the Voluntary NTD Reporting Program and who are not receiving Sub-Regional Paratransit funds are allocated an amount equal to the Federal FTA Section 5307 funds they generate for the region.

Under the Sub-Regional Grant Projects, Avalon's Ferry, which provides a lifeline service to its residents who commute between Avalon and the mainland, will continue to receive \$650,000 in subsidy.

At its May 18, 2017 meeting, the Local Transit System Subcommittee (LTSS) approved an additional \$50,000 to Avalon's Transit Services annual subsidy increasing the funding level to \$300,000, and the Hollywood Bowl Shuttles subsidy remains at \$1,057,000.

Local Returns, TDA Articles 3 & 8 (\$627.4M)

Proposition A 25% Local Return (\$190.5M), Proposition C 20% Local Return (\$158.0M) and Measure R 15% Local Return (\$118.5M)

Fund estimates are apportioned to all Los Angeles County cities and the County of Los Angeles based on population shares according to state statutes and Proposition A, Proposition C and Measure R ordinances. The City of Vernon opted out of the Measure R Local Return program indefinitely.

Measure M Local Return (\$127.6M)

The Measure M 17% Local Return Funding allocations presented here are based on population. The allocation methodology is subject to Board approval of the Measure M guidelines and will be revised to reflect any changes made by the Board.

TDA Article 3 funds (\$7.9M)

TDA Article 3 funds are for Bicycle and Pedestrian Facilities and split into two parts:

- The 15% of TDA Article 3 funds are allocated towards maintenance of regionally significant Class I bike paths as determined by LACMTA policy and in current TDA Article 3 Guidelines. This portion is divided in a ratio of 30% to 70% to City of Los Angeles and County of Los Angeles, respectively.
- The 85% of the funds are allocated to all Los Angeles County cities and the County of Los Angeles based on population shares. TDA Article 3 has a minimum allocation amount of \$5,000. The City of Industry has opted out of the TDA Article 3 program indefinitely. The Street and Freeway Subcommittee and the Technical Advisory Committee (TAC) have approved this redistribution methodology in prior years, and it remains unchanged.

TDA Article 8 funds (\$25.0M)

TDA Article 8 funds are allocated to areas within Los Angeles County, but outside the Metro service area. This includes allocations to Avalon, Lancaster, Palmdale, Santa Clarita and portions of unincorporated areas of Los Angeles County. The amount of TDA funds for Article 8 allocation is calculated based on the proportionate population of these areas to the total population of Los Angeles County.