



## Board Report

File #: 2018-0193, File Type: Budget

Agenda Number: 10.

**FINANCE, BUDGET AND AUDIT COMMITTEE**  
**JUNE 20, 2018**

**SUBJECT: FISCAL YEAR 2019 TRANSIT FUND ALLOCATIONS**

**ACTION: APPROVE RECOMMENDATIONS**

**RECOMMENDATION**

**CONSIDER:**

- A. APPROVING \$2.3 billion in FY 2019 Transit Fund Allocations for Los Angeles County jurisdictions, transit operators and Metro operations as shown in Attachment A. These allocations comply with federal, state and local regulations and LACMTA Board approved policies and guidelines;
- B. APPROVING fund exchange in the amount of \$6.0 million of Santa Monica's Big Blue Bus' FY 2019 Federal Section 5307 formula share allocation with Metro's TDA Article 4 allocation;
- C. APPROVING fund exchange of Federal Section 5307 discretionary fund awarded to the Southern California Regional Transit Training Consortium (SCR TTC) through Long Beach Transit in the amount of \$300,000 with Metro's TDA Article 4 allocation;
- D. APPROVING fund exchanges in the amount totaling \$11.4 million of Metro's Federal Section 5307 share with Municipal Operators' shares of Federal Sections 5337 and 5339;
- E. AUTHORIZING the Chief Executive Officer to adjust FY 2019 Federal Section 5307 (Urbanized Formula), Section 5339 (Bus and Bus Facilities) and Section 5337 (State of Good Repair) allocations upon receipt of final apportionments from the Federal Transit Authority and amend FY 2019 budget as necessary to reflect the aforementioned adjustment;
- F. AUTHORIZING the Chief Executive Officer to negotiate and execute all necessary agreements to implement the above funding programs;
- G. ADOPTING a resolution designating Transportation Development Act (TDA) and State Transit Assistance (STA) fund allocations are in compliance with the terms and conditions of the allocations (Attachment D); and
- H. APPROVING amendment to the FY 2018 State Transit Assistance Fund Allocations and Senate Bill 1 Transit Formula Fund allocations (Attachment B).

**ISSUE**

Each year, transit operating and capital funds consisting of federal, state and local revenues are allocated to Metro operations, transit operators and Los Angeles County local jurisdictions for programs, projects and services according to federal guidelines, state laws and established funding policies and procedures. The Board of Directors must approve

allocations for FY 2019 before funds can be disbursed.

The municipal operators are requesting fund exchanges of their Federal Sections 5339 and 5337 allocations with Metro's share of Federal Section 5307 allocation in order to minimize the impact on administrative processes associated with these funding programs.

## **BACKGROUND**

The Los Angeles County Metropolitan Transportation Authority (LACMTA), as the Regional Transportation Planning Entity for Los Angeles County, is responsible for planning, programming and allocating transportation funding to Los Angeles County jurisdictions, transit operators, and Metro Operations. LACMTA Board approval will allow the continued funding of transportation projects, programs and services in Los Angeles County.

For FY 2018 and FY 2019, the percentage of STA funding to Los Angeles County has increased due to AB 1113, as described in the "Discussion" section below.

## **DISCUSSION**

### **Assembly Bill (AB) 1113**

In FY 2015, staff raised concerns to the State Controllers' Office (SCO) regarding the share of State Transit Assistance (STA) revenues allocated to Los Angeles County; with the issue that funding to Los Angeles County did not appear to fairly represent the transit services provided by one of the largest transportation systems in California. Moreover, Metro sought clarification on ambiguities and inconsistencies in the reporting across all recipients.

Metro initiated a statewide STA Task Force to review and resolve these issues, through Assembly Bill (AB) 1113, which was passed into law in July 2017. AB 1113 made two statutory changes that ensure consistency in reporting of data and eligible recipients. These two changes increase the "revenue share" of STA funds to Los Angeles County by 5.5%.

Overall, the impact of AB 1113 added an additional \$8.3 million in FY 2018 and an estimated \$10.0 million in FY 2019, which is subject to change as SCO finalizes their estimates. Also, additional funding for LA County is expected from the allocation of Senate Bill (SB) 1 funds and Low Carbon Transit Operations Program (LCTOP), as the STA "revenue share" portion is used to calculate Los Angeles County shares.

### **Transit Fund Allocations**

The recommended FY 2019 Transit Fund Allocations are developed according to federal, state and local requirements, as well as policies and guidelines previously approved by LACMTA Board. Details of significant information, methodologies and assumptions are described in **Attachment C**.

The Tier 2 Operators Funding Program will continue with \$6.0 million funding from Proposition A 95% of 40% Discretionary growth over inflation.

Santa Monica's Big Blue Bus (BBB) is requesting a \$6.0 million fund exchange of its Federal Section 5307 FY 2019 formula allocation with Metro's non-federal funds in order to pay capital projects that require local funds such as mid-life bus rebuilds, yard improvements, farebox upgrades, facility improvements and advanced technology projects.

At its April 18, 2017 meeting, the Bus Operations Subcommittee awarded \$300,000 a year for three years of Federal Section 5307 15% Discretionary fund to the Southern California Regional Transit Training Consortium (SCR TTC) through Long Beach Transit. This allocation ends in FY 2020. Funds will be exchanged with Metro's share of the Transportation Development Act (TDA) fund.

---

Staff has reviewed the recommended allocations, related methodologies and assumptions with Metro operations, transit operators, Los Angeles County local jurisdictions, Technical Advisory Committee (TAC), Bus Operations Subcommittee (BOS) and the Local Transit Systems Subcommittee (LTSS). The TAC, BOS and LTSS have all formally adopted the recommended FY 2019 Transit Fund Allocations.

The FY2018 Transit Fund Allocations are being amended by \$60.4 million to include the increased STA funds resulting from AB 1113 and the allocation of new SB 1 funds. These amendments were reviewed and adopted by the BOS in May 2018.

### **DETERMINATION OF SAFETY IMPACT**

Adoption of this item will provide funding for increased safety efforts.

### **FINANCIAL IMPACT**

The FY 2019 Transit Fund Allocations are included in the FY 2019 Budget in multiple cost centers and multiple projects. Approval of these recommendations authorizes LACMTA to disburse these funds to the Los Angeles County jurisdictions and transit operators.

### **ALTERNATIVES CONSIDERED**

The Board may choose not to approve the FY 2019 Transit Fund Allocations. This alternative is not recommended because federal, state and local requirements, as well as prior LACMTA Board policies and guidelines require us to annually allocate funding to Los Angeles County jurisdictions, transit operators, and Metro Operations for programs, projects and services. Allocation methodologies and assumptions comply with federal, state and local requirements, as well as policies and guidelines previously approved by LACMTA Board.

### **NEXT STEPS**

After the Board of Directors approves the recommended allocations and adopts the resolution, we will work with Los Angeles County jurisdictions, transit operators, Southern California Association of Governments (SCAG) and Metro Operations to ensure the proper disbursement of funds.

### **ATTACHMENTS**

Attachment A - FY 2019 Transit Fund Allocations  
Attachment B - Amendment to the FY 2018 Transit Fund Allocations  
Attachment C - Summary of Significant Information, Methodologies and Assumptions  
Attachment D - TDA and STA Resolution

Prepared by: Manijeh Ahmadi, Manager, Transportation Planning, (213) 922-3083  
Michelle Navarro, DEO, Finance, (213) 922-3056

Reviewed by: Nalini Ahuja, Chief Financial Officer, (213) 922-3088



Phillip A. Washington  
Chief Executive Officer