

**Board Report**

File #: 2023-0346, **File Type:** Program

Agenda Number: 20.

FINANCE, BUDGET AND AUDIT COMMITTEE
JUNE 14, 2023

SUBJECT: FISCAL YEAR 2023-24 TRANSIT FUND ALLOCATIONS

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. APPROVING \$3.3 billion in FY 2023-24 (FY24) 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 Metro Board approved policies and guidelines;
- B. APPROVING an adjustment to Tier 2 Operator funding for the Cities of Burbank, Glendale, Los Angeles, and Pasadena from a capped amount of \$6 million to \$8.2 million for FY24 that will be adjusted annually by the Consumer Price Index (CPI) in subsequent years;
- C. APPROVING fund exchanges in the estimated amount of \$4,471,049 of Metro's Transportation Development Act (TDA) Article 4 allocation with Municipal Operators' shares of the Low Carbon Transit Operations Program. Funding will be adjusted based on LCTOP actual allocations;
- D. APPROVING fund exchanges in the estimated amount of \$984,952 of Metro's Proposition (Prop) C 40% allocation with Antelope Valley, Santa Clarita, Burbank, and Glendale's shares of the Low Carbon Transit Operations Program. Funding will be adjusted based on LCTOP actual allocations;
- E. APPROVING Two-year lag funding in the amount of \$273,680 for the transfer of the eastern segment of Metro line 130 to Long Beach Transit. The transfer will consist of 132,959 Revenue Miles;
- F. APPROVING fund exchange in the amount of \$320,133 of Metro's TDA Article 4 allocations with La Mirada Transit's share of FY18 and FY19 Federal Section 5307;
- G. 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 \$360,000 with Metro's TDA Article 4 allocation;

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- H. APPROVING fund exchanges in the amount totaling \$16.2 million of Metro's Federal Section 5307 share with Municipal Operators' shares of Federal Sections 5337 and 5339;
 - I. APPROVING fund exchange in the amount of \$5 million of Metro's Prop C 40% allocations with the Local Transit Operators' share of federal Section 5307 funds to implement the Local Transit Systems Subcommittee's (LTSS) Zero Emission Vehicle (ZEV) Call for Projects;
 - J. APPROVING project selection and programming of \$13,937,073 for the LTSS ZEV Call for Projects as shown in Attachment B;
 - K. AUTHORIZING the Chief Executive Officer to adjust FY24 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 Administration and amend the FY24 budget as necessary to reflect the adjustments;
 - L. 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 C); and
 - M. AUTHORIZING the Chief Executive Officer to negotiate and execute all necessary agreements and FY24 budget amendments to implement the above funding programs.

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 FY24 prior to fund disbursement. As in prior years, the proposed transit allocations include fund exchanges of Metro funding for municipal and local transit operator shares of federal and State grant programs to enable them to draw down funding quickly with less requirements. In addition, this year's fund allocations include two new actions: a recommendation to adjust the Tier 2 Operator funding pool by CPI and approval for the LTSS ZEV fund program.

BACKGROUND

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

The recommended FY24 Transit Fund Allocations are developed according to federal, state, and local requirements, as well as policies and guidelines previously approved by the Metro Board. Details of significant information, methodologies, and assumptions are described in Attachment D.

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 FY24 Transit Fund Allocations.

DISCUSSION

In consultation with the Bus Operations Subcommittee (BOS) members on April 18, 2023, Metro staff recommended using FY22 vehicle service miles statistics and fare revenue data to allocate State, Local, and federal funds. To mitigate the impact of COVID-19, Metro staff recommended, and BOS members approved, the use of FY19 fare revenue data for the operators that would be disproportionately impacted by using the standard formula calculation. The four operators that were allowed to use FY19 fare revenue data include Arcadia Transit, La Mirada Transit, Redondo Beach, and Santa Clarita.

In addition, Metro was asked to accommodate fund exchanges with the municipal and local transit operators to assist them in accessing funding more quickly with less administrative requirements as follows:

- The Municipal operators are requesting fund exchanges of their Federal Sections 5339 and 5337 allocations with Metro's share of Federal Section 5307 allocation to minimize the impact on administrative processes associated with these funding programs.
- The Municipal operators, Burbank, and Glendale are requesting fund exchanges of their LCTOP allocations with Metro's TDA Article 4 and Prop C 40% fund allocations to minimize the impact on administrative processes associated with these funding programs.
- La Mirada is requesting a fund exchange of their shares of FY18 and FY19 Federal Section 5307 allocations with Metro's TDA Article 4 to minimize the impact on administrative processes associated with the federal grant program.
- Long Beach Transit is requesting a fund exchange of their share of Section 5307 15% Discretionary funds with Metro's TDA Article 4 funds for the Southern California Regional Transit Training Consortium (SCRTTC). In April 2022, BOS awarded \$360,000 a year for three years for the regional training program through an award to Long Beach Transit.
- To expedite grant approval and fund disbursement by the Federal Transit Administration, Metro will exchange the \$5 million allocated to the Local Transit Operators under Section 5307 grants with its Prop C 40% funds to implement the LTSS ZEV program.

Tier 2 Operator Funding

On May 2, 2023, the City of Glendale submitted a request to increase the Tier 2 funding pool, which

has been capped at \$6 million since 2010. The other transit funding programs are allowed to grow annually based on their respective adopted program rules. In response, Metro staff recommended, and the BOS members approved, an adjustment of the funding from a \$6 million annual cap to \$8.2 million for FY24, with the subsequent annual allocations to be adjusted based on the CPI. The FY24 amount was derived by applying the actual annual CPI rates to the annual \$6 million capped allocation between the first year of the Tier 2 Operator program in 2010 through to 2024.

Reallocation of Federal Section 5307 Capital Revenues for LTSS ZEV Call for Projects

In June 2022, the Board approved a reallocation of greater than anticipated Federal Section 5307 Capital revenues made available by the Federal Infrastructure Investment and Jobs Act (IIJA), to fund a zero-emission vehicle capital call for projects available to local transit operators and administered by the LTSS. Staff, working with members of the BOS, and Los Angeles County Municipal Operators Association (LACMOA), agreed to collectively set aside the Section 5307 funding as follows: \$10 million in FY22, \$5 million in FY24 and \$5 million in FY26, for the purpose of addressing the capital needs of local operators, particularly the mandated conversion to electric or other zero emission vehicles. This will total \$20 million for the life of the IIJA. Metro is then exchanging local funds with Section 5307 funds to help expedite project delivery by reducing administrative requirements for the local operators. The Metro Board approved a fund exchange in June 2022 for the first \$10 million allocation, and staff is requesting approval of a fund exchange this year for the second \$5 million allocation in FY24 Section 5307 funds.

LTSS released the call for projects announcement in November 2022, applications were received in January 2023, and evaluated and scored in April 2023. A total of seven applications were received totaling \$13.9 million in requests. All applications received a score above 70, qualifying them for funding. The LTSS recommended funding all applications and utilizing the \$10 million in FY22 funds and \$3.9 million of FY24 funds to fully fund the requests. The selected projects and recommended grant awards are contained in Attachment B.

DETERMINATION OF SAFETY IMPACT

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

FINANCIAL IMPACT

The FY24 Transit Fund Allocations are included in the FY24 Budget in multiple cost centers and multiple projects. Approval of these recommendations authorizes Metro to disburse these funds to the Los Angeles County jurisdictions and transit operators.

EQUITY PLATFORM

Under Board-adopted guidelines, this item enables the programming of funds to recipients to support the implementation of various transportation projects and improvements throughout the region. The FY24 Transit Fund Allocations referenced in Attachment A are expected to provide benefits to people walking, biking, and taking transit, including those with disabilities. Through the process of public input and engagement, local decision making, and project implementation, cities and unincorporated

areas of the county, and transit operators have control to appropriately and equitably address the needs of their communities.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommendation supports Metro's Strategic Plan Goals #1 and #2 by improving mobility, ease of travel, and safety. The local jurisdictions' and transit operator's improvement projects to be funded by their apportionments presented in Attachment A will assist in achieving those goals.

ALTERNATIVES CONSIDERED

The Board may choose not to approve the FY24 Transit Fund Allocations and instruct staff to use an alternative methodology for allocation. This alternative is not recommended as federal, state, and local requirements, as well as prior Metro Board policies and guidelines require an annual allocation of 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 the Metro Board and have been agreed upon by affected operators and jurisdictions.

NEXT STEPS

Upon Board approval of the recommended allocations and adoption of 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 - FY24 Transit Fund Allocations

Attachment B - LTSS ZEV Call for Projects Selection and Awards

Attachment C - TDA and STA Resolution

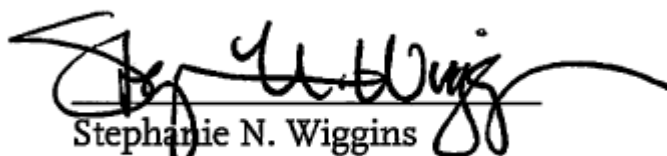
Attachment D - Summary of Significant Information, Methodologies, and Assumptions

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