



Board Report

File #: 2022-0313, File Type: Budget

Agenda Number: 16.

FINANCE, BUDGET, AND AUDIT COMMITTEE
JUNE 15, 2022

SUBJECT: FISCAL YEAR 2022-23 TRANSIT FUND ALLOCATIONS

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. APPROVING \$2.9 billion in FY 2022-23 (FY23) 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 exchanges in the estimated amount of \$3,323,653 of Metro's TDA Article 4 allocation with Municipal Operators' shares of Low Carbon Transit Operations Program. Funding will be adjusted based on LCTOP actual allocations;
- C. APPROVING fund exchanges in the estimated amount of \$975,482 of Metro's Prop C 40% allocation with Antelope Valley, Santa Clarita, Burbank and Pasadena's shares of Low Carbon Transit Operations Program. Funding will be adjusted based on LCTOP actual allocations;
- D. APPROVING fund exchange in the amount of \$ 170,195 of Metro's TDA Article 4 allocations with La Mirada Transit's share of FY17 Federal Section 5307 and \$199,062 of Metro's TDA Article 4 allocations with Arcadia Transit's share of FY17 Federal Section 5307;
- E. APPROVING Two-year lag funding for \$842,476 to Torrance Transit, Commerce Transit, and Long Beach Transit for the transitioned services from Metro as follows:
 - 1. The transfer of Metro Line 256 to City of Commerce Municipal Bus Lines consisting of 102,930 Revenue Miles and corresponding fundings in the amount of \$184,608;
 - 2. The transfer of a portion of Metro Line 130 to Torrance Transit consisting of 231,006 Revenue Miles and corresponding funding in the amount of \$414,163;
 - 3. The transfer of the eastern segment of Metro line 130 to Long Beach Transit consisting of 135,893 Revenue Miles and corresponding funding in the amount of \$243,705;
- F. APPROVING base funding increase from \$6.0 million to \$7.4 million in FY23 for Tier 2 Operators to accommodate local fund exchanges of American Recovery Plan Act (ARPA) Funding as approved by the LACMTA Board of Directors;
- G. APPROVING the execution of \$9.2 million local fund exchanges as appropriate to implement the Board approved ARPA allocations;

- H. 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;
- I. APPROVING fund exchanges in the amount totaling \$17.1 million of Metro's Federal Section 5307 share with Municipal Operators' shares of Federal Sections 5337 and 5339;
- J. AUTHORIZING the Chief Executive Officer to adjust FY23 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 FY23 budget as necessary to reflect the adjustment;
- K. AUTHORIZING a \$1.26 million allocation to LIFE Program Administrators, FAME Assistance Corporation (FAME) and the International Institute of Los Angeles (IILA) to fund the FY23 Taxi Voucher component of the LIFE Program;
- 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 B);
- M. APPROVING the reallocation of \$10 million in greater than anticipated FY22 Federal Section 5307 funds, plus additional allocations of \$5 million in FY24 and \$5 million in FY26 Federal Section 5307 funds in support of Local Operators Capital Requirements (Attachment C);
- N. APPROVING fund exchange of FY22 Federal Section 5307 funds in the amount of \$10 million allocated to Local Operators with other local funds as appropriate to accelerate grant approval and disbursement of funds by the Federal Transit Administration; and
- O. AUTHORIZING the Chief Executive Officer to negotiate and execute all necessary agreements 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 FY23 prior to fund disbursement.

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 Pasadena 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.

BACKGROUND

The Los Angeles County Metropolitan Transportation Authority (LACMTA), 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. LACMTA Board approval will allow the continued funding of transportation projects, programs, and services in Los Angeles County.

DISCUSSION

In Los Angeles County, commuters continue to rely on public transit to get where they need to go, even as the COVID-19 pandemic has forced riders to maintain social distancing and other safety measures. Transit Operators have had to adapt

to a changing environment, adjusting service plans to respond to lower ridership and lack of available drivers during the pandemic which has forced agencies to cut bus service hours. In FY21, transit service levels were reduced to align service with on-street realities.

As more Americans get vaccinated and many start returning to workplaces, Metro staff believes that FY21 represents the re-baselined representation of the transit services and ridership index for LA County transit agencies. In consultation with the Bus Operations Subcommittee (BOS) members on March 15, 2022, Metro staff recommended to use FY21 vehicle service miles statistics to allocate State and Local funds and fare revenue data to be held constant at FY19 level. The current year, FY22 used a two-year average of service variables as the basis of the allocation in order to smooth the impacts of the COVID-19 pandemic. For federal grant allocations, Metro staff recommended the use of FY19 data to more accurately represent the need for future capital funding investments. BOS members concurred with Metro's recommendation on the assumption that the discussion will be continued next year to choose the best option for FY24.

Transit Fund Allocations

The recommended FY23 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 D**.

The Tier 2 Operators Funding Program will receive \$7.4 million of funding from Proposition A 95% of 40% Discretionary growth over inflation. This allocation includes a total of \$1,353,230 in ARPA funding as approved by the LACMTA Board of Directors, and the ARPA funds will be exchanged with local funds.

The Sub-Regional Paratransit operators, Voluntary NTD Reporting agencies, Avalon Ferry, Avalon Transit Services and Hollywood Bowl Shuttle Services will receive \$ 9,206,853 in ARPA funding as approved by the LACMTA Board of Directors, and the ARPA funds will be exchanged with local funds.

At its April 2022 meeting, the BOS awarded \$360,000 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. Funds will be exchanged with Metro's share of the Transportation Development Act (TDA) Article 4 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 FY23 Transit Fund Allocations.

Low Income Fares is Easy (LIFE) Program

The LIFE program, in addition to the provision of fare subsidies, provides Taxi Vouchers to individuals with short term/immediate need transit services who are otherwise unable to use fixed route transit. Taxi Vouchers and their required reimbursements to Taxi providers are managed by the program administrators and distributed to the rider, through approved agencies such as hospitals and shelters, to provide trips categorized by mobility or health limitations, urgency, or safety. Funding to accommodate Taxi reimbursements and voucher printing are to be allocated as follows: \$840,000 to FAME, and \$420,000 to IILA.

Reallocation of FY22 Actual Federal Section 5307 Capital Revenues

As a result of the Federal Infrastructure Investment and Jobs Act (IIJA), additional revenues have been allocated to Los Angeles County under Federal Section 5307 funds for FY22. This funding is estimated to equal approximately \$58.6 million, or 28%, above previously allocated levels. Staff, working with members of the BOS, Los Angeles County Municipal Operators Association (LACMOA), and the Alliance of Local Transit Operators, is recommending that \$10 million of these greater than anticipated revenues in FY22, and additional even-year allocations of \$5 million in FY24 and FY26 be made available to address 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. The currently eligible individual operators would receive an allocation approximately 23% greater than that originally approved by the Metro Board.

DETERMINATION OF SAFETY IMPACT

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

FINANCIAL IMPACT

The FY23 Transit Fund Allocations are included in the FY23 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.

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 FY23 Transit Fund Allocations referenced in Attachment A are expected to provide benefits to people walking, biking, and taking transit, including those with disabilities. Further, the LIFE program is targeted to assist transit riders with lower incomes to their mobility barriers. Through the process of public input and engagement, local decision making, and project implementation, cities and unincorporated areas of the county, and transit operators are empowered to appropriately and equitably address the needs of their communities.

ALTERNATIVES CONSIDERED

The Board may choose not to approve the FY23 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 LACMTA 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 LACMTA Board and have been agreed upon by affected operators and jurisdictions.

NEXT STEPS

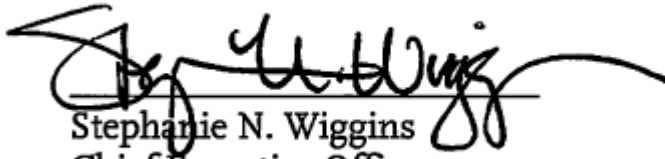
Upon Board approval of the recommended allocations and adoption of the resolution, we will work with Los Angeles County jurisdictions, transit operators, Southern California Association of Governments (SCAG) and Metro Operations to ensure the proper disbursement of funds.

ATTACHMENTS

Attachment A - FY23 Transit Fund Allocations
Attachment B - TDA and STA Resolution
Attachment C - FY22 Federal Final Actual Transit Fund Allocations
Attachment D - Summary of Significant Information, Methodologies and Assumptions

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