



Board Report

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Agenda Number: 37.

REGULAR BOARD MEETING
JULY 22, 2021

SUBJECT: AMERICAN RESCUE PLAN ACT (ARPA) FUNDING

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. APPROVING the allocation of \$1.483 billion of Los Angeles County's share of Federal Transit Administration (FTA) Section 5307 ARPA funds to transit operators, inclusive of about \$1.465 billion from Los Angeles County's share of apportionments to the Los Angeles-Long Beach-Anaheim Urbanized Area (UZA), \$16.028 million apportioned to the Santa Clarita UZA, and \$1.666 million apportioned to the Lancaster-Palmdale UZA, as detailed in Attachment A;
- B. AUTHORIZING the Chief Executive Officer (CEO) or her designee to solicit proposals and allocate about \$1.327 million from Los Angeles County's share of FTA Section 5310 ARPA funds to Metro's existing subrecipients of Federal Section 5310 funds for operating expenses;
- C. AUTHORIZING the CEO to allocate Los Angeles County's share of FTA Section 5311 ARPA funds for transit service in rural areas upon notification by the California Department of Transportation (Caltrans), for operating expenses;
- D. APPROVING exchanges of ARPA funding allocations, as appropriate, with other local or eligible State or Federal funds to accelerate grant approval and disbursement of funds by the FTA;
- E. DELEGATING to CEO or her designee the authority to administratively approve minor changes to the allocations to reflect any revisions made by the FTA and/or Caltrans that may impact Los Angeles County's share of ARPA funds; and
- F. AUTHORIZING the CEO or her designee to negotiate and execute all necessary agreements

to implement Board approved support of transit programs in Los Angeles County.

ISSUE

Public transportation systems nationwide continue to face challenges stemming from the COVID-19 pandemic to ridership, revenue, and overall operations. ARPA makes available about \$30 billion nationwide for transit operators to prevent, prepare for, and respond to COVID-19. As the County Transportation Commission (CTC) for Los Angeles County, Metro is responsible for allocating Los Angeles County's share of ARPA funds to transit agencies to support the continuing provision of safe and reliable service in our region for essential workers and other riders who depend on public transportation to meet their travel needs.

BACKGROUND

ARPA, signed into law on March 11, 2021, appropriated about \$30 billion for transit nationwide. These funds are in addition to the \$25 billion appropriated by the Coronavirus Aid, Relief, and Economic Security (CARES) Act" and the \$14 billion appropriated by the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). The Metro Board approved the allocation of Los Angeles County's share of CARES Act funds at its May 2020 regular meeting and the allocation of CRRSAA funds at its March and April 2021 meetings.

DISCUSSION

On March 29, 2021, the FTA released the ARPA funding apportionments for UZAs and states nationwide. On April 1, 2021, following our agency's outreach and inter-agency consultation efforts, the Regional Council and Transportation Committee of the Southern California Association of Governments (SCAG) unanimously approved the inter-county allocation of Section 5307 ARPA funds apportioned to the Los Angeles-Long Beach-Anaheim UZA.

ARPA Funding Apportionments and Inter-county Allocations

The funding allocations for Los Angeles County from Section 5307 and Section 5310 apportionments are per the inter-county methodology that SCAG proposed for each program, consistent with FTA's ARPA apportionment formulas, and Metro and other CTCs in the region (i.e., for Orange, Riverside and San Bernardino counties) agreed to. Los Angeles County's share of Section 5311 ARPA funds is pending Caltrans release of county allocations statewide.

Section 5307 - FTA's apportionment of Section 5307 funds to UZAs nationwide is per the ARPA's formula according to which the combined total of Section 5307 funds from the CARES Act, CRRSAA, and ARPA that any UZA could receive cannot exceed 132 percent of the aggregated 2018 operating costs as reported by individual transit operators within the UZA to the National Transit Database (NTD).

Per the FTA the apportionments are: i) \$1.65 billion for the Los Angeles-Long Beach-Anaheim UZA, which comprises most of Los Angeles County and parts of Orange, Riverside, San Bernardino and Ventura counties; ii) \$16.028 million to the Santa Clarita UZA; and iii) \$1.666 million to the Lancaster-

Palmdale UZA, which are fully allocated to Los Angeles County.

SCAG's inter-county allocation of Section 5307 ARPA funds apportioned to the Los Angeles-Long Beach-Anaheim UZA resulted in the allocation of about \$1.465 billion to Los Angeles County.

Section 5310 - FTA's apportionment of Section 5310 funds to UZAs nationwide is per the ARPA's formula and equal to their share of such funds apportioned for FY2020.

Per the FTA, the apportionments are: i) \$1.255 million for the Los Angeles-Long Beach-Anaheim UZA; ii) \$30,301 to the Santa Clarita UZA; and iii) \$41,990 to the Lancaster-Palmdale UZA, which are fully allocated to Los Angeles County.

Section 5311 - FTA's apportionment of Section 5311 funds to states nationwide is per the ARPA's formula that factors the total amount of Section 5311 funds states received from the CARES Act and CRRSAA and provides an additional amount from the ARPA ranging between 5 percent and 20 percent of what the state reported to the NTD in 2018 as being the operating costs for its recipients and subrecipients in rural areas. The 5 percent ARPA allocation is for states that received CARES Act and CRRSAA Section 5311 funding allocations equal to at least 150 percent of their 2018 NTD operating costs in rural areas. As applicable to Section 5311 ARPA funds, Caltrans has neither announced its statewide county allocations of Section 5311 ARPA funds nor its timeline for its Call for Projects to apply for the funds.

ARPA Funding Allocations in Los Angeles County

At its May 2020 meeting, the Metro Board approved the allocation of CARES Act funding premised on the basis of the countywide reduction in anticipated sales tax revenues available to support transit programs throughout the county. Further consideration was also given to the projected loss in associated operating and ancillary revenues of operators in the region. Though improving, economic activity continues to lag conditions prior to the onset of the pandemic, and transit ridership remains at historic lows. The introduction of the vaccines, the recent opening of the region, and the reduction in mandated social distancing and commercial capacity requirements have provided positive indicators for future recovery. The allocation method used for CARES and CRRSA continues to be the best basis for the allocation of ARPA funds.

The proposed funding allocation methodology has been shared and reviewed by the region's transit providers and has received generally widespread support. Included in the proposed allocation methodology is funding for Metro, the Municipal Operators, Metrolink and Access Services, local and regional small operators, and other countywide transit programs. Attachment A includes the allocations by operator.

DETERMINATION OF SAFETY IMPACT

Adoption of this item will provide funding for increased safety efforts by providing continued supplemental relief funding to Los Angeles County transit agencies impacted by the pandemic, ensuring resources available to continue enhanced cleaning routines, access to personal protective

equipment, and restoring service levels.

FINANCIAL IMPACT

The total of about \$1.483 billion in Federal Section 5307 ARPA funding will be distributed to transit agencies throughout Los Angeles County as shown in Attachment A. Section 5310 and Section 5311 ARPA funds will be allocated following a competitive solicitation by Metro and Caltrans, respectively.

Impact to Budget

Use of ARPA funds will continue to help mitigate, but not eliminate, the funding gaps experienced by transit operators throughout Los Angeles County. Metro's allocation of will be applied in Metro's FY22 and FY23 budgets.

EQUITY PLATFORM

The federal stimulus funding was allocated using the Board approved allocation methodology used for CARES and CRRSA. To align with the intent of the federal stimulus funding to prevent, prepare and respond to the pandemic, all transit operators in LA County were allocated funding. ARPA helps public transit agencies avoid layoffs and service reductions, which disproportionately harm workers and Los Angeles County residents who are more likely to depend on public transportation.

This is an allocation and distribution of federal transit grants to Transit Operators for Transit Operations and Maintenance. Any equity considerations for Metro's eligible use of ARPA funds will be addressed during the budget process.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

1. Provide high-quality mobility options that enable people to spend less time traveling;
2. Deliver outstanding trip experiences for all users of the transportation system;
3. Enhance communities and lives through mobility and access to opportunity;
4. Transform Los Angeles County through regional collaboration and national leadership; and
5. Provide responsive, accountable, and trustworthy governance within the Metro organization.

ALTERNATIVES CONSIDERED

The Board may choose not to approve the proposed ARPA funding allocation method and instruct staff to allocate funds through some other Board directed process. This is not recommended, as this will cause significant delays in the receipt of funds for all transit operators and agencies in Los Angeles County.

NEXT STEPS

Should the Board approve the staff recommendation:


- Staff will notify SCAG of the proposed ARPA funding allocations to allow the transit operators to initiate the grant process and begin drawing down ARPA funding;
- SCAG will send the “split letter” to the FTA to support its review of grant applications; and
- Staff will work with transit operators and agencies on final administrative requirements and funding distribution details.

ATTACHMENTS

Attachment A - ARPA Funding Allocations by Transit Operator/Agency

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