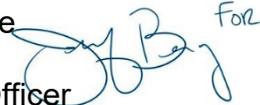




June 14, 2023

To: Finance and Administration Committee  For

From: Darrell E. Johnson, Chief Executive Officer

Subject: Cooperative Agreement with the City of Laguna Beach for Federal Transit Administration, State Transit Administration, SB 1 (Chapter 5, Statutes of 2017) State of Good Repair, and Cap and Trade Funds for Public Transit Services

Overview

The City of Laguna Beach and its municipally owned Laguna Beach Municipal Transit Lines are eligible to receive funding from the Federal Transit Administration Section 5307 Urbanized Area Formula Program Funds, Federal Transit Administration Section 5339 Bus and Bus Facilities Program funds, State Transit Assistance funds, State of Good Repair funds provided through SB 1 and Cap and Trade funds. Board of Directors' approval is requested to execute a new cooperative agreement to provide the City of Laguna Beach with additional Federal Transit Administration, State Transit Assistance, SB 1 State of Good Repair and Cap and Trade funds for the next five fiscal years beginning fiscal year 2023-24 through fiscal year 2027-28.

Recommendation

Authorize the Orange County Transportation Authority Chief Executive Officer to negotiate and execute Cooperative Agreement No. C-3-2477 between the Orange County Transportation Authority and the City of Laguna Beach, for a maximum cumulative amount not to exceed \$1,743,712 for Federal Transit Administration funding, \$2,225,913 for State Transit Assistance funding, including SB 1 augmentation, \$299,011 for State of Good Repair funds provided through SB 1, and \$174,524 for Cap and Trade funds, totaling \$4,443,160 for the next five fiscal years commencing fiscal year 2023-24 through fiscal year 2027-28, for providing public transit services and operating assistance.

Background

The City of Laguna Beach (City) has provided public transportation services through the Laguna Beach Municipal Transit Lines (LBMTL), an enterprise fund within the City, throughout the City limits since 1970. As a result, LBMTL is eligible to receive its share of federal funds.

Based on the transportation services provided by LBMTL, additional federal grant funding is generated that can be utilized to support transportation services within Orange County. The Orange County Transportation Authority (OCTA), as the direct grant recipient, has the option to utilize the additional funds directly for OCTA-related transportation services or to provide the additional funds to the City to support the services provided by LBMTL.

OCTA has historically utilized federal and state funds for OCTA-related projects and provided an equivalent amount of funds to the City to support the transportation services provided by the LBMTL. To receive Federal Transit Administration (FTA) funds, the City must submit annually a National Transit Database (NTD) report to the Federal Department of Transportation and OCTA. Federal funds are apportioned based on the service levels reported by the transit operators to the NTD system and remain reasonably consistent with the funding levels identified in the long-term federal legislation.

The receipt of State Transit Assistance (STA) funds for operating purposes requires that claimants meet certain performance standards relating to increases in costs per service hour. The City will be required to submit a Transit Operators Financial Transaction Report to the California State Controller to establish eligibility for these funds. The amount of state funds can vary from year to year as funding program levels are determined by the state legislature as part of the annual state budget process. For STA, State of Good Repair (SGR) funds and Cap and Trade funds, OCTA is responsible for allocating City a sum determined annually based on formulas and provisions provided by the State.

Discussion

On June 11, 2018, the Orange County Transportation Authority Board of Directors approved a cooperative agreement with the City of Laguna Beach for five fiscal years (FY) from FY 2018-19 through FY 2022-23. Board of Directors' approval is requested to execute a new cooperative agreement to continue

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providing the City of Laguna Beach with FTA, STA, SB 1 SGR and Cap and Trade funds for the next five FYs beginning FY 2023-24 through FY 2027-28.

The current amount of federal funding that would be available to the City is a maximum cumulative obligation that shall not exceed \$1,743,712 for five FYs. The current amount of STA funding that would be available to the City is a maximum cumulative obligation not to exceed \$2,225,913 for five FYs, including SB 1 augmentation. The SGR SB 1 funds shall not exceed \$299,011 for five FYs. The SGR funds and STA augmentation is contingent on continuation of SB1.

In the event SB 1 is repealed and funds are no longer available to OCTA, the City will not receive these funds. In addition, the City is also eligible to receive Cap and Trade funds for a total maximum cumulative obligation not to exceed \$174,524 for five FYs.

OCTA staff will calculate the City's share of state and federal funds each year when the amounts are available for allocation and only provide their eligible share.

Fiscal Impact

There is no fiscal impact to OCTA. OCTA is the recipient and will pass through funds to the City. The payments will occur through the Orange County Transit District fund.

Summary

Staff requests Board of Directors' approval to negotiate and execute Cooperative Agreement No. C-3-2477 between the City of Laguna Beach and Orange County Transportation Authority for the transfer of funds. This transfer allows for a more efficient means of providing operating assistance to the City to continue its public transit services.

Attachment

None.

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