



**May 24, 2023**

**To:** Finance and Administration Committee

**From:** Darrell E. Johnson, Chief Executive Officer

**Subject:** Amendment to Cooperative Agreement with the City of Laguna Beach for Public Transit Services

**Overview**

On June 11, 2018, the Orange County Transportation Authority Board of Directors approved a cooperative agreement with the City of Laguna Beach for the continued operation of public transit services. Board of Directors' approval is requested to amend the cooperative agreement to provide the City of Laguna Beach with additional Federal Transit Administration, State Transit Assistance, and SB 1 (Chapter 5, Statutes of 2017) State of Good Repair funds.

**Recommendation**

Authorize the Chief Executive Officer to negotiate and execute Amendment No. 4 to Cooperative Agreement No. C-8-1679 between the Orange County Transportation Authority and the City of Laguna Beach, in the amount of \$778,530, for the pass through of additional Federal Transit Administration, State Transit Assistance, and SB 1 State of Good Repair funding and to extend the expiration date for an additional six months through December 31, 2023. This will increase the maximum obligation of the cooperative agreement to a total contract value of \$4,569,306.

**Background**

The City of Laguna Beach (City) and its municipally-owned Laguna Beach Municipal Transit Lines (LBMTL) are eligible to receive funding from the Federal Transit Administration (FTA) Section 5307 Urbanized Area Formula Program Funds, FTA Section 5339 Bus and Bus Facilities Program funds, State Transit Assistance (STA) funds, State of Good Repair (SGR) funds provided through SB 1, and Cap and Trade 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 local funds to the City to support the transportation services provided by the LBMTL. 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. Federal funds are apportioned based on the service levels reported by the transit operators to the National Transit Database system and remain reasonably consistent with the funding levels identified in the long-term federal legislation.

On June 11, 2018, the Board of Directors (Board) approved a cooperative agreement for the pass through of funds to the City for fiscal year (FY) 2018-19 through FY 2022-23. The amounts identified for each funding source in the original contract were based on estimates. For FY 2022-23, OCTA has estimated that the City, as a subrecipient, is eligible to receive a total of \$778,530 in additional FTA, STA, and SB 1 SGR funding beyond the maximum obligations identified in the contract.

***Discussion***

OCTA's current agreement with the City requires an amendment to accommodate the increased funding available from the FTA, STA, and SB 1 SGR.

Since the contract expires before the FY 2022-23 amounts are available, OCTA has calculated the additional amount of \$328,499 in FTA, \$438,546 in STA, and \$11,485 in SGR funding available for the City totaling \$778,530. The estimated FTA amount assumes a two percent increase from the prior year, and the estimated STA and SGR amounts are based on the latest FY 2022-23 estimates published by the State Controller's Office in August 2022, as well as population estimates published by the State of California, Department of Finance.

This request will increase the maximum cumulative obligation from \$3,790,776 to \$4,569,306, to accommodate the passthrough of additional funds. OCTA staff will re-calculate the City's share of state and federal funding for FY 2022-23 when the amounts are available and only pay their eligible share.

Staff also requests to extend the expiration date for an additional six months from July 1, 2023 to December 31, 2023. This will allow sufficient time to calculate the City's FY 2022-23 share based on actuals, and process payment to the City.

**Fiscal Impact**

There is no anticipated financial impact to OCTA. OCTA is the recipient and would pass through funds to the City.

**Summary**

Staff requests Board of Directors' approval to authorize the Chief Executive Officer to negotiate and execute Amendment No. 4 to Cooperative Agreement No. C-8-1679 between the Orange County Transportation Authority and the City of Laguna Beach, in the amount of \$778,530, for the pass through of additional Federal Transit Administration, State Transit Assistance and SB 1 State of Good Repair funding and to extend the expiration date for an additional six months through December 31, 2023. This will increase the maximum obligation of the cooperative agreement to a total contract value of \$4,569,306.

**Attachment**

- A. City of Laguna Beach Cooperative Agreement No. C-8-1679 Fact Sheet

**Prepared by:**



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