



**May 23, 2018**

**To:** Finance and Administration Committee

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

**Subject:** Cooperative Agreement with the City of Laguna Beach for Federal Transit Administration, State Transit Administration, Senate Bill 1 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 Senate Bill 1 and Cap and Trade funds.

To receive Federal Transit Administration funds, the City of Laguna Beach must submit annually a National Transit Database report to the Federal Department of Transportation and the Orange County Transportation Authority. For State Transit Assistance and Cap and Trade funds, the Orange County Transportation Authority is responsible for providing the City of Laguna Beach a sum determined annually based on formulas and provisions provided by the State.

**Recommendation**

Authorize the Orange County Transportation Authority Chief Executive Officer to execute Cooperative Agreement No. C-8-1679 between the Orange County Transportation Authority and the City of Laguna Beach, for a maximum cumulative amount not to exceed \$950,000, for Federal Transit Administration funding, \$1,200,000 for State Transit Assistance funding, including Senate Bill 1 augmentation, \$250,000 for State of Good Repair funds provided through Senate Bill 1, and \$200,000 for Cap and Trade funds for the next five years commencing fiscal year 2018-19, for providing public transit services and operating assistance.

***Discussion***

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. The Federal Transit Administration (FTA) 5307 Urbanized Area Formula Program Funds and FTA Section 5339 Bus and Bus Facilities Program funds are important sources of transit funding for urbanized areas. The Orange County Transportation Authority (OCTA) disburses a share of these available funds in the proportion that is based on submittals of the National Transit Database (NTD) and its relevant criteria. OCTA provides unrestricted local funding for transit operations to the LBMTL in an amount approximately equal to the city's current federal funding levels.

The state funds made available to OCTA are based on the provisions of Sections 99313 and 99314 of the Public Utilities Code (PUC) given for both State Transit Assistance (STA) and STA augmentation due to Senate Bill 1 (SB1). OCTA is not required to provide PUC Section 99313 funds to the Transit Operators, such as the City. However, OCTA historically provided PUC 99313 funds to the City, and as the regional transit service provider, will continue to support the City's efforts. PUC 99313 funds are calculated based on the proportion of the population of the City to the population of the County of Orange as a whole. For PUC Section 99314, OCTA disburses a share of available funds in accordance with the amount determined and reported by the California State Controller.

The current amount of federal funding that would be available to the City is a maximum cumulative obligation that shall not exceed \$950,000 for five years. The current amount of State STA funding that would be available to the City is a maximum cumulative obligation not to exceed \$1,200,000 for five years, including SB1 augmentation. The amount of STA funds can vary from year to year as program levels are determined by the State legislature as part of the annual State budget process. The State of Good Repair (SGR) SB1 funds shall not exceed \$250,000 for five years. The SGR funds and STA augmentation is contingent on continuation of SB1. In the event SB1 is repealed and funds are no longer available to OCTA, the City will not receive these funds. The receipt of 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. In

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addition, the City is also eligible to receive Cap and Trade funds for a total maximum cumulative obligation not to exceed \$200,000 for five years.

**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.

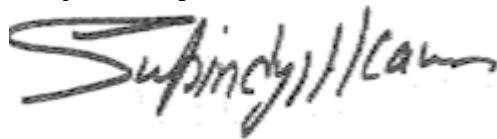
**Summary**

Staff requests Board of Directors' approval to execute the Cooperative Agreement between the City of Laguna Beach and Orange County Transportation Authority for the transfer of revenues. 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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