



**October 24, 2018**

**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 August 26, 2013, 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 funds due to an increase in federal allocation.

**Recommendation**

Authorize the Chief Executive Officer to negotiate and execute Amendment No. 2 to Cooperative Agreement No. C-3-1705 between the Orange County Transportation Authority and the City of Laguna Beach, in the amount of \$119,735, for Federal Transit Administration funding, and to extend the current contract term an additional seven months through June 30, 2019. This will increase the maximum obligation of the cooperative agreement to a total contract value of \$869,735.

**Discussion**

The City of Laguna Beach (City) has provided public transportation services throughout the city limits through the Laguna Beach Municipal Transit Lines (LBMTL) since 1970. The City and its municipally-owned LBMTL are eligible for federal funding, including the Federal Transit Administration (FTA) Section 5307 Urbanized Area Formula Program funds and the Section 5339 Bus and Bus Facilities Program 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 enable the City, as an eligible subrecipient, to use the additional funds to support the services provided by LBMTL. OCTA has historically utilized federal funds for OCTA-related projects and provided an equivalent amount of unrestricted local funds to the City to support the transportation services provided by the LBMTL. On August 26, 2013, the OCTA Board of Directors (Board) approved a cooperative agreement for the pass through of unrestricted local funds to the City for fiscal years (FY) 2013-14 through FY 2017-18.

The City annually submits National Transit Database (NTD) data to FTA and OCTA. The NTD data enables OCTA to calculate the federal formula grant funding available to the City. OCTA utilizes the federal formula funds, Section 5307 and Section 5339, generated by the LBMTL service and provides an equivalent amount of unrestricted local funds.

The amount of FTA funding available to the City was originally estimated to be an average of \$150,000 per FY with a maximum amount of \$750,000 over five years. The FTA apportionments for FY 2017-18 were provided to OCTA in August 2018. The City reported higher revenue miles, passenger miles, and operating costs that increased the City's portion of federal formula grant funding available. This amount exceeds the estimated maximum amount in the cooperative agreement and requires an amendment to the cooperative agreement.

Proposed Amendment No. 2 is to provide the City with its entire calculated federal grant funding, in the amount of \$119,735, which increases the maximum cumulative obligation from \$750,000 to \$869,735. In addition, the current contract term is extended an additional seven months through June 30, 2019, to continue to provide the City with local funding assistance. The cooperative agreement has been previously amended as described in Attachment A.

#### **Fiscal Impact**

Another \$119,735 in unrestricted local funds will be sent to LBMTL. The \$119,735 in local funds will be offset by a like amount of federal funding, so there will be no net financial impact to OCTA.

#### **Summary**

The City is eligible for federal funding to support public transportation services throughout the city limits. OCTA has historically utilized federal funds for OCTA-related projects and provided an equivalent amount of unrestricted local funds to the City to support transportation services. Staff requests Board approval to authorize the Chief Executive Officer to negotiate and execute Amendment No. 2 to Cooperative Agreement No. C-3-1705, in the amount of

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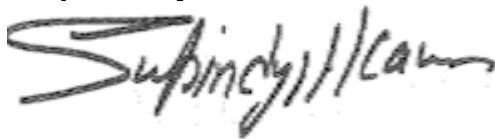
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\$119,735, for FTA funding, and to extend the current contract term an additional seven months through June 30, 2019, to continue to provide the City with local funding assistance.

**Attachment**

- A. City of Laguna Beach Cooperative Agreement No. C-3-1705 Fact Sheet

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