



May 13, 2020

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 funds from the Coronavirus Aid, Relief, and Economic Security Act.

Recommendation

Authorize the Chief Executive Officer to negotiate and execute Amendment No. 1 to Cooperative Agreement No. C-8-1679 between the Orange County Transportation Authority and the City of Laguna Beach, in the amount of \$599,381, for the pass through of Coronavirus Aid, Relief, and Economic Security Act funding. This will increase the maximum obligation of the cooperative agreement to a total contract value of \$3,199,381.

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 funds, State of Good Repair funds provided through Senate Bill 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 unrestricted 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 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 (NTD) system and remain reasonably consistent with the funding levels identified in the long-term federal legislation. On June 11, 2018, the OCTA Board of Directors (Board) approved a cooperative agreement for the pass through of unrestricted local funds to the City for fiscal year (FY) 2018-19 through FY 2022-23.

In March 2020, the United States Senate introduced the Coronavirus Aid, Relief, and Economic Security (CARES) Act in response to the recent novel coronavirus outbreak. The CARES Act would provide OCTA with a stimulus of \$225 million for economic relief caused by this pandemic. As a sub-recipient, the City is also eligible to receive a portion of OCTA's share. Similar to regular FTA Section 5307 funds, OCTA will also utilize the federal funds and provide equivalent amount of unrestricted local funds.

Discussion

The CARES Act provides stimulus to individuals and businesses in response to the economic distress resulting from the novel coronavirus. The City is an eligible transit operator under OCTA to receive FTA funds. CARES Act apportionments are allocated per FTA with the same formula as regular FTA Section 5307 funds, therefore the City is qualified as a sub-recipient of these funds. The City annually submits NTD data to FTA and OCTA. The NTD data enables OCTA to calculate the federal formula grant funding available to the City. OCTA used the City's reported revenue miles, passenger miles, and operating costs reported in FY 2017-18 to determine the City's portion. OCTA calculated the estimated amount of CARES Act funding available to the City, totaling \$599,381. This amount exceeds the estimated maximum amount in the cooperative agreement.

Amendment No. 1 is to provide the City with its share of the CARES Act funding, in the amount of \$599,381, which increases the maximum cumulative obligation from \$2,600,000 to \$3,199,381.

Fiscal Impact

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

Summary

Staff requests Board approval to authorize the Chief Executive Officer to negotiate and execute Amendment No. 1 to Cooperative Agreement No. C-8-1679 between the OCTA and the City, in the amount of \$599,381, for the pass through of funding. This will increase the maximum obligation of the cooperative agreement to a total contract value of \$3,199,381.

Attachment

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

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