




**July 8, 2020**

**To:** Finance and Administration Committee   
**From:** Darrell E. Johnson, Chief Executive Officer  
**Subject:** Amendment to Cooperative Agreement with the Anaheim Transportation Network for Public Transit Services

### **Overview**

On August 28, 2017, the Orange County Transportation Authority Board of Directors approved a cooperative agreement with the Anaheim Transportation Network for the continued operation of public transit services. Board of Directors' approval is requested to amend the cooperative agreement to provide the Anaheim Transportation Network 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-7-1760 between the Orange County Transportation Authority and the Anaheim Transportation Network, in the amount of \$2,354,802, 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 \$6,559,862.

### **Background**

The Anaheim Transportation Network (ATN) provides transportation services that generate federal funding. As a result, ATN is an eligible subrecipient of funding from the Federal Transit Administration (FTA) Section 5307 Urbanized Area and FTA Section 5339 Bus and Bus Facilities Programs. The Orange County Transportation Authority (OCTA), as the direct grant recipient, has the option to utilize the additional funds for OCTA-related transportation services or to provide the additional funds to ATN to support the transportation services they provide.

OCTA has historically utilized the federal funds generated by ATN for OCTA-related projects and provided an equivalent amount of unrestricted

## **Amendment to Cooperative Agreement with the Anaheim Page 2 Transportation Network for Public Transit Services**

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local funds to ATN to support the transportation services provided. On August 28, 2017, the OCTA Board of Directors (Board) approved a cooperative agreement for the pass through of unrestricted local funds to ATN for fiscal year (FY) 2016-17 through FY 2020-21.

In March 2020, the United States Senate introduced the Coronavirus Aid, Relief, and Economic Security (CARES) Act in response to the novel coronavirus (COVID-19) pandemic. The CARES Act provides OCTA with an additional \$225 million of federal funding for economic relief caused by the pandemic. As subrecipient, OCTA has determined that ATN is eligible to receive \$2,354,802 of these funds.

### ***Discussion***

OCTA's current agreement with ATN requires an amendment to accommodate the increased funding available to ATN from the CARES Act. OCTA calculated the amount of CARES Act funding available to ATN to be \$2,354,802, utilizing the existing methodology used to determine ATN's share of the annual apportionment of FTA Section 5307 and Section 5339 formula funds. OCTA staff continues to work closely with ATN to discuss the methodology utilized to determine ATN's fair share of funds.

ATN staff has made it clear to OCTA staff that they do not agree with the calculations OCTA has used to determine the amount of CARES Act funds ATN should receive. In discussions with ATN, it was agreed to move this staff report forward using OCTA's existing methodology and to seek additional guidance from the FTA regarding ATN's concerns. If it is determined later that ATN should receive more funds than this agreement allows, OCTA will bring an amendment to this agreement back to the OCTA Board for approval.

The current cooperative agreement with ATN stipulates that OCTA will retain up to ten percent of the FTA Section 5307 grant funds to cover costs associated with applying for grant funds, processing payments, and ensuring compliance with federal regulations. This stipulation will remain with the addition of the CARES Act funds.

The amount ATN is to receive of CARES Act funds exceeds the maximum obligation in the existing cooperative agreement. This request will increase the maximum cumulative obligation from \$4,205,060 to \$6,559,862, to accommodate the pass through of additional funds.

**Amendment to Cooperative Agreement with the Anaheim Page 3  
Transportation Network for Public Transit Services**

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**Fiscal Impact**

There is no financial impact to OCTA. OCTA would utilize the federal funds and pass through unrestricted local funds to ATN.

**Summary**

Staff requests Board approval to authorize the Chief Executive Officer to negotiate and execute Amendment No. 1 to Cooperative Agreement No. C-7-1760 between the OCTA and ATN, in the amount of \$2,354,802, for the pass through of funding. This will increase the maximum obligation of the cooperative agreement to a total contract value of \$6,559,862.

**Attachment**

- A. Anaheim Transportation Network Cooperative Agreement No. C-7-1760  
Fact Sheet

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