



**October 14, 2020**

**To:** Finance and Administration Committee

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

**Subject:** State Transit Assistance Fund and SB 1 (Chapter 5, Statutes of 2017) State of Good Repair Claims for Fiscal Year 2020-21

### **Overview**

The Orange County Transit District is eligible to receive funding from the State Transit Assistance Fund for providing public transportation services throughout Orange County. In order to receive these funds, the Orange County Transit District, as the public transit and community transit services operator, must file claims with the Orange County Transportation Authority, the transportation planning agency for Orange County.

The Orange County Transportation Authority is also eligible to receive funding from the SB 1 State of Good Repair Program that is funded by the Transportation Improvement Fee on vehicle registrations. Funding recommendations for fiscal year 2020-21 were approved by the Board of Directors on August 24, 2020. Upon approval of the statewide list of fiscal year 2020-21 projects by the California Department of Transportation, the Orange County Transportation Authority must file claims on a quarterly basis to receive the funding.

### **Recommendations**

- A. Adopt Resolution No. 2020-281 to authorize the filing of State Transit Assistance Fund claims, in the amount of \$22,592,552, or up to the actual allocation published by the State Controller's Office, to support public transportation.
- B. Authorize the filing of SB 1 State of Good Repair claims, in the amount of \$6,426,478, or up to the actual allocation published by the State Controller's Office, to help sustain and upgrade the Orange County Transportation Authority's bus system.

### ***Background***

#### **State Transit Assistance Fund (STAF)**

The Transportation Development Act (TDA) of 1971 established a funding source dedicated to transportation projects. The funding source consists of two parts: the Local Transportation Fund, which is derived from 1/4 cent of the general sales tax collected statewide, and the STAF, which is generated from the statewide sales tax on diesel.

STAF revenues are distributed by the State Controller's Office (SCO) on a quarterly basis based on the amount of the appropriation approved in the state budget. Estimates are typically provided in January, with revised estimates provided in August of each year. In Orange County, the STAF funds are administered by the Orange County Auditor-Controller.

#### **State of Good Repair (SGR)**

The SGR Program is funded by a portion of the Transportation Improvement Fee on vehicle registrations. The SCO annually publishes estimates of SGR funding levels in January, with revised estimates provided in August of each year. SGR funds are expected to be allocated quarterly beginning November 2020, upon receipt of the approved recipients from the California Department of Transportation and filing of claims by the Orange County Transportation Authority (OCTA).

### ***Discussion***

#### **STAF**

The Orange County Transit District (OCTD) is required to file a claim with OCTA to receive its STAF allocation for providing public transportation services. OCTA has acknowledged that OCTD has met the required findings as per California Code of Regulations 6754, in order to be eligible to receive STAF funding. AB 90 (Chapter 17, Statutes of 2019) amended the TDA providing transit operators temporary exemption from meeting efficiency standards for fiscal year (FY) 2020-21 and FY 2021-22. This relief is provided considering higher than usual cost of transit services and decline in fare revenues due to the coronavirus. For these two FYs, OCTA can use STAF for capital and operating purposes without demonstrating the eligibility standards.

In August 2020, the SCO determined that OCTA would receive \$22,592,552 of STAF for FY 2020-21. OCTD will utilize STAF revenues of \$12,555,539 to fund ongoing capital requirements and \$10,037,013, to fund operations of the bus program. These amounts may change based on actuals reported by the SCO.

#### **SGR**

In August 2020, the SCO determined that OCTA would receive \$6,426,478 of SGR for FY 2020-21. On August 24, 2020, the OCTA Board of Directors (Board) approved the SB1 SGR Program recommendations for FY 2020-21. The funding recommendations included \$0.574 million for the Power Generator Replacement Project at the Anaheim and Irvine Construction Circle bus bases. The remaining funds will be used to support modifications, upgrades, and the replacement of OCTA's existing bus bases and transit facilities. Funds would be utilized for projects, such as, but not limited to, electrical, fire alarm and elevator upgrades, generators, heating ventilation, air conditioning, roof and concrete replacements, lighting and facility modifications, as well as the future construction of transit security operations center.

SCO is anticipated to begin releasing FY 2020-21 funds to transit agencies, beginning November 2020. OCTA will then be able to submit claims to receive these funds on a quarterly basis.

#### **Summary**

The STAF provides funding to the OCTD for public transit services. In order to receive these funds, OCTD must file the appropriate STAF claims with OCTA. Staff recommends the Board to adopt Resolution No. 2020-281 to file these claims.

The SGR Program provides funding for transit capital projects or services to maintain or repair a transit operator's existing transit vehicle fleet or transit facilities that improve existing transit services, and transit services that complement local efforts. Staff recommends the Board to authorize filing of claims to receive SGR funds.

***Attachment***

- A. Resolution 2020-281 of the Orange County Transit District, Authorizing the Filing of State Transit Assistance Fund Claims

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