



DATE: OCTOBER 13, 2016

MEMO TO: TRANSIT OPERATORS ADVISORY COMMITTEE

FROM: MARTIN R. ERICKSON, PUBLIC TRANSIT DIRECTOR
 PETER DE HAAN, PROGRAMMING DIRECTOR
 ELLEN TALBO, PROGRAM MANAGER, REGIONAL TRANSIT

SUBJECT: SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY (SCRRA) /
 METROLINK FUNDING – APPROVE OF SECTION 5307 FUNDS

RECOMMENDATION:

- Provide transit operator concurrence with transfer of Section 5307 programmed in the FY 2014/15 and FY 2015/16 POPs for Metrolink Capital Rehabilitation for use in the swap for Metrolink operations funds, to be taken out of the Oxnard/Ventura and Thousand Oaks/Moorpark urbanized area apportionments and transferred to the Statewide 5307 apportionment and then to the Los Angeles urbanized area apportionment.

BACKGROUND:

Metrolink is a Joint Powers Agency (JPA) comprised of five member agencies representing the transportation agencies of the counties of Los Angeles (METRO), Riverside (RCTC), San Bernardino (SANBAG), Orange County (OCTA), and Ventura (VCTC). The purpose of this TRANSCOM agenda item is twofold: first, it is to provide a review and update of the Metrolink funding scenario for VCTC moving forward from FY17/18 and beyond; and second, it is to memorialize the fund exchange agreement between VCTC and Metrolink for FY15/16 and FY16/17, as well as a funding letter of agreement between VCTC and OCTA, and amend VCTC's budget accordingly.

Since the beginning of Metrolink operations in Ventura County (1993), VCTC has remained in the Metrolink system with an internal "swapping" of VCTC federal capital money for METRO rail operating funds (from their self-help sales tax). This situation was necessitated because VCTC does not have its own "self-help" local transportation sales tax, unlike every other Metrolink member agency. In March, 2016 METRO indicated this swap may not be possible after FY16/17. The letter from METRO also indicated that the swap for FY15/16 and FY16/17 would need to be done differently, with an agreement required to memorialize the process.

Because on-going funding of Metrolink presents VCTC with a potentially challenging policy decision that could affect transit funding for all operators, VCTC brought the item to TRANSCOM for discussion and input on May 12, 2016 and advised them of the potentially dire consequences for countywide transit funding that could occur if another fund transfer mechanism was not worked out. However, since that time, VCTC staff, along with Metrolink staff, and staff from Metrolink member agencies have worked to develop a set of principles that involve a separate transfer of funds "federalizing" certain Metrolink contracts that should allow VCTC to continue in the Metrolink system from FY17/18 forward. If VCTC is successful with a revenue measure in November, 2016 it would allow VCTC more options to not only remain in the Metrolink system on a more secure basis, but also allow for the provision of additional rail service such as weekend service or additional daily service.

DISCUSSION OF FY15/16 and FY16/17 EXCHANGE:

The October 7th VCTC agenda included a recommendation for the Commission to approve agreements to implement the required fund swap for FY15/16 and FY16/17. In the past, the Ventura County federal funds were used for Metrolink capital projects in Los Angeles County, thus freeing up L.A. METRO funds to pay for Metrolink operations. Starting in FY15/16, there are no METRO funds for Metrolink capital projects that can be also be used for operations. So, the swapping process for the two years will result in METRO receiving federal funding it can use for its urban fixed guideway system (such as the Red, Orange, Green lines) to free up funds that will be transferred to Metrolink for operations.

In working out the logistics of the proposed agreement to swap with Metro for these two years, the agency staffs were able to identify processes to swap the fully-planned \$5,103,189 of Section 5307 funds required over the two fiscal years, as well as \$6,857,000 of the \$7,500,289 of the Section 5337 funds required. VCTC staff proposed that the remaining \$643,289 be provided through an amendment to the VCTC FY16/17 budget to exchange Local Transportation Funds budgeted for Ticket Vending Machines with Section 5337 funds programmed for the swap, since Rail Ticket Vending Machine replacement is an eligible use of Section 5337.

FTA formula funds such as Sections 5307 and 5337 are apportioned by urbanized area as defined by the Census Bureau, with some accounts also featuring a statewide apportionment to address the small urban and rural areas. Due to the differing requirements of the two fund types, the agreement to exchange funds for FY15/16 and FY16/17 uses different methods to exchange the two types of funds.

For 5307, FTA Circular 9030.1E provides that funds can be transferred from an urbanized area apportionment to the statewide 5307 apportionment and from the statewide apportionment to another urbanized area apportionment. The agreement provides that the Ventura County Section 5307 funds will be transferred to Metro using this method, and Metro will then pay SCRRRA directly with its local sales tax funds. The FTA requirements for the Section 5307 funds transfer between areas require consultation with the transit operators in the areas from which funds are being removed. Staff is accomplishing this consultation through the proposed TRANSCOM action for this item. Metrolink staff has indicated that they will participate in the TRANSCOM meeting and will thus be part of the required concurrence as they are also a Ventura County area transit operator.

For 5337, there is no statewide apportionment that can be used for directly transferring apportionments between urban areas. Therefore, VCTC will continue for FY15/16 and FY16/2017 the long-time practice of providing Section 5337 funds to SCRRRA for Metrolink

system rehabilitation. SCRRA will credit OCTA's system-wide rehabilitation funding share for VCTC's 5337 swap amount, freeing up OCTA's Section 5337 funds. Since OCTA and METRO both access funds apportioned to the Los Angeles Urban Area, the 5337 funds released by OCTA can be used by Metro for any eligible project in the Los Angeles area. As with the 5307 swap, METRO will pay SCRRA directly with its local sales tax funds.

Attachment A lays out the specific steps involved in carrying out the 5307 and 5337 swaps for 2015/16 and 2016/17. Attachment B tabulates the fund exchange amounts, while Attachments C and D provide graphic representations of the swaps.

Attachment A – Steps to Carryout Swap for FY15/16 and FY16/17

Attachment B – Fund Exchange Amounts

Attachment C – Fund Exchange Diagram – Section 5337 funds

Attachment D – Fund Exchange Diagram – Section 5307 funds