



**PLANNING AND PROGRAMMING COMMITTEE
OCTOBER 18, 2006**

SUBJECT: PROGRAMMING LOCAL TRANSIT RESERVE FUNDS

ACTION: PROGRAM RESERVE FUNDS

RECOMMENDATION

Program \$19 million in Proposition A Incentive Program reserve funds to Los Angeles County operators of specialized and locally funded services and eligible operators as follows:

- A. Up to \$14 million for one-time allocations towards capital and vehicle needs of operators of specialized and locally funded services through a competitive “Mini Call for Projects”; and
- B. \$5 million to be maintained on reserve to cover any potential shortfall in funding to eligible operators from Proposition A growth over the Consumer Price Index (CPI).

ISSUE

More than 60 cities operate locally funded fixed-route and dial-a-ride services in Los Angeles County. Proposition A Incentive Program reserve funds are now available to address capital and vehicle needs for these locally funded services.

POLICY IMPLICATIONS

Metro provides Proposition A Incentive Program funds to Los Angeles County cities to support sub-regional paratransit and other community-based, locally funded, specialized services. Unlike Metro and the Municipal Operators, the operators of these specialized and locally funded community based services do not have ready access to various federal and state funding sources to address their capital and vehicle replacement needs. The cancellation of the Countywide Call for Projects in recent years has left many of these locally funded operators with capital funding shortages. In addition to these funding shortages, higher fuel costs and other increased operating costs have made it increasingly difficult for cities to maintain existing specialized and community based locally funded services to their residents.

For fiscal year (FY) 2007, the Proposition A Incentive Program fund will provide approximately \$13.7 million in revenues to fund these local specialized services.

Although anticipated expenditures currently meet available revenues, there is a reserve of \$19 million that has accumulated since the Incentive Program fund was closed to new applicants and services. Instead of allowing money to continue to accumulate in this reserve, Metro can program and allocate reserve funds to address the capital and vehicle replacement needs of the operators of these specialized and locally funded services

OPTIONS

The Board of Directors could choose not to program any of the Incentive Program reserve funds at this time. Staff does not recommend this option, as the unmet capital and vehicle needs of Los Angeles County cities that provide specialized services will continue to grow as the Incentive Program reserve continues to accumulate. The Board also could choose to use the funds for other purposes; however, this would be inconsistent with the Board-approved Proposition A Incentive Guidelines, which state that the intent of the Incentive Program is to fund dial-a-ride, intra-community and other services for the senior and the disabled.

FINANCIAL IMPACT

The Proposition A Incentive Program reserve has accumulated \$19 million to date. Presently, the reserve can be used to backfill any shortfalls experienced in funding Los Angeles County eligible operators (currently includes Foothill Transit, Antelope Valley Transit Authority, City of Los Angeles Department of Transportation and Santa Clarita Transit) who receive annual Transit Fund Allocations from the excess of growth in Proposition A 40% Discretionary revenues over CPI. To address this possible need, we are recommending that \$5 million be maintained in the reserve. For up to \$14 million of the remaining balance of the reserve, we are recommending that it be used for a Mini Call for Projects for operators of specialized and locally funded services in Los Angeles County. If approved, our recommendation will have no impact on other projects or programs in the Metro Budget.

DISCUSSION

The Proposition A Incentive Program was established in the mid-1980s to address provisions from Transportation Development Act (TDA) Article 4.5, which sets aside funds for dial-a-ride, intra-community and other specialized services for the disabled. A primary objective of this set-aside is to provide funding for coordinated, sub-regional dial-a-ride services that are multi-jurisdictional and increase regional mobility for seniors and persons with disabilities.

Mini Call for Projects to be Funded from Proposition A Incentive Program Reserve

We propose to work with the Los Angeles County cities to conduct a competitive Mini Call for Projects through which operators of specialized and locally funded services can apply for and receive funding for their capital and vehicle replacement needs. This Mini Call for Projects will be based on eligibility and evaluation criteria developed with the Local Transit Systems Subcommittee (LTSS), which consists of representatives from Los

Angeles County cities. Once finalized, project applications will be sent to all of the cities. We will evaluate and rank the projects according to their merits and measured against the selection criteria.

This Mini Call for Projects is expected to provide primarily one-time funding for capital needs such as vehicle replacements. All projects will need to meet a minimum ranking to be considered for funding.

Proposed Mini Call for Projects Schedule

The following is our proposed schedule for conducting the Mini Call for Projects to be funded from the Proposition A Incentive Program reserve as recommended:

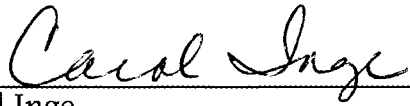
- *October to November 2006* - Work with LTSS to complete project eligibility/selection criteria.
- *November to December 2006* – Secure Board approval of project eligibility/selection criteria and application.
- *December 2006* – Send applications to all Los Angeles County cities.
- *February 2007* - Receive applications from all Los Angeles County cities.
- *March to April 2007* – Evaluate applications and develop project and funding recommendations.
- *May 2007* – Present recommended projects and funding amounts to Transit Advisory Committee (TAC) and LTSS for consideration.
- *June 2007* – Secure Board approval for recommended projects and funding amounts.

NEXT STEPS

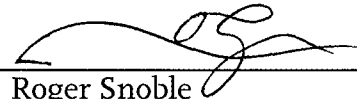
With Board approval of our recommendation, we will proceed to conduct a Mini Call for Projects, as described herein. We expect to return to the Board in June 2007 with specific project and funding recommendations.

Prepared by: Nalini Ahuja, Director
Local Programming

Frank Flores, Deputy Executive Officer
Programming and Policy Analysis



Carol Inge
Chief Planning Officer



Roger Snoble
Chief Executive Officer