

## FASANA MOTION FORMULA ALLOCATION PROCEDURE (FAP)

The LACMTA allocates bus transit funding to itself and 16 designated municipal operators ("participant" or "participants") in Los Angeles County through a process called the Formula Allocation Procedure (FAP) in accordance with a formula based on 50% vehicle service miles and 50% fare units (fare revenues divided by local base fare). The formula was originally designed in 1980 to increase productivity (vehicle service miles) and to keep fares low (fare units) when the region had sufficient funding to meet its needs.

Over the years, regional funding has not kept pace with the region's demand and subsequent modifications to the FAP have made the allocation process unduly complex. The current FAP:

- financially penalizes participants for increasing base fares
- creates an incentive for participants to reduce base fares and receive more FAP funding, at the expense of increasing overall funding available to the region for transit services

Fare units do not measure boardings because of the multitude and complexities of fares offered (e.g., student, senior, day pass, monthly pass, etc.) Under the existing FAP, service and financial data used to determine fare units are complex and difficult to verify.

**I move that a new simplified and equitable FAP be developed that would replace the existing FAP, MOSIP, and other bus funding pools and incorporate these features:**

**FAP Formula:** A participant's funding share will be the ratio of their total vehicle service hours (VSH) to all participants' total VSH.

**Single Funding Pool:** All current and future funding that LACMTA elects to allocate to any and all participants for transit operations must be allocated by this formula, including but not limited to TDA, STA, interest, Proposition A and C.

**Transition:** During the first three years after implementation of the New FAP, all participants will be guaranteed a minimum allocation equal to the total Fiscal Year 2006-2007 Transit Fund Allocation approved by the Metro Board at the July 27, 2006 meeting. (Participants with shortfalls below their FY 2006-2007 allocations would receive funds from participants with surpluses above their FY 2006-2007 allocations on a pro rata basis.)