

Formula Allocation Procedure—Special Provisions

Summary of Policy

The Formula Allocation Procedure (FAP) is used to allocate countywide bus transit funds among the bus operators in Los Angeles County, as described in state law--section 99285 (d) of the Public Utilities Code. The funds include State Transportation Assistance, Transportation Development Act, Federal Section 5307 (formerly Section 9) and Proposition A.

The law states that calculation for the distribution of funds shall be based upon transit performance data for bus operations that covers the most recent year for which audited data is available. Each of those operator's shares shall be calculated as follows: 50% of the operator's vehicle service miles and 50% of the operator's passenger revenues divided by its base cash fare.

The FAP controls the allocation of transit funds two fiscal years later, e.g., statistics of FY01 determine the percentage of the allocations in FY03. Those percentages are applied to the revenue estimates for FY03. Other funds allocated by the Board's "fair share" policy also refer to these statistics.

According to state law, if the Board chooses to change the FAP, at least $\frac{3}{4}$ of the directors must agree.

When an operator cannot provide transit service because of a strike, civil disorder or act of God, its statistics, and the statistics of other operators that are impacted by such events, will be adjusted to negate the impact the disruption has had on the FAP. Staff will submit the detailed calculations of the adjustments to the Bus Operations Subcommittee for review and approval to ensure that the principle of keeping all operators "whole" has been achieved.

Historical Perspective

The FAP was created in December 1979 to distribute countywide bus transit funds to the bus operators of Los Angeles County. The Los Angeles County Transportation Commission changed the formula in 1986, and it went into effect two years later. In September 1996, the formula was codified in state law.

In 2000, an agency bus strike occurred, which threatened the agency's formula-based revenue. In effect, the strike severely affected its vehicle service miles and fare units—variables for the formula, which the agency needed to qualify for its full bus operation's subsidy. The Board responded with a policy change that prevented us from losing \$18 million for its FY03 operations.

This policy became effective June 30, 2001 and is applied when disruptions in service occur.

Last Board Action

November 30, 2000 – Formula Allocation Procedure – Special Provisions

The Board adopted a revised version of the Special Provisions with the approval of $\frac{3}{4}$ of the Board members.

Attachment

Special Provisions

See Related

[Formula Allocation Procedure](#)

Public Utilities Code § 99280 – 99299

Public Utilities Code § 99207, § 99207.5

Municipal Operator Service Improvement Program

Bus System Improvement Plan

Special Provisions

For the fiscal year ending June 30, 2001, and thereafter, in the event that an operator is unable to provide transit service due to strikes, civil disorders or acts of God, that operator's statistics and any other operator's statistics that are impacted by such events shall be adjusted so as to normalize them to the position that would have existed if no interruption had occurred for FAP purposes.

The detailed calculation of the above adjustments shall be submitted to the Bus Operations Subcommittee (BOS) for review and approval to ensure that the principle of keeping all operators "whole" has been achieved.