

Council Meeting of
March 24, 2009

Honorable Mayor and Members
Of the City Council
City Hall
Torrance, California

Members of the Council:

SUBJECT: Transit – Authorize the City Manager to submit the American Recovery and Reinvestment Act 2009 Federal Section 5307 Capital Grant Application. Expenditure: \$4,526,566

RECOMMENDATION:

Recommendation of the Transit Director that City Council authorize the City Manager to submit on behalf of the Torrance Transit System the American Recovery and Reinvestment Act of 2009 Federal Section 5307 Capital Grant application for \$4,526,566.

FUNDING:

Funding in the amount of \$4,526,566 has been authorized. Funding has been approved at 100% with no local matching requirement.

BACKGROUND/ANALYSIS:

On February 17, 2009, President Obama signed economic stimulus legislation known as the American Recovery and Reinvestment Act of 2009 (ARRA). Consistent with the President's intent to spur the national economy as soon as possible, this federal economic stimulus legislation includes "use-it-or-lose-it" provisions with extremely tight deadlines for project delivery. To succeed in securing the maximum amount of federal funding possible, public transit agencies such as the Torrance Transit System (TTS) must be ready to meet the tight delivery deadlines that Congress and the State of California will be enforcing.

The ARRA is a jobs preservation and creation bill meant to address the nation's economic crisis by accelerating the construction of needed transportation infrastructure. As such, the federal economic stimulus funding to be provided is accompanied by tiered deadlines meant to ensure maximum use of the funds as early as possible on projects that preserve and create jobs. To succeed in securing ARRA funds, public transit agencies must meet all applicable federal provisions for capital acquisition projects (including, but not limited to, those pertaining to environmental clearance, reports,

audits, labor protection, planning, Buy America, disadvantaged business enterprises, local preference prohibition, etc.), while concurrently expediting project delivery.

If any state or transit agency fails to obligate its projects on time, other states or the U.S. Secretary of Transportation will have the opportunity to take the underutilized Recovery Act funds for other projects. Similarly, the State of California may be enabling regions and counties to take funds from other regions and counties that fail to deliver their projects. TTS believes that our best strategy to obtain any additional or bonus funding is to obligate our entire amount in a short time frame.

After careful analysis and discussion, TTS has chosen to apply for ARRA funds to purchase up to eight (8) Hybrid Gasoline-Electric Buses from New Flyer Industries. TTS is undergoing a three phase Fleet Modernization Project and the ARRA funds compliments this project greatly. The purchasing of "Greener" buses also meets all of the federal provisions for capital acquisition, and supports the bill's goal to quickly stimulate the economy and to protect and create jobs.

Project - Section 5307 ARRA	Federal Share	Local Share	Total
Replacement (8) 40-ft Buses	\$4,526,566	\$0	\$4,526,566

The buses will be manufactured out of plants in Canada (Manitoba) and Minnesota (St. Cloud and Crookston) with over 80% of the parts and components needed to build the buses coming from American based companies (i.e. – American Steel, General Electric, Ford Motor Company, American Seating, the ISE Corporation, Motorola, Firestone Tires, etc.).

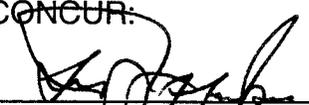
Based upon funding projections (ATTACHMENT A) released by the Los Angeles County Metropolitan Transportation Authority on March 3, 2009, TTS is eligible to apply for \$4,526,566 in ARRA funds.

Respectfully submitted,



 Kim Turner
 Transit Director

CONCUR:



 LeRoy J. Jackson
 City Manager

Attachments:

A) American Recovery and Reinvestment Act funding figures released by the Los Angeles County Metropolitan Transportation Authority on 3/3/09

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

LACMTA Capital Allocation - Federal Section 5307

Federal Section 5307 - 1% TEA Allocation (2):	\$	3,040,070
Federal Section 5307 by Capital Formula:		300,966,930
Total Federal Section 5307 Allocation:	\$	304,007,000

OPERATOR	FY09 % SHARE	Estimated Share(1)
ANTELOPE VALLEY(3)		\$ 439,766
ARCADIA	0.136707%	409,141
CLAREMONT	0.041722%	124,867
COMMERCE	0.194543%	582,234
CULVER CITY	1.113204%	3,331,632
FOOTHILL	7.008531%	20,975,361
GARDENA	1.198940%	3,588,227
LADOT	2.683173%	8,030,288
LA MIRADA	0.058645%	175,513
LONG BEACH	5.517479%	16,512,890
MONTEBELLO	2.008379%	6,010,741
METRO OPERATIONS	73.334406%	219,477,596
NORWALK	0.710433%	2,126,207
REDONDO BEACH	0.203715%	609,685
SANTA CLARITA		1,243,910
SANTA MONICA	4.277655%	12,802,305
TORRANCE	1.512469%	4,526,566
TOTAL	100.000000%	\$ 300,966,930

1. Estimated shares are based on amounts in amended House version of Stimulus Bill.
2. Allocation methodology for TEA funds will be determined at a later date in coordination with the claimants.
3. AVTA and Santa Clarita's allocations have been adjusted, as they are expected to receive Section 5307 funds from the Lancaster/Palmdale UZA. The amounts shown represent 10.2% of AVTA's and 27.6% of Santa Clarita's unadjusted LA UZA Section 5307 allocation, the percentage of services they operate in Los Angeles.