



MEMORANDUM

Date: December 16, 2020

To: The Honorable Chairman and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to read "CHH", is written over the printed name "C.H. Huckelberry".

The Honorable Supervisors Elect
Pima County Board of Supervisors

Re: **RTA Transit Intergovernmental Agreement and Payment of Transit Services**

Since inception of the RTA in 2006, the County has entered into an Intergovernmental Agreement and made payments to the RTA to provide transit services in Pima County exclusively in the unincorporated areas of the County; the cost of these services last year was \$6,477,776, this year's intergovernmental agreement will be significantly less in the amount of \$3,427,508 dollars due to Cares Act and other federal funding supplementing transit expenses and services.

The attached Transit and Maintenance of Effort memorandum from the Transportation Director dated November 24, 2020 provides additional information on the processes used to determine the amount of funding to be provided by County for this year. Please note that in addition we are requesting more detailed accounting of actual services provided in the unincorporated area. Previously this information has not been provided or has been sketchy at best including allocating transit cost that are responsibility of another jurisdiction to Pima County for the unincorporated area. Going forward this, more detailed accounting will be required in order to assure that the County is paying for services actually legally our obligation to make under the transit maintenance of effort requirement related to the Regional Transportation Authority.

CHH/sp

Attachment

c: Carmine DeBonis, Jr., Deputy County Administrator for Public Works
Yves Khawam, Assistant County Administrator for Public Works
Ana Olivares, Director, Transportation Department
Jim Nintzel, Reporter, Tucson Weekly

DATE: November 24, 2020

Ana M. Olivares

TO: C.H. Huckelberry
County Administrator

FROM: Ana M. Olivares, P.E.
Director

SUBJECT: RTA Transit

The purpose of this memo is to update the status of requested financial information from both the Regional Transportation Authority (RTA) and City of Tucson (COT) regarding transit revenues and expenditures as they pertain to transit service within the unincorporated area. On April 27, 2020, you requested a reduction in the FY 2021 Transit Maintenance of Effort (MOE) funding to RTA in an amount proportionate to the CARES Act distribution. The RTA responded on May 1, 2020 that all transit partners in the region should share in the relief funds offered through the CARES Act, and that the amount of savings would be finalized once the total amount of CARES Act funding was determined. Staff continued to work with the RTA over the past several months to obtain CARES Act funding and transit revenue and expenditure information, however the information received was not complete and several questions remain unanswered. Upon request, the COT recently provided a summary of the distribution and use of CARES Act funding to the region.

CARES Act Funding

CARES Act funding was distributed by formula to the COT and RTA through the FTA 5307 (urban) and 5311 (rural) programs. The 5307 CARES Act funds were directly allocated to the COT which helped pay for RTA transit services (projects 44-50) and also transit service for Pima County, Marana and South Tucson (fixed route bus, express, Sun Van/special needs). The COT expended the entire allocation but passed through the grant to the RTA by not invoicing the RTA during that time (March-July 2020) for services that would otherwise have been billed. The table below from the COT summarizes the amounts billed and not billed to the RTA for FY20 and July 2020. The sum of the amounts not billed is analogous to CARES Act funds allocated for regional benefit. Pima County “saved” \$2,474,306 based on the way the COT distributed the CARES 5307 relief funding.

IGA Project	FY 20 IGA Budget	FY 20 Expenses Billed to RTA	FY 20 Expenses Not Billed to RTA	July 20 Expenses Not Billed to RTA	Total Not Billed to RTA Due to CARES Funding
44	\$ 2,271,013	\$ 1,455,268	\$ 1,016,680	\$ 313,834	\$ 1,330,514
45	\$ 1,297,838	\$ 837,302	\$ 560,682	\$ 131,220	\$ 691,902
46	\$ 2,439,855	\$ 1,536,407	\$ 1,031,385	\$ 184,437	\$ 1,215,822
47	\$ 1,723,670	\$ 775,869	\$ 445,861	\$ 11,271	\$ 457,133
48	\$ 157,200	\$ 85,218	\$ 30,854	\$ 14,698	\$ 45,552
49	\$ 1,461,685	\$ 954,553	\$ 670,209	\$ 156,860	\$ 827,069
50	\$ 1,200,000	\$ 1,200,000	\$ -	\$ -	\$ -
PimaCo	\$ 4,649,827	\$ 3,148,611	\$ 2,059,145	\$ 415,161	\$ 2,474,306
Marana	\$ 45,462	\$ 29,529	\$ 20,952	\$ 4,628	\$ 25,580
S Tucson	\$ 640,506	\$ 406,233	\$ 280,159	\$ 60,381	\$ 340,540
Totals	\$ 15,887,057	\$ 10,428,990	\$ 6,115,927	\$ 1,292,490	\$ 7,408,417

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ADOT distributed to RTA directly the other portion of CARES Act funding utilizing the 5311 formula. The RTA portion of CARES Act funding is \$1,629,310 which is almost two years' worth of 5311 eligible operational expenses for Sun Shuttle routes and buses used by the Ajo service contractor, Second Generation DBA Ajo Transportation. ADOT is using the CARES Act funds to cover 100% of eligible expenses until the funding runs out. RTA has proposed that the savings be passed through to Pima County by not attributing any costs for the Ajo transit services or for Sun Shuttle Routes 410, 430 or 440 in FY 2021. The cost of this service totals approximately \$613,000 for FY 2021. Whether or not this is equitable is difficult to say because neither Pima Association of Governments nor RTA do fund accounting. So it is not possible to directly know how they applied the CARES Act 5311 funds, or even what the proportion is of Pima County service to all RTA 5311 funded transit service.

It is clear that Pima County paid the full amount of the transit MOE for FY 2020 with no discount for CARES Act funding relief, therefore all CARES Act funding relief should be applied to the FY 2021 MOE. Based on the invoices already received, it is assumed that RTA has calculated the total for FY 2021 as \$6,514,814. Applying the CARES 5307 and 5311 relief of \$2,474,306 and \$613,000 respectively, the total FY 2021 MOE is \$3,427,508, with further savings in FY 2022 for the CARES Act 5311 relief.

Detailed Accounting Request

Over the past several months, Transportation staff has continued to work with the RTA to gain a better understanding of transit costs and revenues, ultimately providing them with a detailed spreadsheet of all transit costs and revenues, by program. While the RTA was able to provide some of the requested information, they could not provide all at the detailed level or format requested primarily because of their accounting system. Rather than a fund accounting system, the RTA accounting system appears to have been designed to only provide requested information to the state and federal government pertaining to transit grants received. During the process of discovery, we also learned that PAG Transportation Improvement Program does not match actual revenues nor expenditures, and is instead used as a general forecasting and planning tool.

We also requested detailed cost accounting of transit service from the COT, which provides SunTran and associated transit services (fixed route bus, express, Sun Van/special needs). Similar to the RTA, the COT does not account for transit costs and revenues in a manner that would provide our requested detailed information. In general, they account for transit by grant fund type, of which they receive several. However, the COT is eager to assist us in this effort and will work to provide whatever information they can moving forward.

One discovery made during the detailed accounting request was an inaccuracy in the distribution of Sun Shuttle Dial-a-Ride costs between the original Pima County ADA area and the RTA Expanded ADA area. In an analysis of trips between FY 2018 and FY 2020 it was found that the average split should be 55% RTA and 45% Pima County, previously this percentage split had been reversed.

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Next Steps

There remains key areas concerning transit costs and services that DOT staff will continue to work with the COT and RTA to gain clarity on in the future, including:

1. Determining the cost effectiveness of having the RTA manage Sun Shuttle rather than moving routes to the COT/Sun Tran. For example, a significant portion of both Sun Shuttle routes 430 and 440 are now within the census designated urbanized area, which is the area used for the distribution of FTA 5307 funds. Since the RTA manages these routes they are not able to utilize any FTA 5307 funds for this route.
2. Determining and monitoring the geographic distribution Pima County ADA transit trips with the recommendation that RTA provide an annual count of trips originating in the Pima County ADA area versus the RTA expansion area.
3. Requesting that PAG/RTA hold monthly transit working group meetings so that the region can work cooperatively in developing a more standardized method tracking expenses and revenues for this region.

Recommendation

It is in the best interest of the region if the RTA and Pima County agree to an equitable means of sharing the CARES Act transit relief funding. Based on the information provided by the COT and RTA regarding operations and CARES funding, we recommend paying the FY 2021 Transit MOE in the amount of \$3,427,508.

We also recommend that we provide notice to RTA that our FY 2021/22 allocation is contingent on RTA modifying its accounting practices starting in FY 2021/22. The new accounting will require ability to track expenses and revenues in sufficient detail to clearly identify County trip amounts so that we may determine an equitable new baseline contribution for that and subsequent years.

AMO:KS:dg

- c: Carmine DeBonis, Jr., Deputy County Administrator for Public Works
Yves Khawam, PhD, Assistant County Administrator for Public Works
Kathryn Skinner, Deputy Director