

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

Council Meeting of  
August 28, 2012

**Members of the Council:**

**SUBJECT:** Transit - Approve Proposition C 40% Discretionary Funds Memorandum of Understanding.

**Expenditure: N/A**

**RECOMMENDATION:**

Recommendation of the Transit Director that City Council approve a Memorandum of Understanding (MOU) with the Los Angeles County Metropolitan Transportation Authority (Metro) for the allocation of Proposition C 40% Discretionary funds for the period from July 1, 2012 to June 30, 2022.

**FUNDING:**

None required for this action.

**BACKGROUND & ANALYSIS:**

As specified in the agreement, the Proposition C 40% Discretionary funds must be used in support of transit operations. The Proposition C 40% Discretionary funds acts as the funding source for the following programs: 1) Transit Service Expansion 2) Proposition C Interest Fund 3) Bus System Improvement Plan 4) Foothill Mitigation and 5) Base Restructuring. Torrance Transit utilizes this funding source in support of its bus operations.

Respectfully submitted,



\_\_\_\_\_  
Kim Turner  
Transit Director

CONCUR:



\_\_\_\_\_  
LeRoy J. Jackson  
City Manager

Attachments: A) MOU for Proposition C 40% Discretionary Funds



**MOU# MOU.PC13TOR2****MEMORANDUM OF UNDERSTANDING TO ALLOCATE PROPOSITION C 40%  
DISCRETIONARY FUNDS**

This Memorandum of Understanding ("MOU") is entered into as of June 30, 2012, by and between the Los Angeles County Metropolitan Transportation Authority ("LACMTA") and City of Torrance ("GRANTEE").

WHEREAS, on November 6, 1990, the voters of the County of Los Angeles approved by majority Proposition C, an ordinance establishing a one-half percent sales tax for public transit purposes; and

WHEREAS, the LACMTA, is the agency responsible for administering the tax; and

WHEREAS, from time to time, the LACMTA Board has identified, Proposition C 40% Discretionary Funds (the "FUNDS") as the funding source for the following programs: Proposition C Interest Funds ("PCI"), Transit Service Expansion ("TSE"), Foothill Mitigation ("FMIT"), Recession Mitigation ("RM"), Fair Share Allocation ("SHARE"), Bus System Improvement Plan ("BSIP") and Base Restructuring ("BASE").

WHEREAS, the GRANTEE is an eligible operator and desires to receive the FUNDS from LACMTA for the following programs (please check as applicable) (referred to, individually as a "Program" and collectively, as "Programs."):

<input checked="" type="checkbox"/> Prop C. Interest Funds	<input checked="" type="checkbox"/> Foothill Mitigation
<input checked="" type="checkbox"/> Transit Service Expansion	<input checked="" type="checkbox"/> Base Restructuring
<input checked="" type="checkbox"/> Bus System Improvement Plan	

WHEREAS, LACMTA and GRANTEE desire to agree to the terms and conditions of the grant of FUNDS for the GRANTEE's Programs ("MOU").

NOW THEREFORE, in consideration of the mutual term and conditions contained herein, LACMTA and GRANTEE hereby agree as follows:

**ARTICLE 1 - TERM**

1.1. This MOU will be in effect from July 1, 2012 through June 30, 2022 unless terminated earlier as provided herein.

**ARTICLE 2 – ALLOCATION OF PROPOSITION C DISCRETIONARY FUNDS AND  
INVOICE PROCEDURE**

2.1. Each fiscal year, to the extent the FUNDS are available, LACMTA staff, in coordination with

the Eligible/Included Operators, will develop funding marks for those Programs to be funded that fiscal year (the "Annual Funding Marks"). The Annual Funding Marks will describe GRANTEE's share of the FUNDS for GRANTEE's Programs to the extent such Programs are funded that fiscal year. GRANTEE shall have the opportunity to review and comment on the applicable Annual Funding Marks prior to LACMTA staff submitting the Annual Funding Marks to the LACMTA Board for approval.

- 2.2. For each fiscal year covered by this MOU, GRANTEE hereby directs LACMTA to allocate GRANTEE's share of the FUNDS pursuant to the applicable Annual Funding Marks for that fiscal year as approved by the LACMTA Board. Attached as Exhibit A are the applicable Annual Funding Marks for GRANTEE's Projects in FY 2013. If LACMTA staff, in coordination with the Eligible/Included Operators, develops a mid-year reallocation of any Annual Funding Marks that is approved by the LACMTA Board, GRANTEE hereby directs and authorizes LACMTA to make such mid-year adjustments to its Annual Funding Marks, as approved by the LACMTA Board, if applicable.
- 2.3. Each fiscal year, GRANTEE shall send LACMTA one invoice for each GRANTEE Program in an amount consistent with the amount shown on the applicable Annual Funding Marks. LACMTA shall not be obligated to forward the FUNDS for a particular Program to GRANTEE until it receives an invoice. For each Program, LACMTA shall make payments to GRANTEE on a quarterly basis, unless otherwise agreed to in writing by the parties.

#### ARTICLE 3 - USE OF FUNDS

- 3.1. GRANTEE shall utilize the FUNDS (i) in accordance with the LACMTA Proposition C 40% Discretionary Guidelines (the "GUIDELINES") (as adopted by LACMTA in May 1992, (ii) only for operating assistance of the applicable Program transit services in the year of allocation for which GRANTEE has received FUNDS, and cannot be carried over to the next fiscal year and (iii) in accordance with LACMTA Board action in approving the FUNDS to GRANTEE.
- 3.2. GRANTEE shall not use any FUNDS received for a particular Program to substitute for any other funds, service, or project except as otherwise specifically provided for in this MOU.
- 3.3. GRANTEE shall utilize the BSIP FUNDS for services that will relieve overcrowding for the most transit dependent customers and results in improving service quality for the transit dependent.
- 3.4. GRANTEE shall not use any FUNDS received for the SHARE or RM Program to substitute for other funds; provided, however, GRANTEE may use the FUNDS received for the SHARE or RM Program to substitute for the following funds only: (I) Formula Allocation Procedure funds; (ii) Proposition A Discretionary funds; (iii) if GRANTEE has incurred debts or is planning to incur debts to balance its operating and capital budgets for the same fiscal year in which the FUNDS were programmed (the "Same Fiscal Year"), GRANTEE may use the FUNDS received for the SHARE or RM Program in lieu of such borrowings; and/or (iv) Proposition A & C Local Return funds budgeted for the Same Fiscal Year which

were originally programmed as operating revenues and which have been reprogrammed for capital purposes; provided, however, the total amount of FUNDS received for the SHARE or RM Program budgeted in the Same Fiscal Year as operating revenues does not decrease as a result of such reprogramming and the Maintenance of Effort continues to be met.

- 3.5. Any unspent FUNDS received for a particular Program must be returned to LACMTA no later than 60 days after the completion of any required fiscal and compliance audits of such program performed either by the LACMTA or GRANTEE, unless otherwise agreed to in writing by the parties.

#### ARTICLE 4 – AUDIT AND REPORTING REQUIREMENTS

- 4.1. Each fiscal year, LACMTA or its designee shall have the right to conduct a financial and compliance audit(s) of GRANTEE's Programs. GRANTEE agrees to establish and maintain proper accounting procedures and cash management records and documents in accordance with conditions defined by this MOU. GRANTEE shall maintain financial records for three (3) years after the end of the fiscal year within which the FUNDS were dispersed. LACMTA may audit as provided herein up to three years after the end of the fiscal year within which the FUNDS were dispersed.
- 4.2. GRANTEE shall comply with all Federal National Transit Database reporting requirements and shall annually submit a completed copy of said report to LACMTA.
- 4.3. By November 30th of each year, the GRANTEE shall submit to the LACMTA a completed TPM form which separately reports prior fiscal year data pertaining to all non formula service.
- 4.4. By December 30th of each year, the GRANTEE shall submit to the LACMTA an annual financial audit report which identifies the use of the FUNDS for transit purposes.

#### ARTICLE 5 - MISCELLANEOUS

- 5.1. Each grant given pursuant to an Annual Funding Mark shall be a one-time grant subject to the terms and conditions agreed to herein and in the GUIDELINES. Notwithstanding the term of this MOU, each grant does not imply nor obligate any future funding commitment on the part of the LACMTA.
- 5.2. GRANTEE understands and agrees that in programming the FUNDS and entering into this MOU, LACMTA is acting pursuant to its statutory authority and shall have no liability in connection with the use of these FUNDS for public transit purposes or for any of the Programs. GRANTEE shall fully indemnify, defend and hold the LACMTA, its directors, officers, employees and agents harmless from and against any liability and expenses, including without limitation, defense costs, any costs or liability on account of bodily injury, death or personal injury of any person or for damage to or loss of risk of property, any environmental obligation, legal fees and any claims for damages of any nature whatsoever arising out of (i) breach of GRANTEE'S obligations under this MOU; (ii) misuse

of the FUNDS by GRANTEE, or its officers, agents, employees or subcontractors; (iii) any act or omission of the GRANTEE or its officers, agents, employees or subcontractors in the performance and/or provision of the services provided under the GRANTEE'S Programs.

- 5.3. GRANTEE agrees to comply with all applicable local, state and federal laws and regulations in the provision of public transit services and any services rendered for the GRANTEE'S Programs.
- 5.4. The LACMTA reserves the right to terminate this MOU and withhold the FUNDS if it is determined that the GRANTEE has not complied with all the terms and conditions contained herein or in the GUIDELINES.
- 5.5. Any withholding of FUNDS, termination of the MOU, or imposition of any financial penalty against GRANTEE pursuant to the GUIDELINES is subject to nine (9) affirmative votes by the governing board of the LACMTA.
- 5.6. No amendment or modification to this MOU shall be binding upon either party unless such amendment or modification is in writing duly executed by both parties. This MOU shall not be amended or modified by any acts or conduct of the parties.
- 5.7. GRANTEE is not a contractor, agent or employee of the LACMTA. GRANTEE shall not represent itself as a contractor, agent or employee of the LACMTA and shall have no power to bind the LACMTA in contract or otherwise.
- 5.8. This MOU constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior and contemporaneous agreements and understandings.

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum of Understanding to be duly executed as of the dates below with all the formalities required by law.

GRANTEE  
City of Torrance

LOS ANGELES COUNTY  
METROPOLITAN TRANSPORTATION  
AUTHORITY

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Arthur T. Leahy  
Chief Executive Officer

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

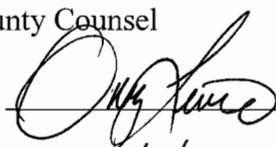
Approved As To Form:

APPROVED AS TO FORM:

By: \_\_\_\_\_

JOHN F. KRATTLI  
County Counsel

Name: \_\_\_\_\_

By:  \_\_\_\_\_

Title: \_\_\_\_\_

Date: 7/5/12 \_\_\_\_\_

Date: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_

Date: \_\_\_\_\_

**Los Angeles County Metropolitan Transportation Authority  
Proposition C 40% Discretionary Programs  
FISCAL YEAR 2013**

	Foothill Transit Mitigation	Transit Service Expansion	Discretionary Base Restruct.	BSIP Overcrowding Relief	TOTAL
<b>INCLUDED OPERATORS</b>					
<b>Metro Bus Ops.</b>	\$ 6,565,894	\$ -	\$ -	\$ 10,490,349	
Arcadia	6,668	-	-	19,795	26,463
Claremont	4,872	-	-	-	4,872
Commerce	6,390	-	226,551	-	232,941
Culver City	119,554	218,371	-	152,599	490,523
Foothill	-	302,245	1,813,737	844,426	2,960,407
Gardena	121,764	627,678	-	159,300	908,742
La Mirada	2,945	-	-	-	2,945
Long Beach	534,095	2,072,270	-	747,998	3,354,363
Montebello	192,782	-	1,034,618	197,448	1,424,849
Norwalk	76,081	-	-	51,087	127,168
Redondo Beach DR	787	-	-	3,627	4,413
Redondo Beach MB	16,073	-	-	-	16,073
Santa Monica	470,325	-	-	723,691	1,194,016
Torrance	149,381	734,943	658,328	218,505	1,761,157
Subtotal Included	1,701,718	3,955,506	3,733,234	3,118,476	12,508,933
<b>ELIGIBLE OPERATORS</b>					-
Antelope Valley	23,469	342,237	-	43,437	409,142
Santa Clarita	25,858	179,000	-	46,463	251,320
LADOT Local	165,964	-	-	-	165,964
LADOT Express	86,665	2,458,717	-	136,191	2,681,573
Foothill BSCP	-	-	-	-	-
Subtotal Eligible	301,955	2,979,953	-	226,091	3,507,999
<b>City of Lynwood Trolley</b>		195,900	-	-	195,900
<b>Total Municipal Operator</b>	2,003,673	7,131,359	3,733,234	3,344,566	16,212,833
<b>TOTAL</b>	\$ 8,569,567	\$ 7,131,359	\$ 3,733,234	\$ 13,834,916	33,269,077

**Metro**Los Angeles County  
Metropolitan Transportation AuthorityOne Gateway Plaza  
Los Angeles, CA 90012-2952213.922.2000 Tel  
metro.net**FINANCE BUDGET AND AUDIT COMMITTEE  
June 20, 2012****SUBJECT: FISCAL YEAR 2013 TRANSIT FUND ALLOCATIONS****ACTION: APPROVE FISCAL YEAR 2013 TRANSIT FUND ALLOCATIONS  
AND RELATED ACTIONS****RECOMMENDATIONS**

- A. Approve \$1.519 billion in **FY2013 Transit Fund Allocations** for Los Angeles County jurisdictions, transit operators and Metro operations as shown in **Attachments A through D** and are further described in **Attachment E**. These allocations comply with federal and state regulations and MTA Board policies and guidelines.
1. \$59.9 million in Planning and Administrative allocations of Transportation Development Act, Proposition A, Proposition C and Measure R as shown in Attachment A, Line 37.
  2. \$1.055 billion in Bus Transit Subsidies as shown in Attachment B.
  3. \$12.2 million in Proposition A Incentive Programs as shown in Attachment C.
  4. \$391.1 million in Proposition A Local Return, Proposition C Local Return, Measure R Local Return, Transportation Development Act Article 3 (Pedestrian and Bikeways) and Transportation Development Act Article 8 (Street and Highways) as shown in Attachment D.
- B. Authorize the Chief Executive Officer to adjust FY2013 Federal Section 5307 allocations upon receipt of final apportionment from the Federal Transit Authority and amend FY2013 budget as necessary to reflect the aforementioned adjustment.
- C. Approve fund exchange in the amount of \$9.5M of Santa Monica's Blue Bus' FY2013 Federal Section 5307 formula share allocation with Metro's TDA Article 4 revenues, to be adjusted upon receipt of final apportionment and will be disbursed in FY2014.

Los Angeles County Metropolitan Transportation Authority  
 Proposition C 40% Discretionary Programs  
 FISCAL YEAR 2013

*that from  
 funds.  
 see Exhibit A (back-up)*

ATTACHMENT B.1

	MOSIP		MOSIP Amount	Zero-fare Compensation [1]	Foothill Transit Mitigation	Transit Service Expansion	Discretionary Base Restruct.	BSP Overcrowding Relief	Prop 1B Bridge Funding		TOTAL
	Prop A % Share	% Share							PTMISEA	SECURITY	
<b>INCLUDED OPERATORS</b>											
<b>Metro Bus Ops.</b>	-	-	\$ -	\$ -	\$ 6,565,894	\$ -	\$ -	\$ 10,490,349	\$ -	\$ -	\$ 17,056,244
Arcadia	0.0758%	0.2349%	48,772	-	6,668	-	-	19,795	-	-	75,235
Claremont	0.0554%	0.1716%	35,637	-	4,872	-	-	-	-	-	40,510
Commerce	0.0726%	0.2251%	46,736	417,656	6,390	-	226,551	-	-	-	697,333
Culver City	1.3592%	4.2114%	874,436	-	119,554	218,371	-	152,599	-	-	1,364,959
Foothill	6.0056%	18.6078%	3,863,640	-	-	302,245	1,813,737	844,426	-	-	6,824,047
Gardena	1.3843%	4.2893%	890,602	-	121,764	627,678	-	159,300	-	-	1,799,344
La Mirada	0.0335%	0.1038%	21,543	-	2,945	-	-	-	-	-	24,489
Long Beach	6.0721%	18.8141%	3,906,467	-	534,095	2,072,270	-	747,998	-	-	7,260,830
Montebello	2.1917%	6.7910%	1,410,044	-	192,782	-	1,034,618	197,448	-	-	2,834,892
Norwalk	0.8650%	2.6800%	556,469	-	76,081	-	-	51,087	-	-	683,637
Redondo Beach DR	0.0089%	0.0277%	5,755	-	787	-	-	3,627	-	-	10,168
Redondo Beach MB	0.1827%	0.5662%	117,562	-	16,073	-	-	-	-	-	133,635
Santa Monica	5.3471%	16.5677%	3,440,039	-	470,325	-	-	723,691	-	-	4,634,055
Torrance	1.6993%	5.2621%	1,092,601	-	149,381	-	658,328	218,505	-	-	2,853,758
Subtotal Included	25.3524%	78.5527%	18,310,302	417,656	1,701,718	3,955,506	3,733,234	3,118,476	-	-	29,236,892
<b>ELIGIBLE OPERATORS</b>											
Antelope Valley	1.5094%	4.6766%	971,034	-	23,469	342,237	-	43,437	-	-	1,380,176
Santa Clarita	1.6630%	5.1527%	1,069,888	-	25,858	179,000	-	46,463	-	-	1,321,208
LADOT Local	2.0155%	6.2449%	1,296,667	-	165,964	-	-	-	-	-	1,462,631
LADOT Express	1.0525%	3.2610%	677,107	-	86,665	2,458,717	-	136,191	-	-	3,358,680
Foothill BSCP	0.6816%	2.1119%	438,510	-	-	-	-	-	-	-	438,510
Subtotal Eligible	6.9220%	21.4473%	4,453,206	-	301,955	2,979,953	-	226,091	-	-	7,961,205
City of Lynwood Trolley	-	-	-	-	-	195,900	-	-	-	-	195,900
Total Municipal Operator	32.2743%	100.0000%	20,763,508	417,656	2,003,673	7,131,359	3,733,234	3,344,566	-	-	37,393,997
<b>TOTAL</b>	32.2743%	100.0000%	\$ 20,763,508	\$ 417,656	\$ 8,569,567	\$ 7,131,359	\$ 3,733,234	\$ 13,834,916	\$ -	\$ -	\$ 54,450,241

	Last Year	Current Year
20,158,746	20,158,746	20,763,508
3.00%	3.00%	3.00%
6,981,946	6,981,946	7,131,359
2.140%	2.140%	2.140%
3,665,017	3,665,017	3,733,234
2.140%	2.140%	2.140%
13,545,052	13,545,052	13,834,916
2.140%	2.140%	2.140%

[1] Allocated as part of FAP to Commerce as compensation for having zero passenger revenues.