

Council Meeting of  
November 14, 2006

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

Members of the Council:

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

### **RECOMMENDATION**

The Transit Director recommends that City Council approve the Memorandum of Understanding (MOU) with the Los Angeles County Metropolitan Transportation Authority (MTA) for the allocation of Proposition C 40% Discretionary funds for the period from July 1, 2006 to June 30, 2007 for the mitigation of cost increases in fuel.

### **FUNDING**

None required for this action.

### **BACKGROUND**

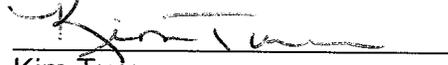
The Los Angeles County Proposition C 40% establishes a one-half percent sales tax for public transit purposes and Metro is the agency responsible for administering the tax. For FY 2007, to the extent that funds are available, the Metro Board has allocated Proposition "C" Discretionary funds to the municipal operators to mitigate the cost of increases in fuel. Torrance Transit has been granted \$335,781.

### **ANALYSIS**

On May 25, 2006, Metro Board approved funds to mitigate the impact of the fuel cost increases experienced by the municipal operators. The Board authorized a one time allocation of \$6 million in Proposition C 40% Discretionary funds for Fiscal Year 2006-07 to meet the increases in operator's fuel costs.

Torrance Transit Systems recommends approval and execution of the MOU accepting the funds to mitigate the increase in fuel costs.

Respectfully submitted,

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

CONCUR:

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

Attachment:

- A) MOU For Proposition C 40% Discretionary Funds for The Municipal Operator Fuel Increase Mitigation Program

MOU # MOU.PC07TOR

**MEMORANDUM OF UNDERSTANDING  
TO ALLOCATE PROPOSITION C 40% DISCRETIONARY FUNDS  
FOR THE MUNICIPAL OPERATOR FUEL INCREASE MITIGATION PROGRAM**

This Memorandum of Understanding (“MOU”) is entered into as of July 1, 2006, by and between the Los Angeles County Metropolitan Transportation Authority (“Metro”) 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, Metro, is the agency responsible for administering the tax; and

WHEREAS, on May 25, 2006, Metro Board approved funds to mitigate the impact of the fuel cost increases experienced by the municipal operators; and

WHEREAS, the Metro Board authorized a one time allocation of \$6 million in Proposition C 40% Discretionary funds for Fiscal Year 2006-07 to meet increases in operators’ fuel costs; and

WHEREAS, Grantee is an eligible operator and desires to receive the funds from Metro for the Fuel Increase Mitigation Program; and

WHEREAS, Metro and Grantee desire to agree to the terms and conditions of the grant of funds described herein.

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

**ARTICLE 1 - TERM**

- 1.1. This MOU will be in effect from July 1, 2006, through June 30, 2007, unless terminated earlier as provided herein.
- 1.2. During the term of this MOU, Metro and Grantee shall not pursue legislation, legal or other actions to alter the Metro Board approved funding sources currently subject to formula allocations.

## ARTICLE 2 - ALLOCATION OF PROPOSITION C DISCRETIONARY FUNDS AND INVOICE PROCEDURE

- 2.1. Funds will be allocated among the included and eligible municipal operators according to the shares calculated by the Metro's FY 2007 Formula Allocation Procedure. Pursuant to this procedure, Grantee shall be eligible to receive three hundred thirty five thousand seven hundred and eighty one dollars (\$335,781), (the "Funds") as Grantee's share of the Municipal Operator Fuel Increase Mitigation Allocation program.
- 2.2. Funds will be disbursed after this MOU has been executed and Grantee has submitted to Metro one invoice for the total annual allocation and documentation showing that the Funds are being used to meet increases in fuel costs. Once the invoice and documentation are received, Metro will disburse 1/12 of the Funds each month.

## ARTICLE 3 - USE OF FUNDS

- 3.1 Grantee shall utilize the Fund in accordance with the Metro Municipal Operator 2007 Fuel Increase Mitigation Allocation Policies and Administrative Procedures approved by the Metro Board on July 27, 2006, ("Guidelines").
- 3.2 Grantee shall not use any Funds received for fuel increase mitigation to substitute for any other funds, service, or project except as otherwise specifically provided for in this MOU.
- 3.3 Any Funds not spent in FY 2007 will revert back to Metro's Proposition C 40% fund pool and be made available for further programming at Metro's sole discretion.

## ARTICLE 4 - AUDIT AND REPORTING REQUIREMENTS

- 4.1 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 all documents and records related to the Program and the use of the Funds for three (3) years after the end of the fiscal year in which the Funds were expended. Metro may audit, as provided, herein, up to three (3) years after the end of the fiscal year in which the Funds were expended.
- 4.2. Grantee shall comply with all Federal National Transit Database reporting requirements and shall annually submit a completed copy of said report to Metro.
- 4.3. By November 30 of each year, Grantee shall submit to Metro a completed Transportation Performance Measure (TPM) form which separately reports prior

fiscal year data pertaining to all non-formula service, including the use of the Funds for operating transit service.

- 4.4. By December 30 of each year, Grantee shall submit to Metro an annual financial audit report which identifies the use of the Funds for transit purposes outlined in the Guidelines.

#### ARTICLE 5 – MISCELLANEOUS

- 5.1 This grant shall be a one-time grant subject to the terms and conditions agreed to herein and in the Guidelines. Except as otherwise provided in this MOU, the grant does not imply nor obligate any future funding commitment on the part of Metro.
- 5.2 Grantee understands and agrees that in programming the Funds and entering into this MOU, Metro 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 the projects or services described in the service improvement plan. Grantee shall fully indemnify, defend and hold Metro, 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 Grantee or its officers, agents, employees, contractors or subcontractors in the performance and/or provision of the services provided under this MOU, and the Fuel Increase Mitigation Program.
- 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 Fuel Increase Mitigation Program.
- 5.4 Metro reserves the right to terminate this MOU and withhold the Funds if it is determined that Grantee has not complied with all the terms and conditions contained herein or in the Guidelines.
- 5.5 Any change in the Municipal Operator Fuel Increase Mitigation Allocation is subject to approval by the Metro Board.
- 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.

- 5.8 Grantee is not a contractor, agent or employee of Metro. Grantee shall not represent itself as a contractor, agent or employee of Metro and shall have no power to bind Metro in contract or otherwise.
- 5.9 This MOU and the Guidelines 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 MOU to be duly executed as of the dates below with all the formalities required by law.

CITY OF TORRANCE

LOS ANGELES COUNTY  
METROPOLITAN TRANSPORTATION  
AUTHORITY

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

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

Name: Frank Scotto

Roger Snoble  
Chief Executive Officer

Title: Mayor

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

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

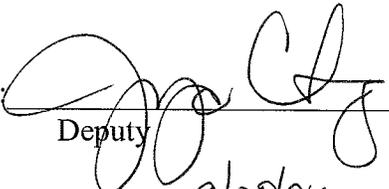
ATTEST:

APPROVED AS TO FORM:

By: Sue Herbers, City Clerk

Raymond G. Fortner, Jr.  
COUNTY COUNSEL

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

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

Deputy

APPROVED AS TO FORM:

Date: aladaw

JOHN L. FELLOWS III  
City Attorney

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

Dated: \_\_\_\_\_