

Council Meeting
June 9, 2009

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

Members of the City Council:

SUBJECT: Transit – Approve Memorandum of Understanding (MOU) for Backfill of State Transit Assistance (STA) Funding

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 backfill of FY 2009 State Transit Assistance (STA) Funds with Proposition C 40% Discretionary Funds.

FUNDING

The MOU will provide Torrance Transit System (TTS) with a one-time \$1,151,554 in Proposition C revenue.

BACKGROUND/ ANALYSIS

Proposition C is a voter initiative passed on November 6, 1990 that established a one-half percent sales tax for public transit purposes. In January 22, 2009, Metro's Board amended its FY 2009 budget by adding \$18.5 million of Proposition C 40% Discretionary funds for municipal operators' subsidies to replace STA funds that were eliminated in the state budget adopted in September 2008. STA was one of the primary sources of state operating funds (\$1,895,174) for TTS. This is a one year MOU designed to backfill funding lost in FY 2009 only. For FY 2009 the loss of funding will be mitigated with increased fare revenue, lower than projected fuel costs and with operating efficiencies. For future years the loss of this funding source will be mitigated with Measure "R" funding, fare revenue and with additional operating efficiencies. All of the conditions of this MOU are considered to be routine in nature and do not contain any onerous restrictions to access or expend the proposed funds.

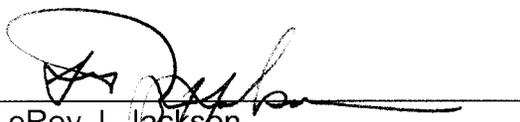
Approving and signing this MOU will provide TTS with additional Proposition C revenue. The conditions of this MOU are considered to be acceptable, and approval is recommended.

Respectfully submitted,



Kim Turner
Transit Director

Concur:



LeRoy J. Jackson
City Manager

Attachments: A) Memorandum of Understanding (MOU) to Allocate Proposition C 40% Discretionary Funds For Municipal Operators' Subsidies to Replace Fiscal Year 2009 State Transit Assistance Funds.

MOU # MOU.PC09TOR

**MEMORANDUM OF UNDERSTANDING
TO ALLOCATE PROPOSITION C 40% DISCRETIONARY FUNDS
FOR MUNICIPAL OPERATORS' SUBSIDIES TO REPLACE FISCAL YEAR 2009
STATE TRANSIT ASSISTANCE FUNDS**

This Memorandum of Understanding ("MOU") is entered into as of January 22, 2009, 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, LACMTA, is the agency responsible for administering the tax; and

WHEREAS, on January 22, 2009, LACMTA Board approved funds by amending the Fiscal Year 2009 budget by adding \$18.5 million of Proposition C 40% Discretionary funds for municipal operators' subsidies to replace State Transit Assistance (STA) funds that were eliminated in the state budget adopted in September 2008; and

WHEREAS, LACMTA 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, LACMTA and Grantee hereby agree as follows:

ARTICLE 1 - TERM

- 1.1. This MOU will be in effect from July 1, 2008, through June 30, 2009, unless terminated earlier as provided herein.

ARTICLE 2 – PAYMENT OF PROPOSITION C 40% DISCRETIONARY FUNDS AND INVOICE PROCEDURE

- 2.1. To the extent Proposition C 40% Discretionary funds are available, LACMTA shall pay to Grantee a one time grant of the funds in the amount of one million, one hundred fifty-one thousand, five hundred fifty-four dollars (\$1,151,554), (the "Funds") as Grantee's share of backfill for the FY 2009 State Transit Assistance Funds.

- 2.2. Funds will be disbursed after this MOU has been executed and Grantee has submitted to LACMTA an invoice for the total annual allocation and documentation showing that the Funds are being used to backfill STA Funds (Exhibit A). LACMTA shall disburse the portion of the Funds for operating purposes monthly in equal portions. LACMTA shall disburse the portion of the Funds designated for capital purposes after invoices with adequate back up documentation have been submitted for payment.

ARTICLE 3 - USE OF FUNDS

- 3.1 Grantee shall use the funds for operating and/or capital purposes as set forth in Exhibit A to assist in mitigating the shortfall in the fiscal year 2008 – 09 STA fund that were eliminated in the State adopted budget. Eligible operating expenses must be consistent with those identified in Public Utilities Code Sections 99247(a).
- 3.2 Funds must be fully expended before the end of the three year period as indicated herein.
- 3.3 Any Funds not spent by the end of FY 2011 will revert back to LACMTA for further programming at LACMTA'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. LACMTA 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 LACMTA.
- 4.3. By November 30 of each year, Grantee shall submit to LACMTA 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 any operating transit service.
- 4.4. By December 30 of each year, Grantee shall submit to LACMTA an annual financial audit report which identifies the use of the Funds for transit purposes.

ARTICLE 5 – MISCELLANEOUS

- 5.1 This grant shall be a one-time grant subject to the terms and conditions agreed to herein. Except as otherwise provided in this MOU, the grant does not imply nor obligate any future funding commitment on the part of LACMTA.
- 5.2 Grantee understands and agrees that in programming and granting 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 the projects or services funded with the Funds. Grantee shall fully indemnify, defend and hold 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 Grantee's use of the Funds including without limitation (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 any service or capital improvement.
- 5.3 Grantee agrees to comply with all applicable local, state and federal laws and regulations in the provision of public transit services.
- 5.4 LACMTA 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.
- 5.5 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 LACMTA. Grantee shall not represent itself as a contractor, agent or employee of LACMTA and shall have no power to bind LACMTA in contract or otherwise.
- 5.9 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 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: _____

Arthur T. Leahy
Chief Executive Officer

Title: _____

Date: _____

Date: _____

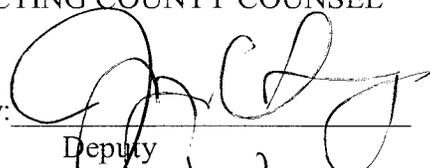
ATTEST:

APPROVED AS TO FORM:

By: _____

Robert E. Kalunian
ACTING COUNTY COUNSEL

Date: _____

By:  _____
Deputy

Date:  _____

**PROPOSITION C 40% DISCRETIONARY FUNDS
USED FOR FY 2009 STATE ASSISTANCE FUNDS SHORTFALL**

**SOURCE AND APPLICATION OF OPERATING AND CAPITAL FUNDS
FY 2009 Operating Budget (\$ 000)**

<i>SOURCE OF OPERATING FUNDS:</i>	Original	Revised
FEDERAL CASH GRANTS AND REIMBURSEMENTS		
FTA Sec. 5307 (Sec. 9) Operating	1,800	1,800
CMAQ (Operating)		
STATE CASH GRANTS AND REIMBURSEMENTS		
TDA Current from unallocated	5,054	5,054
TDA Carryover-prior year	217	-
STA Current from unallocated	1,895	-
Other State (Specify) local match for Preventive Maintenance	450	450
LOCAL CASH GRANTS AND REIMBURSEMENTS		
Passenger Fares	3,442	3,442
Special Transit Service	3	3
Charter Service Revenues	-	-
Auxiliary Transportation Revenues	201	201
Non-transportation Revenues	100	100
Prop. A %40 Discretionary	3,018	3,018
Prop. A %25 Local Return	2,392	2,392
Prop. A from Exchanges	100	100
Foothill Transit Zone Mitigation	179	179
BSIP	201	201
TSE	676	676
Base	605	605
MOSIP	260	-
Prop. C %40 Discretionary	-	1,152
Prop. C %20 Local Return	1,254	1,254
Prop. C %5 Security	248	248
Other Local (Specify) Contributions from other Cities	6	6
TOTAL OPERATING REVENUES	22,101	20,881
TOTAL OPERATING EXPENSES	21,663	21,677

**PROPOSITION C 40% DISCRETIONARY FUNDS
USED FOR FY 2009 STATE ASSISTANCE FUNDS SHORTFALL**

SOURCE AND APPLICATION OF OPERATING AND CAPITAL FUNDS

FY 2009 Capital Program (\$ 000)

<i>SOURCE OF CAPITAL FUNDS:</i>	Original	Revised
FEDERAL CAPITAL GRANTS		
FTA Sec. 5309 (Sec. 3)		
FAU Grants	2,125	2,125
FTA Sec. 5307(Sec. 9)	1,523	1,523
Other Federal (Assume 80/20 match) (Specify source)		
STATE CAPITAL GRANTS AND SUBVENTIONS		
TDA (ART 4) current from unallocated		
TDA from prior years reserves		
TDA (ART 8)		
STA current from unallocated		
STA from prior years reserve	100	100
Other State (Specify)		
LOCAL CAPITAL GRANTS		
System Generated		
General Fund		
Prop. A Local Return		
Prop. A Discretionary Carry Over		
Prop. C Discretionary		
Prop. C Local Return		
Prop. C 5% Security		
Prop. C Other (Specify)		
Other Local (Specify) MOSIP	465	915
TOTAL CAPITAL REVENUE	4,213	4,663
TOTAL CAPITAL EXPENSES	4,213	6,834