

Proposition A

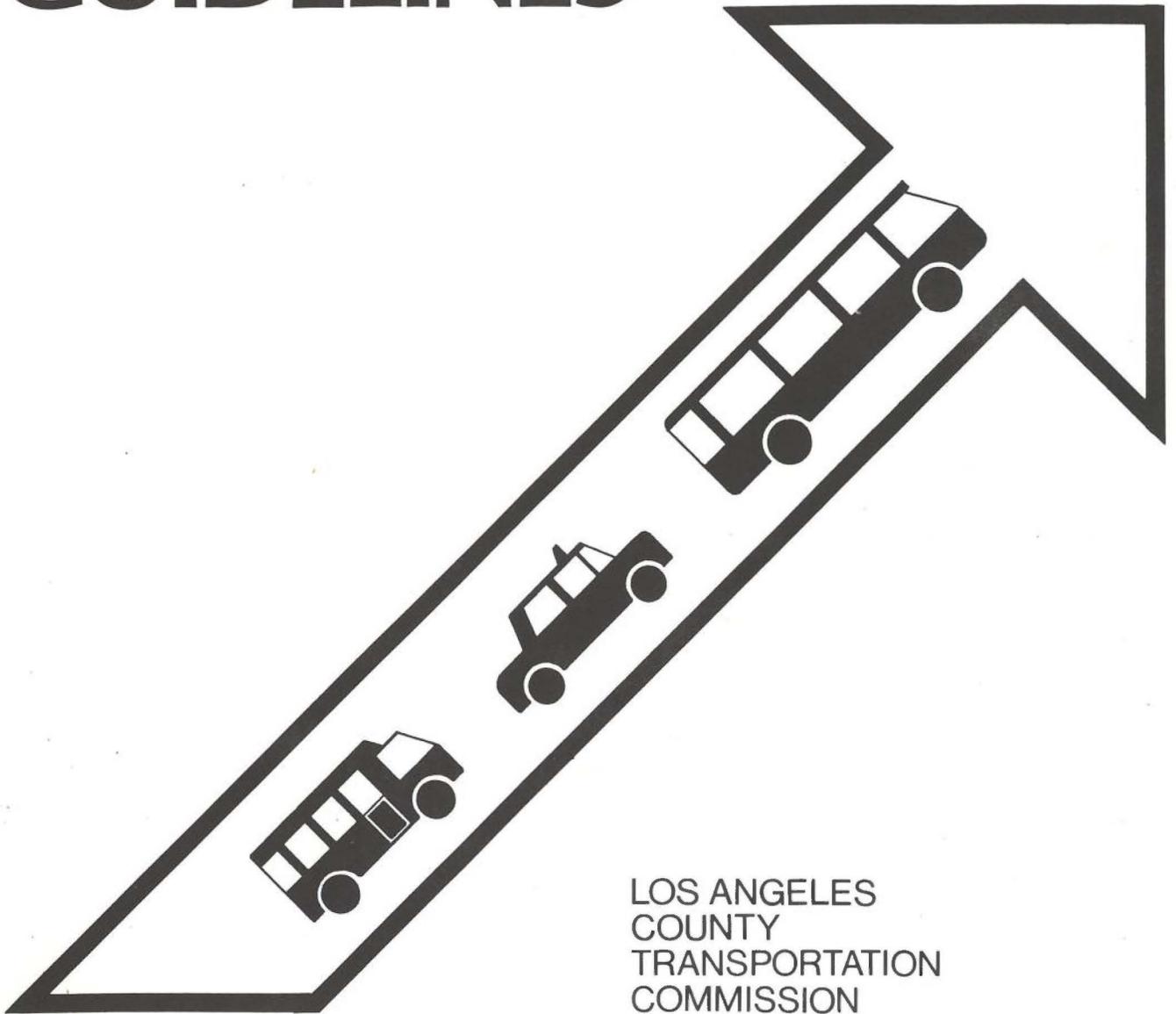
LOCAL RETURN PROGRAM GUIDELINES



LOS ANGELES
COUNTY
TRANSPORTATION

Proposition A

LOCAL RETURN PROGRAM GUIDELINES



LOS ANGELES
COUNTY
TRANSPORTATION
COMMISSION

REVISED
FISCAL YEAR 1982 - 83
PROPOSITION A LOCAL
RETURN PROGRAM GUIDELINES
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TABLE OF CONTENTS

	<u>PAGE</u>
Introduction.....	1
I. <u>Summary of Proposition A Local Return Program</u>	2
II. <u>Fund Distribution</u>	4
A. Legal Use of Prop. A Local Return Funds.....	4
B. Administration of Prop. A Local Return Program...5	
1. General Provisions.....	5
2. Standard Requirements and Assurances.....	6
3. Method of Estimation.....	7
4. Method of Apportionment.....	7
5. Fund Disbursement.....	8
6. Accounting for Prop. A Revenues and Expenditures.....	8
7. Timely Use of Funds.....	8
8. Non-substitution of Funds.....	9
9. Interest and Other Earned Income.....	9
10. Relationship to TDA Entry and Formula Distribution.....	10
III. <u>Project Development, Submittal and Review</u>	11
A. Basic Process.....	11
B. Project Development.....	11
1. Technical Assistance.....	11
2. Consultants.....	11
C. Service Coordination.....	13
D. Process for Submitting Project Descriptions.....	13
1. Use and Format.....	13
2. Governing Body Authorization.....	14
3. Timing of Submittal.....	14
a. For New or Expanded Service.....	15
b. For Other Improvements.....	15

TABLE OF CONTENTS

	<u>PAGE</u>
E. LACTC Review of Projects.....	15
1. Nature of Review.....	15
2. Eligibility of Projects.....	18
3. Appeal of Classification.....	18
F. Review by Potentially-Affected Operators.....	18
G. Authority to Expend.....	19
H. Provisions for Service Contracting and Joint Powers Agreements.....	19
1. Contracting with Other Service Providers...19	
2. Joint Powers Agreement.....	19
IV. <u>City Responsibilities</u>	20
A. General Provisions.....	20
B. Notification of Substantial Change in Project...20	
C. Documentation of Major Capital Expenditures.....20	
D. Environmental Review Responsibilities.....	21
E. Quarterly Fiscal Report.....	21
F. Maintenance of Auditable Records.....	21
G. Governing Body Authorization.....	21
H. Other Responsibilities of Local Jurisdiction...21	
V. <u>Provisions for Suspension or Transfer of Local Return Funds</u>	22
A. Suspension or Payback of Improperly Used Funds..22	
B. Transfer of Local Return Funds Between Local Jurisdictions.....	22
C. Exchanging of Local Return Funds.....	22
D. Pooling of Funds for Investment Purposes.....	23

TABLE OF CONTENTS

	<u>PAGE</u>
VI. <u>Revision to the Local Return Program Guidelines</u>	24
A. General Provisions.....	24
B. Guideline Review Process.....	24

ATTACHMENTS

A. Procedure for Submittal and Review of Projects..	12
B. Timing for Project Review, Implementation and Audit.....	16

APPENDICES

I. FY 1982-83 Apportionment of Local Return Funds to Local Jurisdictions.....	25
II. Examples of Eligible and Ineligible Uses of Proposition A Local Return Funds.....	29
III. Project Description Form and Instructions.....	38
IV. List of Standard Assurances to be Signed by Local Jurisdictions.....	47
V. Quarterly Report Form and Instructions.....	50
VI. Audit Guidelines.....	55
VII. Sample Fund Exchange Agreement.....	61

INTRODUCTION

Proposition A, the 1/2 cent sales tax for transit, was approved by the voters in November, 1980. Collection of the tax began on July 1, 1982. The proceeds of the 1/2 cent sales tax are used to finance a Transit Development Program in Los Angeles County. This program is administered by the Los Angeles County Transportation Commission (LACTC).

Under the Proposition A Ordinance adopted by the LACTC, 25% of these revenues, net of administrative costs, are to be returned to local jurisdictions for local transit. In administering the program, the LACTC has elected to distribute these "Local Return" funds directly to cities on a population-share basis. The Los Angeles County Auditor has been chosen to disburse the funds.

In June, 1982 the LACTC adopted a set of Guidelines, for administration of the Local Return Program and for expenditure of Local Return funds by local jurisdictions. This document is a revision of those original Guidelines.

I. Summary

This introductory section outlines the basic principles of the Proposition A Local Return Program. Further detail on specific requirements and provisions is provided in subsequent sections of this document.

The estimated revenue return to each city and the County (for the Los Angeles County unincorporated area) is shown in Appendix I. These estimates have been updated from the original Guidelines and are subject to further revision based on actual sales tax receipts and updated population data.

The Proposition A Ordinance requires that the local return revenue be spent exclusively for public transit projects. Expenditure of funds by local jurisdictions is subject to submission to the Commission of a description of intended use of the funds, in order to establish legal eligibility of the projects. A proposed expenditure will be eligible for funding if it meets the statutory requirement of being for "public transit purposes."

Services established with Proposition A funds may not duplicate or compete with existing transit service. In advance of expenditure, the Commission will confirm eligibility and check with other public operators to confirm non-duplication.

LACTC staff is available to provide technical advice and to give an informal opinion on the legality of a given project; otherwise the Commission's policy is that projects submitted will generally not be subject to detailed prior administrative reviews. Such monies are allocated directly and it is the responsibility of each city to determine how the monies are to be spent.

Proposition A expenditures must be permitted by statute and within adopted Commission guidelines. Recipients are to account quarterly to the Commission on the use of all funds. Cities are responsible for applicable record-keeping, environmental impact and other legal requirements relating to the use of the funds. At the close of the fiscal year, the Commission will contract with an independent auditor for a fiscal and compliance audit of expenditures.

Eligible and ineligible uses of Proposition A funds are presented in Appendix II of these Guidelines. This list is divided into four basic categories:

- o Eligible Projects: are clearly eligible under the Proposition A Ordinance. An example is a bus line extension provided under contract with an existing operator.
- o Ineligible Projects: are clearly ineligible under the Ordinance. An example is new mixed-use streets and roads construction.
- o Conditionally Eligible Projects: are eligible as long as certain conditions are met. An example is transportation planning, which is eligible as long as it is intended to result in timely development of a specific Proposition A project or projects.
- o Possibly Eligible Projects: require a Commission determination as to eligibility. An example is a Transportation Systems Management improvement, such as signal synchronization for buses, which may benefit autos as well as buses.

In addition to maintaining or establishing its own public transit improvements, a city may use Proposition A funds to contract with the SCRTD, municipal bus operators, and/or other public or private service providers for new or improved transit services, subject to non-duplication/competition requirements.

Proposition A revenues may not be used to substitute for property tax revenues which are currently funding existing programs. Jurisdictions may substitute Proposition A funds for funds (other than property tax) which may be supporting existing services. Section II.B.8. of the Guidelines sets out the policy on non-substitution of funds.

Proposition A funds may be loaned or exchanged under certain circumstances, but all such arrangements must be reported to the Commission. A standard format for fund exchanges is presented in Appendix VII of the Guidelines. In the case of fund exchanges, the participating local jurisdictions are held mutually responsible for insuring that the end use of the Proposition A funds is for statutorily-allowed purposes.

II. FUND DISTRIBUTION

A. Legal Uses of Proposition A Local Return Funds

The Commission proposes to implement the "local return" portion of the tax in a manner which is, with some important exceptions, very similar to the way the State Controller administers the gas tax subvention to the cities and counties. In other words, except for the Conditionally Eligible or Possibly Eligible categories, the Commission will not perform a detailed analysis of projects prior to implementation but will rely on an initial determination of legality coupled with an annual audit of the use of Proposition A Local Return funds.

The Ordinance specifies that Proposition A funds are to be used for "public transit purposes". This general definition of "public transit purposes" has been adopted by the Commission:

A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the level, quality, safety and/or accessibility of transit services available either to the general public or to any group which requires special transportation assistance.

This definition is being provided for general guidance only and is not the sole determinant of the legal eligibility of projects funded under the Local Return Program. The specific criteria found in Appendix II constitutes an extension to this definition. A project must satisfy the criteria shown in Appendix II in order to be eligible. The local jurisdictions should use this Appendix to determine whether a proposed expenditure is authorized or permitted by law as set forth in the Guidelines. However, the authority of a local jurisdiction to determine the legality of an expenditure is not absolute. This authority rests solely with the Commission. In the event funds have been expended for ineligible purposes, the Commission may require a payback of expended Proposition A funds as indicated in Section V. A.

B. Administration of Proposition A Local Return Funds

1. General Provisions

While the Commission has authority to determine the method of allocation, project eligibility, etc., the initial approach chosen by the Commission is to allow maximum local discretion in the Proposition A program, choosing to do further review only when an issue of competition/duplication, eligible use or auditability is raised. Such review may require more detailed analysis of the project scope and cost. The Commission's compliance audit function relates primarily, though not exclusively, to review of expenditures after they have been made.

The Commission does not intend to substitute its judgment in discretionary matters properly resting with the city or county. On the other hand, an exception will be taken if the expenditure was not for a lawful purpose, if non-duplication/competition requirements are not met, or if the city or county exercised its discretion in a manner which was clearly unreasonable and outside the intent of the Guidelines. Appendix II or the Audit Guidelines found in Appendix VI should settle most questions on whether or not a particular expenditure may subsequently be questioned on audit.

On a proposed expenditure which is not explicitly covered in the Guidelines, jurisdictions will be able to secure an informal indication as to whether or not an audit question would be raised in the event the expenditure is made. This indication will be given in writing and shall not constitute any type of final determination but will point out whether or not a question of legality exists which should be resolved prior to incurring the expenditure. The initial determination as to legality would still rest with the city or county.

Because of provisions in the Proposition A Ordinance, the "local return" process cannot be entirely post-audit in nature. Specifically, Section 5(d) of the Ordinance states (in pertinent part):

"(d) Commission Policy

1. Relative to the Local Transit Component:

a. Allocation of funds to local jurisdictions shall be subject to the following conditions:

1. Submission to the Commission of a description of intended use of the funds, in order to establish legal eligibility. Such use shall not duplicate or compete with existing transit service.

2. The Commission may impose regulations to insure the timely use of local transit funds.

3. Recipients shall account annually to the Commission on the use of local transit funds.

b. Local jurisdictions are encouraged to use available funds for improved transit service."

Reflecting these principles, this section outlines the basic administrative requirements of each city participating in the Proposition A Local Return Program.

2. Standard Requirements and Assurances

Before Proposition A Local Return checks are disbursed by the County Auditor, each jurisdiction will be required to sign a set of standard assurances prior to the beginning of the program, and as needed due to changes in the Guidelines thereafter. This list of assurances states that the city agrees to abide by the requirements of the Proposition A Ordinance and these guidelines.

Briefly, these assurances relate to:

- a. Use of Proposition A funds for public transit projects;
- b. Non-competition, non-duplication of services;
- c. Timely use;
- d. Responsibilities for environmental review;
- e. Non-substitution of Proposition A funds for property tax funds;
- f. Notification of changes in service area or project completion dates;
- g. Notification of intent to pursue fund exchanges or loans;
- h. Audits.

3. Method of Estimation

The Proposition A Ordinance specifies that twenty-five percent of all Proposition A revenues are to be allocated to local jurisdictions for local transit on a population-share basis. The annual estimate of Proposition A revenues will be derived from projections by the State Board of Equalization. LACTC's cost to administer the funds will be deducted from the twenty-five percent; these costs are estimated to be no more than three-tenths of one percent (0.3%) of the local return funds.

4. Method of Apportionment

After administrative costs of the program are deducted, apportionments will be made to all 83 cities and to the County (for unincorporated areas) on the basis of population shares. These population shares will be derived from annual estimates made by the California State Department of Finance. Estimated apportionments for FY 1982-83 are presented in Appendix I.

5. Fund Disbursement

The LACTC has contracted with the Los Angeles County Auditor for disbursement of Proposition A Local Return funds to local jurisdictions. Checks will be mailed to each city and to the County of Los Angeles on a monthly basis. The check to an individual city will equal that city's population based share of actual net receipts for the month.

6. Accounting for Proposition A Revenues and Expenditures

Jurisdictions which do not use the State Controller's Uniform System of Accounts and Records must establish a segregated Proposition A Local Transit Assistance (PALTA) fund and deposit all Proposition A revenues, interest earnings received, and other income earned from Proposition A, and only Proposition A revenues and earnings, in that fund. In accordance with the Controller instructions, jurisdictions which use the Controller's Uniform System will not establish a separate Proposition A Local Transit Assistance (PALTA) account but will list all Proposition A revenues, (including interest) and expenditures as special line items in the Uniform System. In any case, all local jurisdictions will be required to account for and identify all Proposition A receipts, interest and expenditures. This will enable financial and compliance audits to be conducted. Sufficient unrestricted cash must be available at all times to meet the needs of general city operations without impairment of the PALTA fund.

7. Timely Use of Funds

Each jurisdiction has the year in which Proposition A revenues are allocated to it, plus three additional years, to encumber or otherwise commit those revenues for an eligible public transit purpose. Funds which are not encumbered for specific public transit purposes within that period may be reallocated by the LACTC, at its discretion, to other local jurisdictions.

In applying this rule, the LACTC will use a "first-in-first-out" (FIFO) accounting principle to afford jurisdictions maximum time to obligate funds. Any jurisdiction which believes it has a viable project (for example a guideway project) against which it may need to set aside funds for more than the standard time may seek an extension from the LACTC. A specific viable project must be identified for an extension to be considered.

8. Nonsubstitution of Funds

- a. Proposition A revenues may be used to sustain and/or improve public transit services. They may not be used to substitute for property tax revenues which are currently funding existing programs. If the jurisdiction is unable to segregate property tax from other general fund revenues which cannot be so distinguished, substitution of Proposition A funds for general funds is also prohibited.
- b. Jurisdictions which currently receive federal and/or state transit assistance funds may use Proposition A revenues to replace or supplement any other state, federal or local funds as long as there is no relation to the property tax (as noted above). For example, Proposition A funds may be used to replace TDA Article 8 funds for "unmet public transportation needs."
- c. The Commission reserves the right to bring project proposals involving the substitution of funds before the LACTC to determine the need for policy clarification in this area.

9. Interest and Other Earned Income

Jurisdictions are entitled to retain any and all interest revenues which they may earn on their Proposition A revenues. Other income earned from Proposition A pro-

jects such as fare revenues, revenue from advertising etc. may also be retained by jurisdictions. Such earnings must also be reported and expended consistent with the Guidelines for special provisions on pooling of Proposition A funds for investment purposes. (Refer to Section V.D. of the Guidelines).

10. Relationship to TDA Entry and Formula Distribution

Provision of these services will not qualify an entity for Transit Development Act (TDA) funding programs. In addition, mileage and passengers of services added with Proposition A funds will not be counted in the LACTC's subsidy allocation formula for TDA operators. Further, the LACTC will not require transit performance measurement statistics to be reported for Proposition A Local Return Services.

III. PROJECT DEVELOPMENT, SUBMITTAL AND REVIEW

A. Basic Process

The procedure the LACTC will use in reviewing projects, circulating them for review and resolving disputes as to eligibility is outlined in more detail in the following section. Attachment A shows, in flow chart form, the basic process that will be followed.

B. Project Development

1. Technical Assistance

The Transit Advisory Office of the LACTC is available to cities for assistance in their transportation planning efforts. The staff of this office has full access to UMTA research materials and information on other transportation projects throughout the country. The staff can aid in the development of a wide range of alternatives designed to meet a community's own particular transit needs. The office can also help in project selection, monitoring and evaluation, transit service coordination, joint purchase agreements, and in matters concerning the use of private consultants.

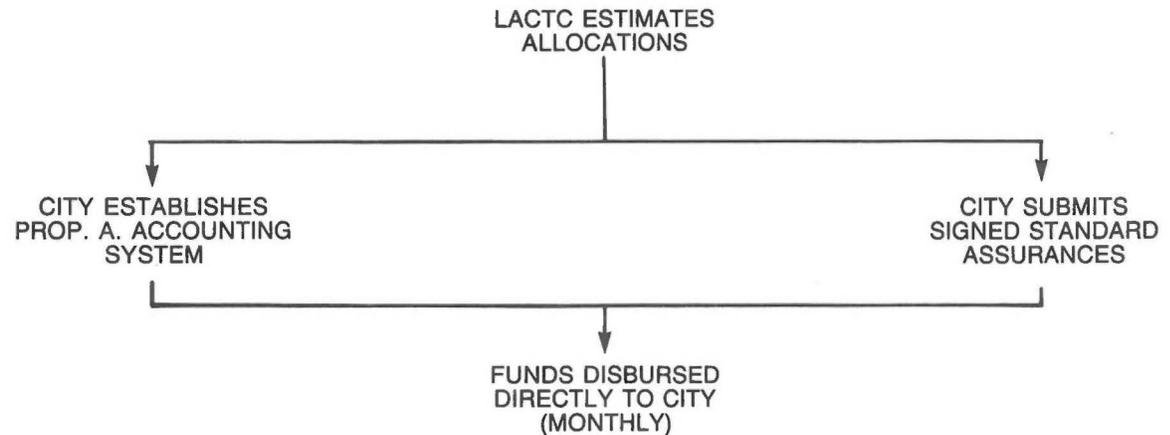
Under the Local Return Program, though cities may develop public transit projects independently, inter-city cooperation, coordination, and consolidation of services is encouraged. In this way, the public will realize a more efficient and well-balanced transit network.

Expenses incurred in specific public transit project(s) planning and analysis, including consultant costs, are fully eligible for funding out of the Prop. A Local Return Program.

2. Consultants

The LACTC has compiled a list of consultants (public agencies and/or private firms) who may be available for transportation planning purposes. The LACTC has not pre-qualified nor does it endorse any of these consultants. The list, which indicates general area of consultant expertise (e.g., dial-a-ride planning, marketing, rail systems), is available to interested parties for information purposes only. It will be updated periodically.

PROP. A. FUND DISTRIBUTION



CITY SUBMITS PROJECT DESCRIPTION FORM

LACTC REVIEWS PROJECT/ DETERMINES ELIGIBILITY

CONDITIONALLY ELIGIBLE OR ELIGIBLE

POSSIBLY ELIGIBLE

INELIGIBLE

CITY NOTIFIED

REVIEW BY COMMISSION

Eligible

Appeal

Not Eligible

Appeal
No

NEW OR EXPANDED TRANSIT/PARATRANSIT

ALL OTHER PROJECTS

PROJECT DISAPPROVED

PROJECT CIRCULATION COMPETITION/DUPLICATION

Conflict

No Conflict

LACTC STAFF MEDIATES

No Resolution

Resolution

LACTC RESOLUTION PROCEDURE

No Resolution

Resolution

CITY AUTHORIZED TO EXPEND FUNDS

PROJECT DISAPPROVED

PROP. A. PROJECT REVIEW

C. Service Coordination

The LACTC has a statutory duty* to coordinate service between and among operators. While the LACTC will not normally provide detailed prior review of proposed uses with regard to coordination, it urges that jurisdictions try to avoid the following problems when planning their transit services:

- o Areas of direct service duplication where more than one system supplies essentially similar service in an area;
- o Service discontinuity or overlap created as a result of uncoordinated service planning;
- o Areas of ineffective service interfacing between transit operators where either route or schedule time gaps exist making service less attractive to the potential rider.

These problems may, in part, be avoided through:

- o Working with an existing transit or paratransit operator in developing new or expanded services;
- o Choosing non-competitive service enhancement projects (e.g., bus pass subsidies, information services, capital improvements such as transit stations and shelters);
- o Forming joint powers agreements with neighboring cities;
- o Planning a paratransit service in conjunction with a Consolidated Transportation Service Agency (CTSA) or broker formed under LACTC's Social Service Paratransit Coordination Action Plan.

Over time, the LACTC may, at its discretion, review services offered by local jurisdictions for purposes of improving local and regional coordination.

D. Process for Submitting Project Descriptions

1. Use and Format

The LACTC will use the project description in the following ways:

*(Cf. AB1246 and Chapters 579 (AB103) and 1120 (AB120), Statutes of 1979).

- a. LACTC staff will review the description to see if the project is legally eligible for Proposition A Local Return expenditure.
- b. The description will be circulated to publicly funded transit and paratransit operators in the project area to determine if duplication or competition exists.
- c. "Estimated date of completion" will allow the Commission to monitor progress on expending monies, if needed.
- d. The description will be used as the basis for a jurisdiction's annual compliance audit required under the Proposition A Local Return Program.

2. Governing Body Authorization

While the Commission does not require local jurisdictions to file a governing body authorization with the LACTC (e.g., a city resolution or minute order) when submitting project descriptions, it is the responsibility of the local jurisdiction to keep these documents on file for audit purposes.

3. Timing

For FY 1982-83 project descriptions may be submitted at any time during the year. It is the intent of the LACTC that future year submittals by jurisdictions having municipal bus operations receiving LACTC formula funds (e.g., TDA Article 4, UMTA Section 5 and State Transit Assistance Funds) be done in January with the regular Transportation Improvement Program (TIP) and TIP-amendment cycle to facilitate processing and coordination. Other jurisdictions may submit project descriptions at any time. Proposition A Local Return revenue and projects may, in the future, be shown in the Los Angeles County TIP for information purposes. However, they are not a part of the Federal TIP and/or State AB 402 (Highways) TIP process.

a. Timing for New or Expanded Services

To allow for adequate review by other operators for potential conflicts, project descriptions for new or expanded transit or paratransit services must be submitted at least sixty (60) days before any Proposition A Local Return funds are encumbered or otherwise committed for the services.

b. Timing for Other Improvements

Since the possibility of service conflict or coordination issues arising is much lower with other types of projects such as capital improvements, project descriptions for these improvements must be submitted thirty (30) days before funds are expected to be encumbered or otherwise committed.

Attachment B summarizes the basic process and timing for project submittals.

E. LACTC Review of Projects for Legal Eligibility

1. Nature of Review

Project review by LACTC staff will be done solely in light of the LACTC's duty to protect the public funds. In reviewing a project, the LACTC must satisfy itself that an expenditure is within the restrictions imposed by the Ordinance and the guidelines promulgated pursuant to the Ordinance. As mentioned earlier, the LACTC may not approve an expenditure which is not in accordance with law or which it knows to be ineligible or invalid. If the LACTC cannot satisfy itself that money will be used for an allowable purpose under the Ordinance, then it has no choice but to disallow the expenditure. The LACTC will generally restrict itself to a review of the legality of expenditures, and will not supervise or substitute its judgment for that of the local agency in matters that properly rest within that agency's discretion.

While LACTC staff will not normally conduct a detailed review of projects, in the interest of protecting public funds, LACTC reserves the right to conduct more detailed review of a project if the expenditures seem to be unreasonable or inappropriate for the project submitted.

ATTACHMENT B

STEPS IN USE OF PROPOSTION A LOCAL RETURN
REVENUES FOR TRANSIT PURPOSES

TIMING

- STEP 1. City submits signed Standard Assurances to LACTC and establishes separate account for Proposition A revenues, which will be disbursed directly to each city;
- STEP 2. City submits to LACTC a brief description of intended use of revenues and certification of eligibility and non-duplication (of existing services);
- STEP 3. LACTC confirms eligibility;
- STEP 4. For projects proposing new or expanded service, LACTC checks with other public operators to confirm non-duplication;
- STEP 5. LACTC notifies city whether there are any problems with intended use;
- Prior to the beginning of the program, and as needed thereafter.
- For New or Expanded Transit/Paratransit: at least 60 days before encumbering or otherwise committing funds.
- For Other Projects: at least 30 days before encumbering or otherwise committing funds.
- For all projects LACTC mails confirmation of basic eligibility within 30 days of project submittal.
- For new or expanded transit/paratransit service LACTC mails project description to potentially affected publicly funded transit and paratransit operators within 14 days of receipt; operators have 14 days to submit written comments.
- For New or Expanded Transit/Paratransit Service: LACTC notifies within 60 days of project submittal. City may not expend funds before notification.
- For Other Projects: LACTC notifies within 30 days of project submittal.

ATTACHMENT B (CONTINUED)

- STEP 6. City obtains any necessary environmental or other statutory clearance and expends revenues as received;
- STEP 7. City files quarterly fiscal reports with LACTC;
- STEP 8. City files annual report accounting for expenditure of revenues with LACTC.

TIMING

At city discretion; City has year of receipt of funds, plus three years to expend.

Submitted within 30 days after the close of the quarter.

Annual Report (unaudited):
Submitted within 90 days after the close of fiscal year.

Fiscal and Compliance Audits:
Conducted by LACTC within 180 days after close of fiscal year.

2. Eligibility of Projects

A proposed expenditure will be eligible for funding if it is a "public transit project". Generally, a proposed expenditure which would be eligible for funding under one or more existing state or federal categorical transit funding programs will be eligible. The project listing in Appendix II gives an indication of how the Commission will define this in terms of specific project types.

Cities will be notified in writing of the basic judgment of the Commission as to project eligibility category (eligible, ineligible, conditionally eligible, or possibly eligible), within thirty days of receipt of the project description. Projects for which further determination is necessary (referred to in these Guidelines as "possibly eligible" projects) will be presented to the Commission through its Finance Review Committee for a decision on eligibility.

3. Appeal of Classification

Jurisdictions submitting projects which have been classified by LACTC staff as ineligible may appeal this determination to the Finance Review Committee by submitting a request, in writing, to the Executive Director. These projects will then be submitted through the Finance Review Committee to the full Commission for determination as to eligibility.

F. Review by Potentially Affected Operators

Projects for new or expanded transit or paratransit services which are determined to be eligible, will be forwarded to existing publicly-funded transit operators within the general service area to determine if duplication or competition problems exist. Privately-funded transit and paratransit operators will be added to an individual area notification list on request. The Commission will notify the submitting jurisdiction as to whether or not there is a question with regard to either eligibility or duplication within sixty (60) days from the receipt of each submission. Whenever possible, Commission staff will attempt to resolve any differences among the parties involved through an informal negotiation procedure. If a basis for agreement is not found, the Service Coordination Committee of the LACTC will be asked to pursue the Procedure to Resolve Jurisdictional Disputes Among Operators specified in LACTC Administrative Code, Article 10. The

local jurisdiction may not proceed to encumber or otherwise commit funds until a resolution is made by the Service Coordination Committee and the full Commission.

As a general rule, any new or expanded social service paratransit service for the elderly and/or handicapped which is planned in conjunction with a Consolidated Transportation Service Agency (CTSA) established under the LACTC Social Service Paratransit Coordination Action Plan, will not be judged to duplicate or compete with any other fixed route or paratransit operator.

G. Authorization to Expend

Once a planned project is found to be an allowable expenditure and a finding is made that the project does not duplicate or compete with an existing operator, the local jurisdiction is authorized to expend Proposition A Local Return funds for the project.

H. Provisions for Service Contracting and Joint Powers Agreements

1. Contract with Other Service Providers

Jurisdictions may use their Proposition A funds to contract with the SCRTD, municipal operators, and/or other public or private service providers for new or improved transit services, subject to non-duplication/competition requirements.

2. Joint Powers Agreements (JPA's)

Any jurisdiction may enter into joint powers agreements (JPA's) with one or more other jurisdiction(s) in order to accomplish a project deemed by those jurisdictions to have sufficient merit and mutual benefit. Normal description/reporting requirements apply to JPA's.

IV. CITY RESPONSIBILITIES

A. Standard Assurances and Understandings

The responsibilities of individual cities are summarized in the standard assurances and understandings (Appendix IV) to be signed and submitted by each city prior to the beginning of the program, and as needed due to changes in the Guidelines thereafter. Most of these responsibilities (such as establishing of accounts, use of Local Return funds for public transit projects only, timely use of Local Return funds and nonsubstitution for property tax-related funds) have been discussed earlier in these guidelines. Other responsibilities which, in the opinion of the Commission, require further elaboration are discussed below.

B. Notification of Substantial Change in Project

Local jurisdictions are required to indicate the estimated term of the project and project completion date on the project description form. For ongoing projects, such as transit or paratransit services continuing operation, the local jurisdiction must resubmit the project only if there is a change in the service level or area of the project. For other projects, if the completion date changes, the agency should notify the LACTC. Otherwise, project close-out will be assumed as of the stated completion date.

In certain cases, the LACTC may wish to circulate proposed changes to potentially affected areas to determine if service duplication/competition issues are raised by the change in project scope or financing (defined as 10% of area, mileage, funds, etc.) Therefore, any change in scope shall be submitted to the Commission not more than 30 days after the decision to change scope and in any case at least 60 days before that change in scope is implemented.

C. Documentation of Major Capital Expenditures

On construction or purchase or right-of-way, all expenditures charged to the Proposition A Local Transit Assistance (PALTA) account or fund, as applicable, must be supported by a warrant or other source document clearly showing that the expenditure was made in the same fiscal year as the charge to the fund and that the source document clearly identifies the project. The above source documents, together with the books, must be the official records of the city and should be retained by the city until audited by the Controller's Office or other appropriate entity.

D. Environmental Review Responsibilities

Local jurisdictions are the lead agencies for those projects which they propose to carry out with Proposition A allocations. Therefore, those agencies are responsible for preparing the necessary state and/or federal environmental documentation and must comply with all applicable provisions of the California Environmental Quality Act or if federal funds are involved, the National Environmental Policy Act.

E. Quarterly Fiscal Report

Local jurisdictions are required to report quarterly on Proposition A funds received and expended. The report form and instructions for its completion are included in Appendix V. Since this is a new requirement, the first quarterly fiscal report is due at the end of the third quarter of Fiscal Year 1982-83 (April 30, 1983).

F. Maintenance of Auditable Records

The Proposition A Ordinance requires recipients to account annually to the Commission on the use of Local Return funds. To comply with this requirement, each year the Commission will audit reported uses of Local Return funds for fiscal and compliance purposes. It is the responsibility of local jurisdictions to maintain the proper accounting procedures, cash management, records and documentation for completion of this audit. Appendix VI provides the guidelines under which the audit will be conducted.

G. Governing Body Authorization

While the Commission does not require local jurisdictions to file a governing body authorization with the LACTC (e.g., a city resolution or minute order) when submitting project descriptions, it is the responsibility of the local jurisdiction to keep these documents on file for audit purposes.

H. Other Responsibilities of Local Jurisdictions

It is the responsibility of local jurisdictions to make sure that federal, state and local requirements are met with regard to public health and safety, affirmative action, fair labor practices, transit accessibility, etc. (as applicable). The LACTC has no responsibilities in these areas with regard to local transit projects carried out by local jurisdictions receiving Proposition A revenues.

Jurisdictions which receive state and/or federal transit assistance funds must continue to meet their reporting requirements. Jurisdictions which receive no such funds must keep records of both project status and financial information sufficient to allow fiscal and compliance post-audits to be conducted. The LACTC reserves the right to withhold future disbursements and/or require the repayment of funds (plus interest) in cases where it finds that violations of law or LACTC policy have occurred.

V. PROVISIONS FOR SUSPENSION OF TRANSFER OF LOCAL RETURN FUNDS

A. Suspension or Payback of Improperly Used Funds

The Commission reserves the authority to suspend disbursement of funds to a jurisdiction in cases where eligibility, duplication or timely use policies have been violated. The Commission may do so only where it has made a preliminary finding that there is sufficient cause to warrant such a suspension pending the outcome of a more detailed investigation. If funds have been illegally expended, the Commission reserves the right to require repayment plus interest on those funds not greater than the average prime rate during the period of improper expenditure.

B. Transfer of Local Return Funds Between Local Jurisdictions

In order to meet short-term project needs while preserving longer-term reserves or to avoid loss of funds due to the timely use provisions, the local jurisdictions may arrange a mutually acceptable temporary transfer or loan from one local jurisdiction to another. These loans are to be made on terms to be negotiated between the involved parties. The participating local jurisdictions are held mutually responsible for ensuring that the end use of Proposition A funds is for statutorily-allowed purposes.

The LACTC will not normally initiate these transfers but will be available to locate potential "lending" cities if the city desiring a loan needs such assistance. The LACTC must be notified of the amount, terms and period of such arrangements within thirty days of such arrangements.

While the LACTC reserves the right to temporarily reallocate funds, this avenue will not be pursued as a standard practice in the first four years. Any temporary reallocation would be subject to full review by the LACTC Finance Review Committee and approval by the Commission.

C. Exchanging of Local Return Funds

Subject to existing statutory constraints, jurisdictions may exchange their Proposition A revenues for other funds for which they have higher priority uses, but only if the receiving party has a qualifying use (i.e., can use it for public transportation purposes as defined in these guidelines). Both parties involved in such an arrangement remain responsible for insuring that such traded funds will be used for public transit purposes.

A jurisdiction wishing to commit its Proposition A funds to an exchange must submit a project description (indicating the amount of Proposition A funds to be exchanged) to the LACTC 30 days prior to the effective date of the exchange. Jurisdictions receiving Proposition A funds through such exchanges must submit project descriptions for use of the funds in the same manner as the jurisdiction would for the use of its annual allocation of Proposition A funds.

At a minimum, the following considerations are to be included in fund exchange agreements:

- o Types of funds to be exchanged;
- o Amount of funds to be exchanged;
- o Period of exchange;
- o Insurance that the end use of Proposition A funds is an eligible use;
- o Provision for circumstances should one (or both) source(s) of funds become unavailable for exchange at some point during the exchange period;
- o Certification by participating cities.

Appendix VII includes a sample agreement that might be used in making arrangements to exchange Local Return funds for other funds.

D. Pooling of Funds

LACTC will allow local jurisdictions to pool Proposition A Local Return funds in order to obtain maximum return on investments. As in fund exchanges or transfers, cities involved in such arrangements should keep adequate records of such transactions in order to allow for subsequent audits.

VI. REVISIONS TO THE LOCAL RETURN PROGRAM GUIDELINES

A. General Provisions

In the first year of the program, it is to be expected that a variety of questions and issues will arise which cannot be anticipated at this time. Commission decisions on such matters will be incorporated in subsequent versions of the Guidelines.

B. Guideline Review Process

Proposed revisions to the Guidelines will be presented to local jurisdictions for their review prior to adoption by the Commission. The Guidelines will be revised semi-annually in the first year and as needed in subsequent years.

Revised 1/14/83

PROPOSITION A
ESTIMATED REVENUE RETURN TO JURISDICTIONS¹
(FISCAL YEAR 1982-83)

TOTAL COUNTY POPULATION: 7,699,413²
TOTAL PROP. A SALES TAX REVENUE: \$219,000,000³
25% RETURNED TO LOCAL JURISDICTIONS \$ 54,800,000⁴

<u>CITY</u>	<u>POPULATION</u>	<u>% OF COUNTY POPULATION</u>	<u>ESTIMATED FY '82-83 PROP. A ALLOCATION</u>
*Agoura Hills	20,202	.2624	\$ 143,795
Alhambra	67,651	.8787	481,527
Arcadia	46,790	.6077	333,019
Artesia	14,401	.1870	102,476
Avalon	2,143	.0278	15,234
Azusa	31,143	.4045	221,666
Baldwin Park	53,465	.6944	380,531
Bell	26,425	.3432	188,074
Bellflower	55,261	.7177	393,300
Bell Gardens	36,208	.4703	257,724
Beverly Hills	32,604	.4235	232,078

¹Based on January 1, 1982 State Department of Finance estimates and the Revised Board of Equalization's estimates of FY 1982-83 sales tax revenues. The figures provided are subject to fluctuation.

²Population figures provided by the State Department of Finance.

³Net of Board of Equalization, County Auditor Controller Charges.

⁴Net of LACTC administrative costs.

*The population and allocation figures have been deducted from the County unincorporated area.

<u>CITY</u>	<u>POPULATION</u>	<u>% OF COUNTY POPULATION</u>	<u>ESTIMATED FY '82-'83 PROP. A ALLOCATION</u>
Bradbury	832	.0108	\$ 5,918
Burbank	86,068	1.1179	612,609
Carson	83,305	1.0820	592,936
Cerritos	54,451	.7072	387,546
Claremont	33,733	.4381	240,079
Commerce	11,500	.1494	81,871
Compton	85,641	1.1123	609,540
Covina	39,745	.5162	282,878
Cudahy	18,852	.2448	134,150
Culver City	38,972	.5062	277,398
Downey	83,056	1.0787	591,128
Duarte	18,385	.2388	130,862
El Monte	85,004	1.1040	604,992
El Segundo	13,970	.1814	99,407
Gardena	46,768	.6074	332,855
Glendale	144,273	1.8738	1,026,842
Glendora	40,120	.5211	285,563
Hawaiian Gardens	10,433	.1355	74,254
Hawthorne	59,193	.7688	421,302
Hermosa Beach	18,255	.2371	129,931
Hidden Hills	1,812	.0235	12,878
Huntington Park	48,649	.6319	346,281
Industry	676	.0088	4,822
Inglewood	97,245	1.2630	692,124

<u>CITY</u>	<u>POPULATION</u>	<u>% OF COUNTY POPULATION</u>	<u>ESTIMATED FY '82-'83 PROP. A ALLOCATION</u>
Irwindale	1,032	0.0134	\$ 7,343
La Canada-Flintridge	20,166	.2619	143,521
La Habra Heights	4,944	.0642	35,182
Lakewood	74,904	.9729	533,149
La Mirada	40,998	.5325	291,810
Lancaster	50,160	.6515	357,022
La Puente	30,972	.4023	220,460
La Verne	25,389	.3298	180,730
Lawndale	24,105	.3131	171,579
Lomita	19,214	.2496	136,781
Long Beach	370,445	4.8113	2,636,592
Los Angeles	3,038,750	39.4673	21,628,080
Lynwood	50,716	.6587	360,968
Manhattan Beach	33,249	.4318	236,626
Maywood	22,805	.2962	162,318
Monrovia	31,094	.4038	221,282
Montebello	54,906	.7131	390,779
Monterey Park	56,578	.7348	402,670
Norwalk	86,067	1.1178	612,554
Palmdale	14,729	.1913	104,832
Palos Verdes Estates	14,587	.1895	103,846
Paramount	38,345	.4980	272,904
Pasadena	122,590	1.5922	872,526

<u>CITY</u>	<u>POPULATION</u>	<u>% OF COUNTY POPULATION</u>	<u>ESTIMATED FY '82-'83 PROP. A ALLOCATION</u>
Pico Rivera	55,595	.7221	\$ 395,711
Pomona	100,216	1.3016	713,277
Rancho Palos Verdes	48,991	.6363	348,692
Redondo Beach	59,195	.7688	421,302
Rolling Hills	2,076	.0270	14,796
Rolling Hills Estates	7,745	.1006	55,129
Rosemead	44,070	.5724	313,675
San Dimas	26,352	.3423	187,580
San Fernando	18,403	.2390	130,972
San Gabriel	31,005	.4027	220,680
San Marino	13,474	.1750	95,900
Santa Fe Springs	14,686	.1907	104,504
Santa Monica	90,261	1.1723	642,420
Sierra Madre	10,803	.1403	76,884
Signal Hill	6,255	.0812	44,498
South El Monte	17,608	.2287	125,328
South Gate	70,608	.9171	502,571
South Pasadena	23,144	.3006	164,729
Temple City	30,095	.3909	214,213
Torrance	132,671	1.7231	944,259
Vernon	88	.0011	603
Walnut	13,198	.1714	93,927
West Covina	87,629	1.1381	623,679
West Lake Village	10,671	.1386	75,953
Whittier	70,370	.9140	500,872
Unincorporated (L.A. County)	980,227	12.7312	6,976,698

APPENDIX IIEXAMPLES OF ELIGIBLE AND INELIGIBLE
USES OF PROPOSITION A LOCAL RETURN FUNDSEXAMPLE OF LOCAL
JURISDICTION(S)
OR AREA(S) WHERE
PROJECT MAY BE
SUITABLEI. EXAMPLES OF ELIGIBLE USESA. Public Transit Services -
Operating*

- | | | |
|----|---|--|
| 1. | All operating expenses eligible for state and federal funding which are related to replacement of lost subsidies for an existing transit or paratransit operation | Municipal Operator Cities (e.g., Montebello, Torrance and Santa Monica) |
| 2. | Extension/augmentation of of existing bus line(s) | All suburban areas |
| 3. | "Fill-in" paratransit service | Suburban areas sparsely served by fixed-route (e.g., Palos Verdes Peninsula) |
| 4. | Expansion/coordination of existing paratransit service | South Bay Paratransit Coordination Area |
| 5. | Contracting with existing transit operator or private bus company for commuter bus service | All suburban areas |
| 6. | Provision of taxi service for disadvantaged residents | All cities |

*As a general rule, a proposed expenditure which would be eligible for funding under one or more existing state or federal categorical transit funding programs will be eligible

EXAMPLE OF LOCAL
JURISDICTION(S)
OR AREA(S) WHERE
PROJECT MAY BE
SUITABLE

EXAMPLES OF ELIGIBLE USES

- | | | |
|------|--|--|
| 7. | Recreational transit within the urbanized area or within the county. | All cities |
| 8. | Freeway express bus operating | Consistent with policies to be developed by LACTC in conjunction with SCAG |
|
 | | |
| B. | <u>Public Transit Services - Capital</u>
(for existing or new operation) | |
| 1. | Buses or vans for passenger services | All cities with existing or proposed transit operations |
| 2. | Non-revenue support vehicles (for example, fleet supervisor cars, forklifts, service trucks) | All cities with existing or proposed transit operations |
| 3. | Maintenance facilities (new or modified) for exclusive use of the transit operation | All cities with existing or proposed transit operations |
| 4. | Equipment retrofits or additions to buses or vans (e.g., lifts, "kneeling" devices, air-conditioning, fareboxes, radios) | Cities with municipal bus lines |
| 5. | Maintenance equipment for exclusive use by new and existing transit and paratransit operations | All cities with existing or proposed transit/paratransit operations |
| 6. | Office equipment and furnishings for exclusive use by new and existing transit and paratransit operations | All cities with existing or proposed transit/paratransit operations |
| 7. | Parts and supplies for buses and vans | All cities with existing or proposed transit/paratransit operations |

EXAMPLES OF ELIGIBLE USES

EXAMPLES OF LOCAL
JURISDICTION(S) OR
AREA(S) WHERE
PROJECT MAY BE
SUITABLE

8. Commuter rail*	Cities with commuter rail programs
9. Guideway Construction including acquisition of right-of-way*	All cities with proposed transit guideways consistent with LACTC countywide transit implementation program
10. Rail Transit Vehicle acquisition	All cities with proposed transit guideways consistent with LACTC countywide transit implementation program
11. Freeway express bus capital	Consistent with freeway express bus policies as developed by LACTC in conjunction with SCAG
 <u>C. Facilities</u>	
1. Transit terminals*	Cities heavily served by transit
2. Bus shelters*	Countywide
3. Bus benches*	Countywide
4. Park-and-Ride commuter parking*	Countywide
5. Bus stop pads (concrete in street at bus stops)*	Countywide
6. Curb modification at bus stop for elderly and handicapped*	Cities served by accessible buses
7. Right-of-way acquisition*	
8. Bus turn-out lanes*	City may construct for RTD or other bus system

EXAMPLES OF LOCAL
JURISDICTION(S)
OR AREA(S) WHERE
PROJECT MAY BE
SUITABLE

EXAMPLES OF ELIGIBLE USES

D. Transit TSM Improvements

- | | |
|---|---|
| 1. Exclusive bus lanes (physically separated) on surface arterials | |
| 2. Reserved lanes (no physical separation) on surface arterials | |
| 3. Contraflow lanes (utilizing a lane of the opposite direction for peak direction flow) | Downtown Los Angeles |
| 4. Ramp meter by-pass (regulated access with bus and carpool unrestricted entry) | All cities served by freeways |
| 5. Traffic signal preemption for buses (allowing approaching transit vehicles to extend green phase or change traffic signal from red to green) | Congested arterial (such as Ventura Boulevard) |
| 6. Preferential turning movements for buses | All cities |
| 7. Bus-only transit malls | Cities heavily served by transit |
| 8. Transit centers | Universal City Transit Center; Proposed South Bay Transit Center; Venice Transit Center |
| 9. Other traffic signal improvements made specifically to facilitate bus movement | Cities heavily served by transit |
| 10. Transit/paratransit accessible transfer centers (including shelter, telephone, other facilities) | Pasadena, Pomona, East San Gabriel Valley, South Bay, West Los Angeles |

EXAMPLES OF ELIGIBLE USES

EXAMPLES OF LOCAL
JURISDICTION(S) OR
AREA(S) WHERE
PROJECT MAY BE
SUITABLE

E. Fare and Service Subsidy Programs

- | | |
|--|------------|
| 1. User-side subsidy (purchase of passes, tickets or rides) for elderly, handicapped or low-income citizens | All cities |
| 2. Subsidy of bus passes for commuters | All cities |
| 3. Operation of "fare free" shopper shuttle | All cities |
| 4. Subsidization of passage on non-transit conveyances accessible to the general public (e.g., Avalon ferry) | Avalon |

II. Examples of Ineligible Uses

A. Streets and Roads Maintenance, e.g. expenditures that are made for construction purposes for streets and roads as authorized by Article XIX of the State Constitution. Construction work includes:

1. New Location
2. General Reconstruction
3. Betterments

B. Streets and Roads Maintenance, e.g., the preservation, upkeep or rehabilitation of a street or road's constructed condition, and the operation of a street or road facility and its integral services to provide safe, convenient and economical highway transportation.

C. Other Ineligible Capital Projects

1. The cost of constructing or improving a street, or area for parking purposes, except as such improvements can be demonstrated to predominantly benefit users of public transit.
2. Rearranging non-transit facilities (for example, utility relocation) when not specifically required for a public transit facility.

3. Installation of utilities when not specifically required for a public transit facility.
 4. Street lighting.
 5. Work outside a rail transit right-of-way which is not a specific right-of-way obligation.
 6. Equestrian or pedestrian under and overpasses or other similar structures for any other special interest group unless as a part of a right-of-way obligation.
 7. Bikeways and bikelanes.
- D. Planning, engineering, design and/or environmental analysis when not directly for a specific transit project e.g., relating to another ineligible-use project.
- E. Administrative support or planning not focused on a specific transit project (as defined in the Audit Guidelines, Appendix VI).

III. Examples of Areas Requiring A Commission Determination

Certain uses may fall into an area where direct public transit user benefit cannot be determined through the cursory review afforded by the LACTC Local Return Program. These uses will require a finding by the Commission as to eligibility. Examples of these types of projects are:

- A. Mixed-use facilities (e.g., a city with a small transit operation wishes to build a facility to serve both transit vehicles and city service vehicles).
- B. Traffic signal progression (timed for buses).
- C. Security and traffic improvements related predominantly to bus or rapid transit station.
- D. Streets and roads construction or reconstruction with a predominant (but not exclusive) public transit user benefit.
- E. On board transit security under an arrangement with the transit operator.

IV. Conditionally Eligible Uses

The following uses of Proposition A Local Return funds are eligible when certain conditions are met. Certification of how these conditions will be met must be included in the project description along with the appropriate support documents.

A. Rideshare Projects

Condition:

- o Must be coordinated with or through existing rideshare projects.

B. Guideway Projects

Condition:

- o Must be coordinated through LACTC

C. Bus Stop Improvements

Condition:

- o The City must coordinate all bus stop improvements with existing transit operators by submitting a letter of concurrence from the affected transit operators, along with the project description.

D. Park-and-Ride Lots

Conditions:

- o The City must provide reasonable assurances that the park-and-ride lot will be used by the affected transit operators by submitting a letter of agreement from the affected transit operator to use or intend to use the proposed facility, along with the project description.
- o If at some point after completion, a park-and-ride facility is rendered unusable for its intended purpose, the Commission reserves the right to require repayment of funds plus interest.

E. School Service

Condition:

- o Exclusive school bus service is not an eligible use of Proposition A Local Return funds. Bus services available to the general public which also provide school trips are eligible for

Proposition A funding. The following criteria must be met to ensure that the proposed service is not an exclusive school bus service:

1. Buses shall not be marked in any way which indicates that they are not available to the general public. In other words, they definitely cannot be marked "School Bus" and any yellow used in the coloring should not be for the specific purpose of meeting the vehicle code definition of school bus.
2. The bus headsign is to display the designation of the route by street intersection, geographical area, or other destination description. It cannot be marked "School Trip" or "Special". In cases where the schedule includes an alternate rush-hour route to provide service past a school, the bus dash sign is to indicate the line termination without indicating the school name.
3. Timetables for such routes must be available to the general public and show the schedule and route followed.
4. Drivers must be instructed that such service is open to the general public. If a member of the public expresses a desire to board, he or she will not be refused so long as the location is a regular bus stop.
5. The same fare payment options must be available to all user groups.
6. The overall transportation service provided in the city must not be for school service hours only.

F. Cost of Administration and Planning

Condition:

- o For specific conditions on allowable administration and planning costs, see the Audit Guidelines, Appendix VI.

G. Facilities

Condition:

- o Land and facilities purchases must be accompanied by:
 1. A plan for the use of the purchase, including assurances that the facility will be exclusively for public transit and will be used by the affected transit operators;
 2. Documentation of the financial resources to be used to carry out the plan; and
 3. Assurance that the jurisdiction will proceed in a timely manner with implementation of the plan.