Transportation Zone Guidelines

LACTC

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Transit Section
Effective February 26, 1986

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I. INTRODUCTION

The Los Angeles County Transportation Commission's enabling legislation (AB 1246, 1976) requires the Commission to maximize the effectiveness of existing resources by giving priority to low cost transit improvements. In addition, AB 1246 declares that local communities should be given more responsibilities for designing and providing local transit services to improve the responsiveness of public transit to public needs, and specifically empowers LACTC to create local Transportation Zones where the existing transit operator cannot otherwise provide adequate and responsive local transportation services in a cost effective manner.

These guidelines provide a mechanism for establishing and operating Transportation Zones in Los Angeles County as provided for under Section §130259 of the Public Utilities Code.

Since the Zone applicant is a partner with the LACTC in demonstrating savings under the Zone concept, it is required that the applicant and LACTC shall work closely to ensure all requirements under the guidelines are satisfied. This section provides background information in the following areas: Legislative Authority; Definition of a Zone; Purpose of a Zone; and Summary of the Application Process.

A. Legislative Authority

The Commission has broad latitude in establishing Zones as well as the method of governing a Zone. However, the law stresses the importance of involving the county, cities and other local public agencies in establishing local Transportation Zones. A summary of the legislative authority which addresses creation; funding authority; development of guidelines; and approval by affected jurisdictions is included as Appendix I.

B. Definition of a Zone

According to PUC §130003, a Transportation Zone means Cities or unincorporated areas which contain at least one economic center (or major trip generator) in which there is a large percentage of short- and medium-length transit trips. LACTC may establish Zones only in those areas where the Commission determines that the SCRTD or included municipal operators cannot otherwise provide adequate and responsive local transportation services in a cost-effective manner.

C. Purpose of a Transportation Zone

A Transportation Zone provides local jurisdictions the option to establish transit service within a specific geographic area where it can be shown that adequate and responsive local

transportation services can be provided in a more cost effective manner. By reducing the overall cost of providing transit service in the County, creation of a Zone can increase likelihood of continuing existing levels of service or increasing levels of service with no additional regional subsidies.

A Transportation Zone can also provide cost-effective subregional transit service augmenting the regional network. This becomes especially critical as Federal operating subsidies are reduced.

A Transportation Zone must be initiated by interested localities. By creating a local board to determine service structure and allocation, transit service could be made more responsive to local needs. By contracting for transit service through competitive bidding, a Zone may be able to reduce costs and provide more service under reduced subsidies than would otherwise be possible. Lastly, the Zone could bring more local funding support to the Zone.

D. Summary of Application Process

Creation of a Transportation Zone should be considered by interested localities who are proposing to administer public transit service(s) operated by SCRTD and included municipal operators who are funded by LACTC. A summary of the application process is highlighted in Table I.

TABLE I

TRANSPORTATION ZONE

SUMMARY OF APPLICATION PROCESS

- Notice to LACTC of intention to file application by Cities/County.

- Meeting with Applicant/LACTC to review process.

- Pre-application filed with LACTC and circulated to affected operator(s) summarizing extent of service to be transferred.

- LACTC approves/disapproves proceeding with full application and development of Operational and Financial Plan.

- Applicant prepares necessary documentation as required under Guidelines.

- Participating cities approve application (and Operational and Financial Plan).

- Commission circulates application to affected operator(s) for review and comment and negotiation over any differences between the affected operator and the Zone.

- The Commission will hold a public hearing and receive public testimony in relation to the above submittals.

- Commission approves Zone application (requires eight votes) and makes the following determinations:

  -- Cost savings are identified
  -- No adverse impact to public
  -- No degradation of overall system efficiency

- Zone phases in service and LACTC/Zone monitors impacts of change.

- (After three years) LACTC approves/disapproves permanent funding of Zone based upon criteria for successful Zone. Allocation of formula funds will be based on available audited data and service implemented at a later date (and therefore audited data not yet available) will continue to recieve credit under the Proposition A Discretionary formula.

II. GENERAL REQUIREMENTS

This section addresses how to determine eligibility for establishment of a Zone as well as clarifying eligible use of applicable funding. This section addresses: Entry Criteria; Local Contribution Requirements; Definition of Eligible Service; Methodology for Computing Cost Savings; Short-Term/Long-Term Funding; and Criteria for Determining Success.

A. Entry Criteria

In order to establish a Transportation Zone, the Commission must make a determination that the existing transit operator "cannot otherwise provide adequate and responsive local transportation service in a cost-effective manner" (Section §130261). The following factors will be considered by the Commission in making such a determination:

1. Restructuring Existing Service - The Commission will create Zones only where the local jurisdictions are proposing to restructure public transit funded by LACTC. 'Restructure' is defined as where the existing or modified service will be contracted to lower cost providers. 'Service funded by LACTC' is defined as service funded to "Included" operators under state law.

   The applicant must demonstrate that the existing operator is unable or unwilling to provide cost-effective service and that the Zone can demonstrate through contracting and/or restructuring that service can be provided more cost-effectively.

2. Common Transit Problem and Goals - A Zone appears most appropriate in areas where it can be demonstrated that local jurisdictions share similar transit problems and goals. The jurisdictions would initiate the request to form a Zone and they would indicate a willingness to form some type of a cooperative arrangement such as a Joint Powers Authority.

3. Commitment to Basic Level of Service - A clear plan for financing and operating the services provided within the Zone for the first three years must be available before the establishment of a Zone (the requirements of the plan are discussed further in Section III. C.)

4. Potential for Cost Savings - A key justification for the formation of a Zone is the potential for cost savings. The Financial Plan should show a 25% cost savings by the end of the second year in at least one of the following ways:

- A minimum of 25% savings in Commission subsidy per passenger; or
- A minimum of 25% total cost savings; or
- A minimum of 25% savings in cost per passenger; or
- A minimum of 25% savings in cost per vehicle service hour.

It should be noted that the annual average cost savings could be something less than 25% if a phased implementation was proposed.

5. Size of the Zone - In order to effectively provide subregional service, Zones must be of sufficient size. To be considered for approval, a Zone must include:

   a. A minimum of three contiguous communities (municipality or county); and/or

   b. A minimum of 50 square miles.

6. Propensity to Travel - The Commission is attempting to maximize the effective use of local, state and federal funds by promoting the most cost-effective intercommunity and regional transit service. As a result, a Zone's propensity to use transit should be clearly identifiable in the operating and financial plan. Indicators of the propensity to use transit would include:

   - Identification of economic centers within the Zone (using SCAG's definitions under the Regional Transportation Plan)*;
   - Population density per square mile;
   - Population of senior citizens;
   - Population of lower income residents; and
   - Number of current transit trips as a percentage of total trips.

7. Significant Adverse Impact to the Affected Operator - Section III requires that an Operational and Financial Plan must be submitted. The plan must show mitigation of significant adverse impacts that are identified by the affected operator. LACTC shall resolve any disputes on whether the impacts have been mitigated.

*LACTC staff will provide exerpts from the SCAG RTP for assistance in defining economic centers.

B. Local Contriubtion Requirement

A local commitment to contribute funding is also required. The Commission will fund up to 95% of the net operating budget (total costs less operating revenues) and the Zone would fund 5% of the total budget. Under any circumstances the Zone is not required to provide more than 25% of their Local Return funds. In no case can the Commission contribution exceed the funding credit defined in Section II. G.

The 5% local contribution requirement can be satisfied by currently funded Proposition A Local Return projects if they are open to the general public, operated by the Zone, and are compatible with the proposed service. For example; where only express service is proposed by the Zone, the local contribution requirement could be satisfied either by applying 5% of local funds not currently committed to other projects or by incorporating a currently 100% locally funded express project whose operating costs total at least 5% of the proposed costs of the Zone. Another example where there is a restructuring of all types of service within the Zone, the existing locally funded Dial-A-Ride service could satisfy the 5% local contribution requirement as long as the service was open to the general public and operated by the Zone. It should be noted that capital projects funded with Local Return are not an eligible expense to satisfy the local contribution requirement (with the exception noted in II.E.3).

C. Definition of Eligible Service

While all types of service can be provided within a Zone, one of the key aspects of establishing a Zone is determining what transit service is eligible for Commission subsidies. The proposed Operational and Financial Plan must indicate that the existing service level on the regional system will be maintained either by the Zone or the existing carrier. However, any increased efficiencies (through cost savings or rescheduling) may be allocated by the Zone to any type of service open to the general public.

Figure 1 has been provided as a clarification of the type of services that can be transferred from an existing operator to the Zone. This will be used as a guide for the Commission in determining the amount of subsidy credit to be transferred to the Zone.

D. Method For Computing Cost Savings

For purposes of cost comparison between the affected operator and the Transportation Zone applicant shall take into account the following:

1. Cost comparisons shall be based upon total operating costs;

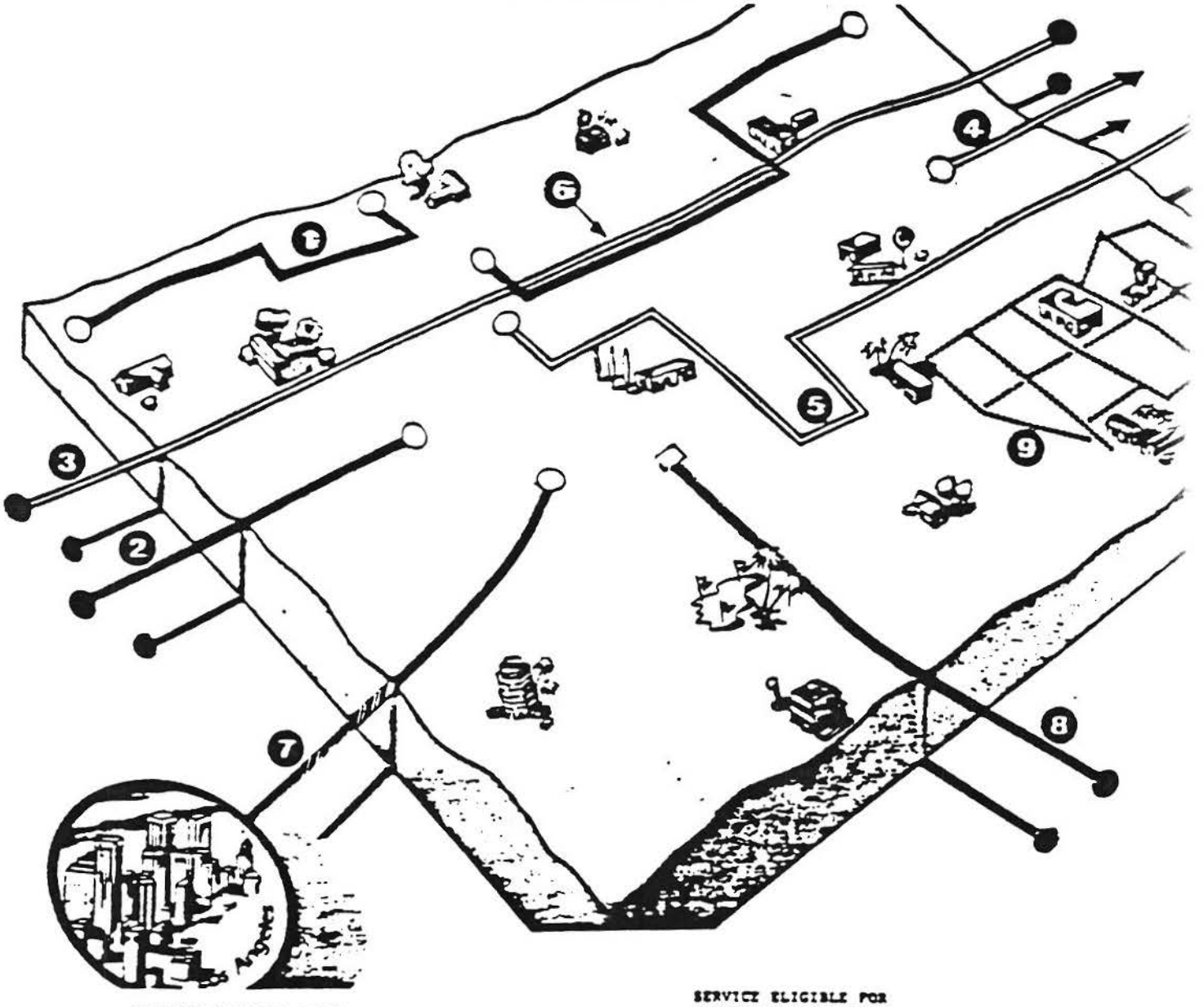
2. Capital costs shall be provided by the applicant, but listed separately from the operating costs;

3. The applicant shall include all applicable administrative costs, including administrative, planning, and indirect costs, when computing total operating costs;

4. When reporting on the cost comparisons, LACTC shall note any difference in costs from the affected operator that are due to a difference in service quality (e.g., security, customer information system, etc.).

Any savings would stay in the Zone and could be used to improve mobility of the Zone's residents.

Examples Of Service Types Within Transit Zones



EXAMPLE SERVICE TYPES	SERVICE ELIGIBLE FOR TRANSFERS TO ZONE
1. LINES ENTIRELY WITHIN ZONE	YES
2. LINES PREDOMINATELY WITHIN ZONE TO NEAREST MAJOR TRANSIT GENERATOR OUTSIDE ZONE	YES
3. LINES THAT TRAVEL THROUGH ZONES	NO
4. LINES PARTIALLY WITHIN ZONE	NO
5. LINES THAT HAVE CIRCULATORY "TAILS"	NO - ON REGIONAL SERVICE OUTSIDE OF ZONE YES - ON CIRCULATORY PORTION WITHIN ZONE
6. LINES DUPLICATING REGIONAL ROUTES	YES - CONTINGENT UPON COORDINATED ("DOVE-TAILING") SCHEDULES
7. EXPRESS LINES WITH CATCHMENT AREAS WITHIN ZONE TO MAJOR GENERATOR (DOWNTOWN LA)	YES
8. EXPRESS LINES SPECIAL SERVICES OPERATING FROM OUTSIDE ZONE TO GENERATOR WITHIN ZONE	CONTINGENT UPON ALL AGENCIES
9. DIAL-A-RIDE SERVICE PROVIDED WITH REGIONAL SUBSIDIES	YES (GENERAL PUBLIC)

E. Eligible Costs

In order to protect public resources and maximize LACTC funding for operating purposes, the following conditions shall be in force:

1. Total operating costs are eligible including planning, administrative, and indirect costs. Costs for leasing of fixed facilities and revenue vehicles are eligible but should be reported separately from operating costs.

2. Proposition A Discretionary funds may not be used to purchase or construct fixed facilities, or to purchase revenue vehicles, except as noted in (3) below.

3. The following options are allowable for procurement of revenue vehicles. LACTC must pre-approve any contract which involves revenue vehicle procurement including lease of revenue vehicles:

   a. Contractor to Zone Provides Revenue Vehicles - Under this option, the Zone specifies in the RFP that the contractor provides vehicles. A pro rata share (based upon UMTA's policy for the average useful life of the revenue vehicles) is an eligible capital cost.

   b. Zone Purchases Revenue Vehicles Using Local Return Funds - Under this option, the Zone procures the vehicles and retains ownership. In this option, the Local Return funds used to purchase revenue vehicles can be used to satisfy the local contribution requirement described in Section II. B.

   c. Zone Purchases Revenue Vehicles Using LACTC Proposition A Discretionary Funds - Under this option, the Zone procures the vehicles and has the contractor maintain the vehicles. Using LACTC pro rata share defined in Section a. above, the LACTC funding credit can be used to procure revenue vehicles for the Zone. Disposition and ownership at the end of the three year period shall be clarified in the contract.

   d. Zone Purchases Revenue Vehicles Using Federal UMTA Section 3 Discretionary Funds - Under this option, LACTC will work with Zone and UMTA to justify federal support using Section 3 capital funds for revenue vehicles. UMTA requires a 25% local match. LACTC Discretionary funds can be used up to credit limit. In order to speed up the procurement process, LACTC may consider (at the applicant's request) a loan to finance the local share over and above the eligible funding credit limit.

4. Long Term (4th Year) - If the Zone is determined to be a "success" by Commission standards (see Section II. G.), the Zone will be designated as an operator and eligible for Federal capital funds in accordance with the rules applicable to included municipal operators.

F. Short Term and Long Term Funding Mechanisms

When the authority was given to the Commission to create Zones, the law specified that federal and state funds could be used immediately. These funds (Federal Section 9, State TDA, and State STA funds) are allocated by the Commission through what is known as the 'Formula Allocation Procedure'. This formula is based upon distributing funds through the number of miles operated (50% weight) and passengers carried (50% weight) by each of the eligible operators. A percentage share is determined for each operator based upon the statistics mentioned above and funds are distributed according to that percentage. The formula process is updated and approved by the Commission every two years.

The Formula Allocation Procedure is based upon audited operating statistics in accordance with Federal reporting practices. It is impossible to include a Zone in the Formula Allocation Procedure without any audited operating statistics. As a result, the funding mechanism for the Zone will occur in two phases: Proposition A Discretionary funds will be used in place of formula funds for the first three years operation of a Transportation Zone. A Commission funding credit will be calculated based upon the number of service hours to be transferred from the existing operator to the Zone.

Based upon the date of pre-application, the Commission will calculate the amount of Commission subsidy per service hour (TDA, STA, Section 9, and Proposition A Discretionary funds) to be credited to the Zone. See the formula in Table 2 which will be used for the first three years of Zone Guidelines. Any difference in the credit transferred to the Zone and the amount utilized can be carried over for two years.

Formula for Credit - Short Term Funding

A. First Year

Step 1:

A. $\frac{\text{Total Operator Commission Subsidy}}{\text{Total Operator Express Service Hours}}$ = Operators subsidy per hour express service

B. $\frac{\text{Total Operator Commission Subsidy}}{\text{Total Operator Local Service Hours}}$ = Operators subsidy per hour local service

Step 2:

Operator subsidy per express hour X # Express hours transferred to the zone			Credit of Commission operating funds transferred from current operator Prop A Discretionary Allocation
	+	=	
Operator subsidy per local service hour X # Local hours transferred to the zone			

B. Second and Third Year

Commission Credit x Proposition A Sales Tax Growth each year.

EXAMPLE:

- o Operator subsidy from LACTC per local service hour* = $45.50
- o Operator subsidy from LACTC per express service hour* = $61.67
- o Annual VSHs transferred from existing operator to Zone = 98,768
- o Zone funding credit transferred from existing operator =

1. 98, 768 local service VSH x $45.50 = $4,718,600

   o express VSH x 61.67 : $0

   First year credit $4,718,600

2. Second year = $4,718,600 x 1.05 (Estimated Prop. A Sales Tax Grow

3. Third year = $4,954,530 x 1.05 (Prop. A Sales Tax Growth)

NOTE:

*Includes operator STA, TDA, Section 9 and Prop A Discretionary Funds allocated to local and express services.

G. Criteria for Determining Success

The Commission shall use, at minimum, the following four criteria for defining a successful Zone. Each of the following criteria must be met (Note: analysis will be done in the third year of operation based upon the first two years of data and an estimation of third year data);

1. The Zone has demonstrated cost savings (which can be measured in one of four ways defined under Section II. A.) and savings are verified by an independent auditor. If the Zone demonstrates a 25% or greater savings then this criterion shall be satisfied. If the Zone demonstrates a 15-24% savings, then conditions may be placed on the Zone in order to "pass" on this criterion. If the Zone demonstrates less than a 15% savings, this criterion shall not be satisfied.

2. There is demonstrated public support for the Zone expressed through ridership, public reception, and support of local governments in the Zone. A public hearing shall be held by LACTC.

3. The overall system impacts have not worsened (i.e., regional coordination is maintained). Success of this criterion shall be measured in two ways: A) verification that the transfer agreement required in Section III. C. has been implemented; and B) the affected operator's performance as measured by the TPM program has not been signficantly impacted.

4. The likelihood of continued successful operation by the Zone under the LACTC rules governing included transit operators (i.e., Transit Performance Measurement Program, Formula Allocation Procedure, Short Range Transit Plan). Success under this criterion shall be measured as follows:

   a. Assurance that the Zone will submit a Short Range Transit Plan in accordance with LACTC Guidelines;

   b. Assurance that state and federal reporting requirements have been satisfied (e.g., TDA and Section 15 forms); and

   c. Demonstrated ability to continue operations (with reasonable impact on service and fares) under the adopted TPM program.

LACTC will periodically evaluate the operation of the Zone as measured against the success critieria and TPM program. If the Zone is found to be not meeting the criteria, the Commission may require steps to bring the Zone into conformance with the criteria.

III. APPLICATION REQUIREMENTS

This section clarifies necessary submittals and who is responsible for what. Specifically, this section addresses: agency responsibilities; pre-application requirements; and application requirements.

A. Agency Responsibilities

Creation of a Zone is a complex undertaking and it should be clear what responsibilities are to be assumed when undertaking the applicaiton process.

1. Applicant - The applicant representative is responsible for submiting all documentation, including the pre-application, application (and appropriate attachments) described elsewhere in the Guidelines. In addition, the applicant must coordinate with the LACTC and the existing operator. The following conditions would apply.

   All cities and/or county agree to support the Zone for a minimum of one year once service has been initiated. After one year, should a city wish to withdraw from the Zone, the following conditions would apply:

   - City(s) withdrawing from the Zone shall provide a minimum 120 day notice; and
   - City(s) shall acknowledge that SCRTD/LACTC are not required to provide replacement service.

2. Existing Operator - The exsiting operator, who's service will be replaced by the Zone, shall have the following responsibilities: The operator shall supply cost data and operational data for the affected service; the operator shall review the pre-application and application for significant impact; and the operator shall coordinate with the applicant in development of a transfer agreement summarized in Section III.C.2. All of these requirements shall occur in a timely manner.

3. LACTC - The Commission staff shall be available for assistance to the applicant; determining compliance with the Guidelines; review and circulate the pre-application and application to the affected operator; as well as coordinate unresolved issues between the affected operator and the applicant. Issues that cannot be resolved at the staff level will be resolved by the Commission. In addition, the Commision will establish a Zone in accordance with steps described in Section IV.

B. Pre-Application Requirements

A pre-application is required which would identify existing services proposed by the applicant to be transferred to the Zone (see Appendix II). The proposed changes in service will be reviewed for consistency with the Guidelines and impacts on existing operators before the applicant proceeds with the formal application and preparation of the Operational and Financial Plan.

LACTC will circulate the proposed pre-application to affected operator(s) for review and comment. If there are significant differences between the Zone and the affected operator on what constitutes eligible service (defined in Section II.C.), the LACTC shall notify the applicant to not proceed with the application until LACTC resolves the differences.

C. Application Requirements

The application for creating a Transportation Zone is shown in Appendix III. The information leading to justification in submitting an application which must be attached to the application is summarized below.

1. Operational Plan

- Description of proposed Zone (include: map; square mileage of Zone; list of jurisdictions);
- Description of current transit service (including: map of existing service; headways; span of service; vehicle service hours; number of vehicles; number of lift equipped vehicles; number of passengers);
- Description of any unmet transit needs;
- Description of the proposed service, including: map (showing restructured service including, service to be deleted, service to be rerouted and new service); operating characteristics (headways, span of service; summarize service hour plan -- identify VSH's which will be administered by the Zone, service which will be deleted, and service which will be restructured; note any data justifying propensity to travel (Criterion #6, Section II.).
- The Operational Plan must demonstrate that the capacity of the proposed system will be adequate to carry the actual ridership using the current operator services. In this instance, capacity is defined as the number of available seats in conjunction with the operator's adopted standing load policy.

- The Operational Plan must have attached, a formal transfer agreement between the applicant and regional carrier for fixed-route and general public operation. It is intended that the transfer agreement will spell out how to best coordinate service between the two entities. Need for transfer agreements for E&H Dial-A-Ride will be considered on a case-by-case basis. At a minimum, the transfer agreement must include the following:

  a. Applicant is required to identify coordinated transfer locations within the service area. There should be at least one transfer location along each line of the regional carrier serving the Zone. Where possible, transfer locations should be located so as to serve multiple lines.

  b. Applicant assures that shared bus stops will be used at transfer location(s) unless specified otherwise due to space or safety constraints;

  c. Applicant assures that schedules will be created to minimize wait time between feeder service and regional carrier.

  d. Where pulse point transfer locations are identified, the applicant assures that the following amenities will be provided: bus benches; bus shelters; and special bus stop signs to explain regional transfer routing opportunities.

  e. Assurance that applicant will provide customer information service (through contract) either through Zone operator or regional carrier. At a minimum, the applicant assures the regional carrier that transfer locations will be provided to customers over telephone and on applicable marketing information. Regional carrier agrees to reciprocal provision.

  f. Assurance that the applicant and regional carrier will accept interagency transfers. Note: The approved fare tariff schedule must be finalized 14 days prior to commencement of service.

  g. No closed door bus stop policy for regional service will be allowed.

- The Operational Plan must include a description of transition plan from existing to proposed service.

2. Financial Plan

The plan should include a description of the following:

- Existing transit costs within the Zone (breakout costs for service to be administered by the Zone as described above);
- Identification of 25% cost savings in accordance with the criteria summarized in Section II.A., Criterion #4;
- Summary of proposed fares;
- Proposed budget; and
- Identification of fund sources.

Refinements and revisions to the above Plan are probable as service moves to implementation. Significant expansion and/or significant changes in types of service, or inclusion of new service areas could require the readoption process.

3. Assurances and Understandings

The Zone agrees to provide the following assurances and understandings:

- That the Zone will assume all responsibilities for compliance with applicable state laws (including CEQA requirements regarding projects to be funded in part or in whole with Proposition A. funds); and
- That the Zone will comply with all applicable federal, state and local requirements as to affirmative action, fair labor practices, transit accessibility, safety, and public health;
- That the Zone will utilize the State Controller's Uniform System of Accounts and Records to accommodate uses and disbursements of Proposition A funds;
- The Zone agrees to comply with the reporting requirements currently required by other Commission funded transit operators (including: financial and performance audits, Transit Performance Measurement data; and a Short Range Transit Plan).
- Documentation of consultation with the affected operator and/or the regional carrier (documentation shall include approval letter from the regional carrier of formal transfer agreement required under Section III.C. If approval letter cannot be secured then LACTC shall negotiate with applicant and

regional carrier prior to submittal of application. Unresolved issues of service coordination after LACTC staff negotiation attempts will be resolved by the Commission as required by PUC §130262. Both applicant and regional carrier will abide by LACTC determination.)

- Description of a local review process appropriate for the geographic size of the Zone (including public hearing(s) and/or other means of communication). It should be noted that the required number of public hearings should be commensurate with the size of the Zone. Consequently, discussion with Commission staff prior to embarking on the local review process will be necessary.

- Certification that the Administrative Structure and Operational/Financial Plan has been approved by the jurisdictions within the Zone.

IV. OPTIONS FOR ADMINISTERING A ZONE

The affected jurisdictions would propose the administrative structure used. There are numerous options for administering a transportation Zone and Commission approval of the administrative structure is necessary. Regardless of the administrative structure chosen, the operation of service must be contracted to private or public operators through a competitive selection process rather than competitive bidding based solely on costs. Contracting out service instead of operating service directly encourages lower cost through competition and avoids additional administrative cost. The Zone will determine criteria for accepting a responsive bid. There are two options that best facilitate an efficient operation: a Joint Powers Authority (JPA) or a Public Transit Authority.

Joint Powers Agreement - One structure to administer a Transportation Zone would be a Joint Powers Authority (JPA). A Joint Power Agreement would specify the authority that would administer the Zone. The formation of a JPA is initiated by the cities and it is this local commitment that is necessary for the success of the Zone. Under a JPA, cities may enter into cooperative agreements for the purpose of exercising any power (service) common to the contracting parties. The intent of the JPA is to allow local governments opportunities to exercise cost efficient management techniques while at the same time preserving local discretion and territorial boundaries.

The JPA could consist of an elected official from each of the cities/or county within the Zone. Or, if the Zone was composed of a large number of cities, the JPA could appoint representatives to a transit authority (see below). Additionally, a technical advisory committee could be created in the by-laws that could consist of staff from the cities, representatives from SCRTD, and private service organizations. This would insure coordination between the Zone and the rest of the region and would insure that the needs of the transit dependent were being met.

Public Transit Authority - There are instances where a JPA cannot be set-up. For example, the Zone can propose an alternative administrative structure for areas that are subsets of a city (i.e., the San Fernando Valley) or a group of cities that are willing to make a financial commitment but it is not feasible to create a JPA. The members of the board could be one elected official or an appointee from each of the areas within the Zone.

V. LACTC APPROVAL PROCESS

The following is a summary of the approval process for creation of a Transportation Zone:

A. Staff Review

Staff will review the application and attachments described in Section III., for conformance with the Guidelines.

B. LACTC Public Hearing

The Commission will hold a public hearing and receive public testimony in relation to the above submittals.

C. Commission Findings

The Commission will review the above steps and with eight votes make t e following findings:

- The current transit operator cannot otherwise provide adequate and responsive local transportation services in a cost-effective manner; and
- All of the municipalities and/or county within the Zone have approved the Operating and Financial Plan for the provision of transit service within the Zone.

D. LACTC Action

Based upon findings of C, above, the Commission would approve with eight votes:

- Creation of the Zone;
- Administrative structure of the Zone;
- Establish a funding level for three years; and
- Direct staff to prepare a contract with the Zone.

E. Contract

A contract will be the contracting document between the Commission and the Zone. The contract will be used for the first three years (though the financial plan will be renewed annually). After the Zone becomes an 'operator' under the Formula Allocation Procedures, a contract will no longer be necessary. The contract will include the following provisions: creation, definitions; general provisions; conditions; description of services; assurances; administrative structure; prowers of authority; funding (and payments); reporting requirements; LACTC monitoring; and cancellation.

F. Monitoring

LACTC will periodically and formally advise the Zone of how service is doing, measured against:

- o Success Criteria
- o Transit Performance Measurement Program

G. Final Determination

During year three of operation, the LACTC will make a final determination regarding continued operation, including:

- o LACTC review of report on results of Success Criteria Analysis.
- o Hold public hearing to affirm public support.

H. Failure to Meet Success Criteria

If the success criteria described in Section II.G. are not satisfied, the Commission may, at its discretion, withdraw funding from the Zone, or may allow the Zone to continue operation on an interim basis. Should funding be withdrawn from the Zone, LACTC will transfer the funding back to the regional operator and work with the Zone and the regional operator to provide a minimum level of service. The level of service shall not be less than the minimum service criteria described in the Proposition A Discretionary Guidelines.

APPENDIX I

LEGISLATIVE AUTHORITY

CREATION OF ZONE

Section §130261: The Los Angeles County Transportation Commission may establish local Transportation Zones only in those areas where the Commission determines by eight affirmative votes of the voting members, that the Southern California Rapid Transit District or the included municipal operators cannot otherwise provide adequate and responsive local transportation services in a cost-effective manner.

Section §130003: As used in this division "local Transportation Zones" means cities or unincorporated areas which contain at least one economic center or major trip generator in which there is a large percentage of short- and medium-length transit trips. The local Transportation Zones shall be coordinated with regional transit operations as appropriate relative to consumer need and efficient operations.

FUNDING AUTHORITY

Section §99285(f): Eight affirmative votes of the voting members, or designated alternates, shall be required in order to establish or change the criteria for admitting new included municipal operators for eligibility for funds allocated under Article 4 (see Section (e) for Federal Funds).

DEVELOPMENT OF GUIDELINES

Section §130259:

c. In adopting the guidelines, the Commission shall take into account, among other things, the geographical shape of the proposed zone, (i.e. is it contiguous and appropriate size, etc.) economies of scale of transit systems, and established and projected subregional patterns of travel.

d. The guidelines shall provide for a method of governing each local Transportation Zone; shall provide for the establishment of multicounty zones; and shall authorize each board, under specified conditions, to provide transit service itself, through a joint powers agreement or any other cooperative arrangement, or by contract with a public transit operator or a private common carrier.

Section §130262: The Commission shall require full cooperation and coordination between the regional operator, the municipal operators, and the local Transportation Zones in such matters as schedules, routes and exchange of transfers. The Commission is also empowered under this section to "ensure that regional operators, municipal operators, and local Transportation Zones do not compete or unnecessarily duplicate services, but assist each other to provide the maximum level of transit service to the general public at the lowest possible cost."

APPROVAL BY AFFECTED JURISDICTIONS

Section §130259(b): It is particularly important that the County, Cities, and other local entities be involved in establishing local Transportation Zones.

Section §130263: The Los Angeles County Transportation Commission shall not reduce, by order or by reducing funding, the size of the service areas under the jurisdiction of presently existing included minicipal operators, the level of services they provide, or the scope of their operations, without first consulting with the operators and securing the approval of the municipalities within which they operate.

APPENDIX II

LACTC
PRE-APPLICATION TRANSPORTATION ZONE

1) Date:

2) Contact person:
name, title, phone no.

3) Name of jurisdictions within zone:

4) Name of operators within zone:

5) Map(s) enclosed showing: Cities/county within Zone; Zone boundary; existing service; service to transferred Zone; and service to be restructured (if applicable)

6) List by Line # of VSHs for routes to be transferred to Zone:

Line #	Annual VSHs To Be Transferred	Annual Weekend VSHs to be Transferred	Service Type DAR; Express; or Local Service

7) Proposed Date of Service Implementation: _____

Note below if phasing different for lines.

Line #	Scheduled Date of Transfer

APPENDIX III

LACTC
TRANSPORTATION ZONE APPLICATION

1 Date:	2 Contact person: name, title, phone no.
3 Proposed zone date:	

4 Name of jurisdictions within zone:

5 Name of transit operators currently in zone:

6 Square miles within zone:

7 Operation & financial plan attached (Section VII)?

8 If yes to #7, has all affected jurisdictions listed in # 4 endorsed it?.

9 Attached copy of each jurisdictional approval of #7

10 Has Section IV (Criteria #4) been satisfied? __ If yes, list reference page number in operational & financial plan. _____

11 List reference page # of proposed administrative structure ____

12 Has 25% Prop A Local Return Commitment been identified? List page # reference _____

13 List reference page # for summary of consultation efforts with affected transit operator. ____

14 Will new service be accessible?

15 Does applicant aggree to contract for service through a competitive selection process?

16 Does applicant aggree to comply with Section IX Assurances and Understandings?

17 Does the Plan include one economic center? List Reference Page.

18 List the reference page for number of transit trips (to # 17 above) as a percentage of the total transit trips within the zone: