

# Metro Board Approved Policy

## Measure R Guidelines for Countywide Bus Ops

*Adopted: October 22, 2009*

### Historical Perspective

Full name of this policy is: Measure R Guidelines for Countywide Bus Operation, Maintenance and Expansion.

Measure R is funded by a 1/2 cent sales tax measure approved by Los Angeles County voters to meet the transportation needs of its residents. The tax measure was approved in November 2008. Collection of the tax began on July 1, 2009. The funds will be available for distribution in the fall of 2009. Twenty percent of the Measure R tax is designated for Countywide bus operations, maintenance and expansion. In addition, Measure R sets aside \$150 million for regional clean fuel bus capital and transit facilities program. All included and eligible municipal operators and LACMTA participating in the Formula Allocation Procedure are eligible to receive these funds.

The Guidelines were developed through a working group consisting of LACMTA staff and thirteen members from agencies who represent the Los Angeles County region, see Attachment D. The Guidelines were presented to and subsequently approved by the Bus Operations Subcommittee (BOS) at its September 2009 meeting.

#### Measure R 20% for Countywide Bus Operations, Maintenance and Expansion

The purpose of the Measure R 20% program is to improve countywide bus service operations, maintenance and expansion. Every year 20 percent of all net revenues derived from the Measure R tax will be allocated for bus operations to all existing eligible and included municipal transit operators in the County of Los Angeles and to the LACMTA. Funds will be allocated according to the Formula Allocation Procedures (FAP). The attached guidelines summarize the funding policies and administrative procedures for the Measure R program.

#### Regional Clean Fuel Bus Capital

The purpose of the Measure R bus capital program is to construct transit facilities and/or repairs,

procure rolling stock and fund related components. A total of \$150 million is set aside for the total life of the Measure R program to cover LACMTA and municipal regional clean fuel bus capital facilities and rolling stock. Funds will be allocated among the included and eligible municipal operators according to the shares calculated by the Capital Allocation Procedure (CAP). In the financial model of the Long Range Plan staff is proposing to allocate \$10 million every other year beginning in 2010 up to \$150 million over 30 years. The guidelines summarize the funding policies and administrative procedures for the Measure R capital program. The attached guidelines summarize the funding policies and administrative procedures for the Measure R program.



**Metro**

**MEASURE R 20% PROGRAM GUIDELINES FOR BUS OPERATIONS  
(Countywide Bus Service Operations, Maintenance and Expansion)**

**INTRODUCTION**

Measure R was approved by the voters of California (Los Angeles County) on November 4, 2008 to relieve traffic and expand rail in Los Angeles County consistent with the Measure R Expenditure Plan (Attachment A). These guidelines summarize the funding policies and administrative procedures for the Measure R 20% Program for the Los Angeles County Metropolitan Transportation Authority (LACMTA) and Municipal Operators.

**PROGRAM OBJECTIVES**

The purpose of the Measure R 20% program is to improve countywide bus service operations, maintenance, and expansion. The program is flexible to allow each operator to determine how best to accomplish making public transportation more convenient and affordable, and improve quality of life.

**PROGRAM AMOUNT AND ALLOCATION PERIOD**

This is a thirty year (30 year) program, beginning in FY 2010. Every year LACMTA shall allocate 20 percent of all net revenues derived from the tax for bus operations to all existing eligible and included municipal transit operators in the County of Los Angeles and to the LACMTA.

**ALLOCATION METHODOLOGY**

Funds will be allocated among the included and eligible municipal operators according to the shares calculated by the Formula Allocation Procedure (FAP) for the year in which funds are allocated. The allocations to the LACMTA and eligible and included municipal operators for this program shall be made solely from revenues derived from the Measure R 20% funds, and not from other local discretionary sources. ~~If the LACMTA Board authorizes the inclusion of additional operators into the FAP, the new operators will be incorporated into the Measure R-20% Guidelines that are in effect at that time.~~

**ELIGIBLE RECIPIENTS**

All included and eligible municipal operators and LACMTA participating in the FAP are eligible to receive these funds. Eligible recipients are those operators that were in existence when the Measure R program was approved by the voters of California (Los Angeles County) and include the following:

City of Arcadia

City of Claremont  
City of Commerce  
City of Culver City  
Foothill Transit  
City of Gardena  
City of La Mirada  
Long Beach Transit  
City of Montebello  
City of Norwalk  
City of Redondo Beach  
City of Santa Monica  
City of Torrance  
Antelope Valley Transit Authority  
City of Santa Clarita  
Los Angeles Department of Transportation  
Los Angeles County Metropolitan Transportation Authority - Operations

**ELIGIBLE PROJECTS**

Eligible operating expenses include bus operations for countywide bus service operations, maintenance, and expansion and any other operating expenses that will contribute to meet the above program purpose and/or objectives.

**MAINTENANCE OF EFFORT**

Assembly Bill No. 2321 states that funds allocated by LACMTA to eligible and included municipal operators shall be used for transit operations and shall not supplant any funds authorized by other provisions of law and allocated by LACMTA to the eligible and included municipal operators for public transit. In addition to implementing new transit services and programs, eligible recipients may use Measure R 20% funds to supplement existing state, federal and local transit funds in order to maintain the provision of the existing transit services in the event of a current or projected funding shortfall. LACMTA staff reserves the right to request appropriate documentation from eligible recipients to support the existence of a funding shortfall.

For LACMTA, Assembly Bill No. 2321 states that funds allocated by LACMTA to itself pursuant to this section shall be used for transit operations and shall not supplant funds from any other source allocated by LACMTA to itself for public transit operations. (See Attachment B - Assembly Bill No. 2321). For LACMTA, per Metro Board direction, Measure R operating funds should be used to improve or expand transit service. This provision of Maintenance of Effort would also be subject to any future Board direction.

**FUND DISBURSEMENT**

Funds will be disbursed after a memorandum of understanding (MOU) between the operator and the LACMTA has been executed and the operator has submitted to LACMTA a Measure R 20%

Improvement Plan showing the assignment of that fiscal year's funds. The Measure R 20% Improvement Plan should include a description of how these funds will be spent. The plan should explain how these services will meet the program objective and benefit transit users. The Measure R 20% Improvement Plan may be amended by the operator in coordination with the LACMTA. Funds for operating purposes will be disbursed monthly in equal portions of an operator's allocation once an invoice for the annual allocation amount is received from that operator.

All interest accrued on the Measure R 20% bus operations fund will be re-allocated annually through the FAP and according to these guidelines.

### **RESERVE/CARRY-OVER REQUIREMENTS**

An operator may reserve or carry-over its allocation to the next fiscal year; however the funds will retain their original year of allocation for the purpose of applying the lapsing requirement.

An operator may assign its funds for a given fiscal year to another operator that is able to use them according to the program, purpose, and objectives and within the lapsing requirement timeframe. Fund trade will not be allowed using Measure R 20% funds.

### **LAPSING REQUIREMENT**

Given the objective of the program to improve transit service, operators are encouraged to spend these funds in a timely manner.

Operators have three years, which is the year of allocation plus two years, to spend the funds allocated through this program. LACMTA staff may grant extensions on a case-by-case basis, accompanied by adequate documentation of justification of the need for extension request. The appeal of any lapsing funds will be reviewed in consultation with the Bus Operations Subcommittee (BOS) and subject to LACMTA's Board discretion, with any lapsed funds reverting back to the Measure R 20% fund for reallocation to the eligible recipients.

### **REPORTING REQUIREMENTS**

Operators will provide an annual report to LACMTA describing how uses of Measure R 20% funds are contributing to accomplishing the program objectives. LACMTA will compile the operators' annual reports into a regional annual Measure R 20% Program update for the LACMTA Board. All service funded with Measure R 20% Bus Operations proceeds will be included in the FAP, and reported separately on the Transportation Performance Measurement forms. Measure R Funds may be used to supplement existing state, federal and local transit funds in order to maintain the provision of the existing transit services in the event of a current or projected funding shortfall. Measure R 20% Funds used for expansion may only be included in the FAP if there is an overall service level increase (as evidenced in the National Transit Database Report).

The Measure R 20% Program Guidelines for Bus Operations will be in effect until the end of FY 2014, at which time the BOS and LACMTA Board will review, revise and approve the guidelines as necessary.

**FOOTHILL MITIGATION**

Measure R 20% Services will not be included in the Foothill Mitigation Calculation.

**AUDIT/REPORTING REQUIREMENTS**

Use of these funds will be audited as part of the annual audit of each municipal operator. Those operators that perform their own audit shall consult with LACMTA for a scope of work, which covers the Measure R 20% audit requirement. Operators will retain all documents and records related to this program and the use of funds for a period of three years after the year in which the funds are expended.

**Measure R Signage/Logo**

All operators will display logo indicating that each project was funded using Measure R funds. Examples may include websites, car cards, schedules, other promotions and marketing material. This will be left to the discretion of each operator.

**Note:**

The following attachments are not included here, but will be included in the Measure R Guidelines package, and are available upon request.

Attachment A – Measure R Expenditure Plan

Attachment B – Assembly Bill No. 2321

**MEASURE R PROGRAM GUIDELINES  
FOR LACMTA AND MUNICIPAL OPERATORS  
REGIONAL CLEAN FUEL BUS CAPITAL (Transit Facilities and Rolling Stock)**

**INTRODUCTION**

Measure R was approved by the voters of California (Los Angeles County) on November 4, 2008 to relieve traffic and expand rail in Los Angeles County consistent with the Measure R Expenditure Plan (Attachment A). These guidelines summarize the funding policies and administrative procedures for Measure R for the Los Angeles County Metropolitan Transportation Authority (LACMTA) and Municipal Operators regional clean fuel bus capital program.

**PROGRAM OBJECTIVES**

The purpose of the Measure R Bus Capital program is to construct and/or repair transit facilities, procure rolling stock and fund related components in Los Angeles County. The program is flexible to allow each operator to determine how best to accomplish making public transportation more convenient and affordable, and improve quality of life.

**PROGRAM AMOUNT AND ALLOCATION PERIOD**

This is a thirty year (30 year) program, beginning in FY 2010. A total of \$150 million is set aside for the total life of the Measure R program to cover LACMTA and Municipal Operators regional clean fuel bus capital facilities and rolling stock.

**ALLOCATION METHODOLOGY**

Funds will be allocated among the included and eligible municipal operators according to the shares calculated by the Capital Allocation Procedure (CAP) for the year in which funds are allocated. ~~If the LACMTA Board authorizes the inclusion of additional operators into the CAP, the new operators will be incorporated into the Measure R Clean Fuel Bus Capital Guidelines that are in effect at that time.~~

**ELIGIBLE RECIPIENTS**

All included and eligible municipal operators and LACMTA participating in the formula allocation program are eligible to receive these funds. Eligible recipients are those operators that were in existence when the Measure R program was approved by the voters of California (Los Angeles County) and include the following:

City of Arcadia  
City of Claremont  
City of Commerce

City of Culver City  
Foothill Transit  
City of Gardena  
City of La Mirada  
Long Beach Transit  
City of Montebello  
City of Norwalk  
City of Redondo Beach  
City of Santa Monica  
City of Torrance  
Antelope Valley Transit Authority  
City of Santa Clarita  
Los Angeles Department of Transportation  
Los Angeles County Metropolitan Transportation Authority

**ELIGIBLE PROJECTS**

Measure R sets aside \$150 million to be used exclusively by LACMTA and Municipal Operators for clean fuel bus capital. These funds can be used for cost associated with transit facilities construction and/or repairs, procurement of rolling stock and related components.

Funds of \$10 million, once approved by the LACMTA Board, will be allocated beginning FY 2010. It is anticipated that the LACMTA Board will allocate \$10 million every other year thereafter up to an amount of \$150 million over 30 years for disbursement to municipal operators and LACMTA following procedures established herein.

**FUND DISBURSEMENT**

Funds will be disbursed after an MOU between the operator and the LACMTA has been executed and the operator has submitted to LACMTA a Capital Expenditure Program. The Expenditure Program should describe the project cost, schedule, milestone and the project benefit. Funds for capital purposes will be disbursed once an operator has submitted an invoice for such needed funds in anticipation of project costs. (Attachment B – Operator Capital Expenditure Program).

All interest accrued on the Measure R funds designated for Clean Fuel Bus Capital related expenses will be re-allocated annually through the Capital Allocation Procedure (CAP) and according to these guidelines.

**RESERVE/CARRY-OVER REQUIREMENTS**

An operator may reserve or carry-over its allocation to the next fiscal year; however the funds will retain their original year of allocation for the purpose of applying the lapsing requirement.

An operator may assign its funds for a given fiscal year to another operator that is able to use them according to the program, purpose, and objectives and within the lapsing requirement



timeframe. Bonding is allowed and bond proceeds shall be used for eligible projects under this program. Fund trade will not be allowed using Measure R Clean Fuel Bus Capital funds.

### **LAPSING REQUIREMENT**

Given the objective of the program to improve transit service, operators are encouraged to spend these funds in a timely manner.

Operators have five (5) years, which is the year of allocation plus four (4) years, to spend the funds allocated through this program. LACMTA staff may grant extensions on a case-by-case basis, accompanied by adequate documentation of justification of the need for extension request. The appeal of any lapsing funds will be reviewed in consultation with the Bus Operations Subcommittee (BOS) and subject to LACMTA's Board discretion, with any lapsed funds reverting back to the Measure R Clean Fuel Bus Capital fund.

### **REPORTING REQUIREMENTS**

Operators will provide an annual report to LACMTA describing how uses of Measure R funds are contributing to accomplishing the program objectives. The annual report should include the Operator Expenditure Program describing the project's progress and estimated completion date. LACMTA will compile the operators' annual reports into a regional annual Measure R Program update for the LACMTA Board.

### **AUDIT/REPORTING REQUIREMENTS**

Use of these funds will be audited as part of the annual audit of each municipal operator. Those operators that perform their own audit shall consult with LACMTA for a scope of work, which covers the Measure R audit requirement. Operators will retain all documents and records related to this program and the use of funds for a period of three years after the year in which the funds are expended. Funds used for capital purposes should be reported in the Short Range Transit Plan.

### **Measure R Signage/Logo**

All operators will display logo indicating that each capital project was funded using Measure R funds. Examples may include websites, car cards, schedules, other promotions and marketing material. This will be left to the discretion of each operator.

**Note:**

The following attachments are not included here, but will be included in the Measure R Guidelines package, and are available upon request.

Attachment A – Measure R Expenditure Plan

Attachment B – Operator Capital Expenditure Program