

Metro Board Approved Policy

Measure R Local Return Program Guidelines

Adopted: October 22, 2009

Historical Perspective

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. Fifteen percent of the Measure R tax is designated for the Local Return Program to be used by cities and the county, see Attachment B for jurisdiction funding estimates.

The Local Return 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 C. The working group met eight times to review the Measure R Assembly Bill, The Measure R Ordinance, the Measure R Ballot, as well as, Proposition 1 B, the California Constitution Article 19, and the Guidelines Relating to Gas Tax Expenditures as they relate to LR Measure R issues. The working group has emphasized that the Guidelines allow maximum flexibility for project eligibility.

The Draft Guidelines were distributed to the Council of Governments (COGS) for all affected areas, and were presented to the Local Transit Systems Subcommittee, Bus Operations Subcommittee, Streets & Freeways and Technical Advisory Committee (TAC) meetings. The Draft Guidelines were approved by TAC in their September 2009 meeting.

The Measure R LR Guidelines were developed to provide a more flexible program where it would be easier for the cities to use the funds but ensure that the requirements of the ordinance are met. The eligible project uses are condensed to nine categories:

- 1) Streets and Roads,
- 2) Traffic Control Measures,
- 3) Bikeways and Pedestrian Improvements,
- 4) Public Transit Services,
- 5) Public Transit Capital,

- 6) Transportation Marketing,
- 7) Planning, Engineering and/or Study, CMP,
- 8) Transportation Administration, and
- 9) Local Funding Contributions.

Some highlighted key policy elements of the Guidelines include: less restrictive uses on streets and roads as well as bikeways and pedestrian projects; promotes sustainability and encourages jurisdictions to coordinate their projects multi-jurisdictionally for signal synchronization, arterials, highway corridors, transit and rail stations. Administratively, cities have less reporting requirements, relaxed lapsing requirements, and an easier fund reserve process. Currently, cities can email and download forms and requests.



Metro

A. POLICY

I. PROGRAM SUMMARY

Measure R is funded with 1/2-cent sales tax revenues that Los Angeles County voters approved in November 2008 to meet the transportation needs of Los Angeles County. Collection of the tax began on July 1, 2009. Fifteen percent (15%) of the Measure R tax is designated for the Local Return (“LR”) Program to be used by cities and the County of Los Angeles (“Jurisdictions”). The Los Angeles County Metropolitan Transportation Authority (“LACMTA”) allocates and distributes LR funds monthly to Jurisdictions on a per capita basis.

The Measure R Ordinance specifies that LR funds are to be used for transportation purposes. No net revenues distributed to Jurisdictions may be used for purposes other than transportation purposes. The Measure R Ordinance directs LACMTA to develop LR Guidelines, including administrative requirements. The projects included in herein further define those transportation purposes for which Measure R LR revenues may be used.

To maximize the transportation funding benefit for the region, a “Coordinated Approach” and “Sustainability” are encouraged. Jurisdictions are encouraged to apply their Measure R LR funds towards multi-jurisdictional projects, specifically projects that support other Measure R rail, bus and highway corridor projects. Examples of projects where multi-jurisdictional coordination can be achieved are located in the Coordination Approach Section. Coordination efforts will result in incentive benefits for Jurisdictions as listed in the Coordination Incentive Section. Projects that show Sustainability, or green measures, are listed in the Sustainability Section.

II. MEASURE R USES AND CONDITIONS FOR PROJECT ELIGIBILITY

Following are listings of eligible projects for which Measure R LR funds can be used:

1. Streets and Roads. Planning, right of way acquisition, engineering, administration, construction, improvement, maintenance, and operation of public streets and roads, highways and exclusive public mass transit guide ways, and their related public facilities for non-motorized traffic, including the mitigation of their environmental effects, all costs associated with property acquisition for such purposes.

Streets and Roads improvements may consist of, but are not limited to, the following:

- Repair and maintenance of public roadways, pavement maintenance, slurry seals, chip seals, pot-hole repair, pavement rehabilitation and roadway reconstruction, curb, gutter, sidewalk, roadway signage and catch basin repair (storm drains) in connection with any roadway improvements
- Capacity enhancements, street widenings, pavement marking and striping or restriping
- Exclusive bike or bus lanes
- Roadway safety improvements such as soundwalls, roadway lighting raised median or roadway signage, or other

- Americans with Disabilities Act (“ADA”)
 - Complete streets
2. Traffic Control Measures. Signal Synchronization, Transportation Demand Management (“TDM”), Transportation Systems Management (“TSM”), Intelligent Transportation System (“ITS”), traffic signal modification, signalization of turns,, traffic management center, and traffic safety.

TDM projects are defined as strategies/actions intended to influence how people commute, resulting in minimizing the number of vehicle trips made and vehicle miles traveled during peak travel periods.

- a. Signal Synchronization. The research, planning, design, engineering, administration, construction, improvement, maintenance, and operation of traffic signals and traffic signal improvement projects, in particular those improvements required to install and maintain traffic signal synchronization and coordinated traffic signal timing across jurisdictions. Signal Synchronization Improvements may consist of, but are not limited to, the following:
- Installation of new traffic signal
 - Installation of left-turn phasing
 - Maintenance, repair, replacement and/or upgrade of traffic and pedestrian signal equipment
 - Installation, repair, maintenance of vehicle detection system which may include operation as a fully traffic actuated signal
 - Installation of time-based coordination; installation and maintenance of traffic signal coordination timing
- b. TDM-eligible project expenditures may consist of, but are not limited to, the following:
- Vanpool and/or vanpool incentive programs, (as well as carpool and biking incentive programs) including ride-matching programs (must be made available to all employers and/or residents within the Jurisdiction boundaries)
 - Community-based shuttles for employees, if such services complement existing transit service
 - Parking management incentive programs, including parking cash-outs or parking pricing strategies
 - Employer or citizen ride-matching programs and subsidies
 - Transportation Management Organization's (“TMO”) insurance costs or individual employer's vanpool programs under the umbrella vehicle insurance policy of the Jurisdiction
 - Matching funds for LR-eligible projects such as Safe Routes to School projects and highway safety projects
 - Car sharing programs
- c. TSM-eligible project expenditures include those for relatively low-cost, non-capacity-enhancing traffic control measures that improve vehicular flow and/or increase safety within an existing right-of-way. TSM projects may consist of, but are not limited to, the following:
- Reserved bus lanes (no physical separation) on surface arterials

- Contra-flow lanes (reversible lanes during peak travel periods)
- Ramp meter by-pass (regulated access with bus/carpool unrestricted entry)
- Traffic signal priority for buses (to allow approaching transit vehicles to extend green phase or change traffic signal from red to green)
- Preferential turning lanes for buses
- Other traffic signal improvements that facilitate traffic movement

Traffic Control Measures - Eligibility Restrictions

LR funds may not be used to alter system/signal timing that was implemented under a traffic forum project/grant, unless coordinated with all affected Jurisdictions in the corridor. If a LR-funded project is or has an ITS component, it must be consistent with the Regional ITS Architecture. ITS projects must comply with the Countywide ITS Policy and Procedures that the LACMTA Board has adopted.

3. Bikeways and Pedestrian Improvements. Bikeway and Pedestrian improvements are for public uses and should follow ADA and California Title 24 specifications for accessibility requirements. Bikeways and Pedestrian improvements may consist of, but are not limited to, the following:
 - Bike/pedestrian facilities (including bike storage), sidewalks, related lighting, construction and maintenance,
 - Signage, information/safety programs
 - Lighting for bike and pedestrian safety
 - Bike signal, bike detection, bike valet, bike lane and bicycle parking
 - ADA improvements, streetscapes, crossings and curb cuts
 - Bike sharing
 - Bike Safety and Bike Education
4. Public Transit Services. Proposed new or expanded transit or paratransit services must be coordinated with LACMTA and other affected existing regional bus transit systems to determine the proposed service's compatibility with the existing service(s). LACMTA may request that the proposed service be modified. Proposed services must also meet the criteria outlined under "Non-Exclusive School Service" and "Specialized Transit". Emergency Medical Transportation is not an eligible use of LR funds. Public transit service expenditures may include, but are not limited to, the following:
 - New fixed route, paratransit (Elderly and Disabled and/or General Public) or Flexible Destination bus service
 - Extension or augmentation of an existing bus route(s) and coordination of existing paratransit service
 - Contracting with a transit operator or private provider for transportation services
 - Contracting with transit operator in an adjacent county to provide transportation services within Los Angeles County
 - Operating subsidy to existing municipal or regional bus operator
 - Service enhancements related to bus/rail interface
 - Shuttle service between activity centers
 - Fare subsidy, subsidized taxi service for disadvantaged residents
 - Taxi coupon programs used to provide paratransit systems for senior and disabled patrons
 - ADA related improvements to fixed route or paratransit operations

- Transit security
- Recreational transit

Public Transit Services - Eligibility Restrictions

- a. **Non-Exclusive School Service** includes fixed-route bus services or demand-responsive services available to the general public, which also provide school trips, are eligible for LR funding. Exclusive school bus services are not eligible. Projects must meet the following conditions:
- The bus vehicles utilized cannot be marked "School Bus" or feature graphics that in any way indicate they are not available to the general public. Yellow paint schemes should not be for the specific purpose of meeting the vehicle code definition of a school bus
 - The bus head sign is to display its route designation by street intersection, geographic area, or other landmark/destination description and cannot denote "School Trip" or "Special." In cases where the service includes an alternate rush-hour trip to provide service by a school location, the dashboard sign is to indicate the line termination without indicating the school name
 - Timetables for such services will be made available to the general public, shall provide the given schedule and route but must not be labeled "school service"
 - Drivers must be instructed that such service is available to the general public and board and alight all passengers as required at designated stops
 - The same fare payment options must be made available to all users
 - The overall transportation service provided in the Jurisdiction must not be for school service hours only
- b. **Specialized Public Transit**, special-user group service or social service transit may be eligible where it can be incorporated into the existing local transit or paratransit program. Jurisdictions must demonstrate that existing services cannot be modified to meet the identified user need. Projects must meet the following conditions:
- The special user group identified does not discriminate on the basis of race, religion, sex, disability or ethnicity
 - Service shall be available to all members of the general public having that specialized need and not be restricted to a specific group or program
 - Service shall be advertised to the general public
 - LACMTA may require, as a condition of approval, inter-jurisdictional project coordination and consolidation
 - LR funds may only be used for the transportation component of the special user group program, i.e., direct, clearly identifiable and auditable transportation costs, excluding salaries for specialized escorts or other program aides
 - The designated vehicle(s) used must be made available for coordination with other paratransit programs if space permits
- c. **Recreational Transit Services** are eligible for travel within a 300 mile radius of the designated point of departure within the Jurisdiction. All eligible trips must be made within California, and eligibility restricts the use to day trips (no overnight trips). Trips may be limited to certain general age groups (e.g.,

children under 18, senior citizens, persons with disabilities); however, trips must be made available to all individuals within that designated group. Special events or destinations may be served; however, all members of the general public including individuals with disabilities must be allowed to use the service.

LR funds may not be used to pay the salaries of recreation leaders or escorts involved in recreational transit projects. All recreational transit trips must be advertised to the public, such as through newspapers, flyers, posters, and/or websites. Jurisdictions must submit a Recreational Transit Service Form (Appendix II) on or before October 15th after the fiscal year the service was made available, to certify that all conditions were met.

5. Public Transit Capital - Bus/rail improvements maintenance and transit capital. Jurisdictions must coordinate bus stop improvements with affected transit operators. Jurisdictions that propose replacing privately owned benches or shelters must notify the affected operator(s) before requesting Jurisdictional project approval. Public Transit Capital projects may consist of, but are not limited to, the following:
 - Bus stops, stations
 - Vehicles (new, replacement, and/or maintenance)
 - Transit facilities
 - Transportation Enhancements (“TE”) park-and-ride lots
 - Right of way improvements
 - Farebox systems
 - Transit Access Pass (“TAP”)
 - Universal Fare System (“UFS”), ITS
 - Bus/station amenities
 - Transportation technical systems
 - Transit security

6. Transportation Marketing. If promotional signage, literature, or other project marketing material is distributed or displayed as part of a Measure R project outreach or marketing activity, Jurisdictions are encouraged to include a notation indicating that Measure R funding was used to fund the project. Marketing projects may consist of, but are not limited to, the following:
 - Transportation kiosks and/or transit pass sales centers
 - Transportation information amenities such as maps, brochures, transportation signage
 - Transportation user subsidy programs
 - Promotions and events
 - GIS mapping of bikeways & other bikeway information

7. Planning, Engineering and/or Study, Congestion Management Program (“CMP”) Planning, coordination, engineering and design costs incurred toward implementing an eligible LR project are eligible when the following conditions are met:
 - The projects being planned (designed, coordinated, etc.) are LR eligible; coordination includes: Jurisdictions’ start-up costs or dues for Councils of Governments (“COGs”) and Transportation Management Associations (“TMAs”); advocacy; and funding for Joint Powers Authorities (“JPAs”) by Jurisdictions or (“COGs”). If some activities are LR eligible and some are not,

partial payment of dues must be made proportionally to the organization's budget for LR-eligible projects

- TDM-related activities as required by the CMP. CMP project may consist of, but are not limited to: preparation of TDM ordinances; administration and implementation of transit or TDM-related projects pursuant to CMP deficiency plans; and monitoring of transit standards by transit operators
8. Transportation Administration expenditures for those administrative costs associated with and incurred for the aforementioned eligible projects/programs. Direct administration includes those fully burdened costs that are directly associated with administering LR program or projects, and includes salaries and benefits, office supplies and equipment, and other overhead costs. All costs must be associated with developing, maintaining, monitoring, coordinating, reporting and budgeting specific LR project(s). Expenditures must be reasonable and appropriate to the activities undertaken by the locality. The administrative expenditures for any year shall not exceed twenty percent (20%) of the total LR annual expenditures.
9. Local Funding Contributions. Measure R LR funds may be used as matching funds for other federal, state, or local sources that may be used to fund transportation projects as listed herein in this section.

Measure R Ordinance Attachment A assumes a three percent (3%) local funding contribution for projects listed therein. LR funds may be used to provide these local funding contributions.

III. MAINTENANCE OF EFFORT ("MOE")

Measure R LR Program funds are to be used to augment, not supplant, existing local revenues being used for transportation purposes. Jurisdictions must maintain their individual existing local commitment of funds, for current transportation projects and services.

In addition to implementing new Measure R eligible projects and programs, Jurisdictions may use Measure R LR funds to supplement existing Measure R eligible projects and programs should there be a current or projected funding shortfall. LACMTA reserves the right to request appropriate documentation from a Jurisdiction to support the existence of a funding shortfall.

IV. PROMOTE SUSTAINABILITY

Jurisdictions are encouraged to use Measure R LR funds for projects that will foster a more sustainable countywide transportation system by improving the efficiency and operation of streets and roads and/or increasing alternative transportation choices. Jurisdictions should also consider sustainability in the development of each project by incorporating design elements that reduce construction-related and long-term environmental impacts.

Measure R LR funds provide a resource for jurisdictions to implement regional or sub-regional Sustainable Communities Strategies, adopted in response to SB 375. The LACMTA encourages jurisdictions to maximize the use of this resource to reduce

greenhouse gas emissions, while also improving mobility and access in local communities. Examples of projects likely to be included in Sustainable Communities Strategies include: livable streets, complete streets, car sharing programs, parking pricing strategies, and other actions to reduce congestion and/or vehicle miles traveled. Sustainable design elements should aim to reduce energy, water, waste and air pollutants that occur throughout the lifecycle of a project, including its construction, maintenance, and operations. Examples of sustainable design elements include: green street features, solar options, drought tolerant landscaping, energy efficient lighting, and the use of recycled or re-used materials, among others.

V. COORDINATION APPROACH

Jurisdictions are encouraged to coordinate and use their Measure R LR funded projects as follows:

1. More corridor based projects, specifically projects that support other Measure R rail, bus and highway corridors
2. Coordination on arterials
3. Land use policies to support rail and bus transit
4. Bike connectivity between Jurisdictions
5. Bicycle and pedestrian access to support transit stations and rail stations
6. Bus rapid service implementation
7. Street improvements to support coordinated signal synchronization
8. Complete streets (bike, pedestrian, traffic) sustainability, green measures

B. ADMINISTRATIVE

I. ADMINISTRATIVE POLICY

Standard Assurances

LACMTA will require that Jurisdictions submit Assurances and Understandings agreements before participating in the LR Program.

II. REPORTING REQUIREMENTS

1. Expenditure Plan (Form One) included in Appendix IV.
To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdictions shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1st of each year.

Form One provides a listing of projects funded with Measure R LR funds along with estimated expenditures for the year. For both operation and capital projects, Part I is to be filled out. For capital projects (projects over \$250,000), Part II is required. Pursuant to AB 2321, LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan containing the following:

1. The estimated total cost for each project and/or program activity;
2. Funds other than Measure R that will be expended on the projects and/or program activity;
3. The active funding schedule for each project and/or program activity; and,
4. The expected completion dates for each project and/or program activity.

2. Expenditure Report (Form Two) included in Appendix V.
The submittal of an Expenditure Report (Form Two) is also required to maintain legal eligibility and meet Measure R LR program compliance requirements. Jurisdictions shall submit a Form Two, to LACMTA annually, by October 15th (following the conclusion of the fiscal year). The Expenditure Report serves to notify LACMTA of previous year LR fund receipts and expenditures. Jurisdictions are required to specify administration charges to Direct Administration in order to verify compliance of the 20% cap on administration costs.
3. Recreational Transit Form
Jurisdictions that use their Measure R LR funds for recreational transit services must fill out, sign and submit this form a no later than October 15 after the fiscal year in which the services were rendered. See Appendix II for Recreational Transit Form.
4. Form Submission Timeline

<u>FORM</u>	<u>DETERMINATION</u>	<u>ANNUAL DUE DATE</u>
Expenditure Plan (Form One)	New, amended, ongoing and carryover projects; Capital projects require additional information	August 1 st
Expenditure Report (Form Two)	All projects	October 15th
Recreational Transit Form	Recreational Transit only	October 15th

III. TIMELY USE OF FUNDS

Measure R LR funds have five (5) years to be expended. Funds must be expended within five years of the first day of the fiscal year in which funds were originally allocated or received. For example: funds received in FY 2009-10 are required to be expended by June 30, 2015. A First-In-First-Out (FIFO) method of calculation will be used to determine any lapsing of funds. The Measure R LR allocation, interest income and other income earned from LR projects (such as revenues from advertising) which are not expended within the allocated time, will consequently lapse, and be returned to LACMTA upon request, for reallocation to Jurisdictions on a per capita basis.

LACMTA will allow a time extension for Jurisdictions to reserve funds (see Section V below).

IV. FUND EXCHANGE: TRADE, LOAN, GIFT

Jurisdictions involved with fund exchanges are required to obtain LACMTA approval and keep all related documents on file.

1. Trading of Measure R LR funds are restricted to other dedicated transportation funds/revenues (except for Proposition C funds which are not allowed).
2. Jurisdictions may arrange a mutually acceptable temporary transfer or loan from one Jurisdiction to another in order to meet short-term project financing needs while allowing for multi-year payback to the lead agency. These loans are to be made on terms to be negotiated between the involved parties. The participating Jurisdictions

are held mutually responsible for ensuring that the end use of Measure R is for statutorily allowed purposes.

3. Jurisdictions can gift its Measure R LR funds to another Jurisdiction for the implementation of a mutual project, providing that the funds are used for eligible transportation purposes as listed herein. Jurisdictions giving the funds away cannot accept an exchange or gift of any kind in return.

V. RESERVE FUND

Jurisdictions, may set up a reserve fund account to obtain additional time (beyond the five year term limit) to expend funds. The reserve project will be accounted for in a separate account, or sub-account for audit purposes and lapse date calculation. The reserve fund process is as follows:

1. The Jurisdiction must send a letter to LACMTA requesting a reserve fund along with project details, including an Expenditure Plan and justification and time continuance specific to the project for which the extension is needed.
2. LACMTA will determine if the extension is warranted. If the project qualifies, LACMTA will send an approval letter for the reserve.
3. The Jurisdiction will then be required to establish a separate account, or sub-account (line item), that can be audited.

However, if a Jurisdiction finds that the reserve fund project cannot be constructed for reasons beyond the Jurisdiction's control, the Jurisdiction may submit a request to LACMTA to reprogram the reserve. The Jurisdiction must indicate in writing the proposed use of the accumulated reserve funds to be reprogrammed, and receive written LACMTA approval. If the reserve funds are reprogrammed without the approval of LACMTA, LACMTA may request that the funds be paid back to LACMTA for reallocation to Jurisdictions on a per capita basis through the Measure R LR allocation process.

VI. FINANCE SECTION

Apportionment and Disbursement

The Measure R Ordinance specifies that 15% of its revenues be allocated to Jurisdictions on a per capita basis. After administrative costs are deducted, apportionments are made to all Jurisdictions within the Los Angeles County, currently 88 cities and the County of Los Angeles (for unincorporated areas). The Jurisdictions allocation is based on the population shares from the projected populations as derived from annual estimates made by the California State Department of Finance. The projected populations are revised annually in the Formula Allocation Procedure (FAP) and approved by the LACMTA Board.

Prior to receiving disbursements, a Jurisdiction must sign and return an Assurances and Understandings (legal agreement). Funds are then automatically disbursed on a monthly basis from the net received revenues, on a per capita basis, to the Jurisdiction.

Establishing a Separate Account

Jurisdictions are required to establish a separate account, or sub-account (line item), and deposit all Measure R LR revenues, interest earnings received and other income earned (such as fare revenues, revenue from advertising, etc.) in that account.

Bonding

Jurisdictions may issue bonds against Measure R Local Return Revenue

Pooling of Funds

LACMTA will allow Jurisdiction's to pool Measure R LR funds in order to obtain maximum return on investments. Such investments earnings must be reported and expended consistent with these guidelines. As in fund exchanges or transfers, Jurisdictions involved in such arrangement should keep adequate records of such transactions in order to allow for subsequent audits.

Unexpended Project Funds

All unexpended project funds remaining upon completion of an approved project must be re-programmed.

Reimbursement

Measure R LR funds may be used to advance a project which will subsequently be reimbursed by federal, state, or local grant funding, or private funds, if the project itself is eligible under these guidelines. The reimbursement must be returned to the Measure R LR account.

VII.

AUDIT SECTION

A financial and compliance audit will be conducted annually as part of LACMTA's Consolidated Audit Program to verify adherence to the Measure R Guidelines. Audits will be performed in accordance with auditing standards generally accepted in the United States of America and the Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that the audit is planned and performed to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. The audit shall include examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. The audit shall also include review of internal control procedures, assessing the accounting principles used, as well as evaluation of the overall basic financial presentation.

It is the Jurisdictions' responsibility to maintain proper accounting records and documentation to facilitate the performance of the audit prescribed in these guidelines. Jurisdictions are required to retain LR records for at least four years following the year of allocation and be able to provide trial balances, financial statements, worksheets and other documentation required by the auditor. Jurisdictions are advised that they can be held accountable for excess audit costs arising from poor cooperation and inaccurate accounting records that would cause delays in the completion of the required audits.

Note: Jurisdictions are required to expend their Measure R LR funds for transportation purposes, as defined by these guidelines. Any Jurisdiction that violates this provision must fully reimburse LACMTA, including interest thereon, for the misspent funds and shall be deemed ineligible to receive Measure R LR funds for a period of three (3) years.

A. FINANCIAL AND COMPLIANCE PROVISIONS

The Measure R LR Audits shall include, but not limited to, verification of adherence to the following financial and compliance provisions of this guidelines:

Audit Area	Non-Compliance Penalty (for failure to comply with Audit Area)
Measure R LR funds were expended for transportation purposes (as defined by the Measure R LR Guidelines)	Suspension of disbursements for three (3) years. The suspended funds will be reallocated to Jurisdictions on a per capita basis
Assurances and Understandings (fully executed agreement)	Suspension of disbursements until compliance
Accounts and Records have established a separate operating Measure R Local Transportation Assistance Account for LR purposes.	Suspension of disbursements until compliance
Verification of revenues received including allocations, project generated revenues, interest income properly credited to Measure R account	Suspension of disbursements until compliance
Verification that funds were expended with Metro's approval	Jurisdiction will be required to reimburse its LR account
Verification that funds were not substituted for property tax and is in compliance with the MOE	Jurisdiction will be required to reimburse its LR account (Auditors will measure MOE compliance globally, not project by project)
Verification that the funds are expended within five (5) years from the first day of the fiscal year in which funds were originally allocated or received (unless an approved reserve fund has been established. See page 10.)	Lapsed funds will be returned to LACMTA for reallocation to Jurisdictions on a population basis
Verification that <u>administrative expenditures</u> did not exceed over 20% of the total annual LR expenditures.	Jurisdictions will be required to reimburse their LR account for the amount over the 20% cap.
Verification that the Expenditure Plan was submitted on or before August 1 st at the beginning of the new fiscal year.	Audit exception.
Verification that the Annual Expenditure Report was submitted on or before October 15 th following the end of past fiscal year.	Audit Exception.
Where funds expended are reimbursable by other grants or fund sources, verification that the reimbursement is credited to the Local Return account upon receipt of reimbursement.	Audit exception and reimbursement received must be returned to the LR account

<p>Where Measure R funds were given, loaned or exchanged by one Jurisdiction to another, verification that the receiving Jurisdiction has credited its LR account with the funds received.</p>	<p>Audit exception and reimbursement of affected funds to the LR account.</p>
<p>Where a capital reserve has been granted, verification that a separate account for the capital reserve is established, and current status is reported in the Expenditure Plan</p>	<p>Audit exception.</p>

B. AUDIT DELIVERABLES

The auditor shall submit to the Jurisdictions and to LACMTA a Comprehensive Annual Report of Measure R LR funds no later than March 31st following the end of fiscal year. The report must contain at the minimum, the following:

- Audited Financial Statements – Balance Sheet, Statement of Revenues and Expenditures and Changes in Fund Balances.
- Compliance Report, Summary of Exceptions, if any, and ensuing recommendations.
- Supplemental Schedules – Capital Reserves, if any; Schedule of Detailed Project Expenditures; and Capital Assets.

C. SUSPENSION OR REVOCATION

Jurisdictions are expected to take corrective action in response to the LR financial and compliance audit. Notwithstanding the provisions of these guidelines, LACMTA reserves the right to suspend or revoke allocation to Jurisdictions that may be found to be in gross violation of these guidelines, or repeatedly committing violations, or refusing to take corrective measures.

VIII. APPENDICES

APPENDIX I

ASSURANCES AND UNDERSTANDINGS REGARDING RECEIPT AND USE OF MEASURE R LOCAL RETURN FUNDS

The undersigned, in conjunction with the receipt of funds derived from the one-half cent sales tax approved pursuant to Assembly Bill 2321, Measure R Ordinance of the Los Angeles County Metropolitan Transportation Authority (“LACMTA”), and as required by LACMTA's Measure R Local Return (“LR”) Guidelines, hereby provides the following assurances and understandings.

A. The undersigned hereby assures LACMTA:

1. That the Measure R LR funds are to be used to augment, not supplant, existing local revenues being used for transportation purposes;
2. That Measure R LR funds will be used for public transportation purposes as defined in LACMTA's Measure R LR Guidelines;
3. That the undersigned will submit to LACMTA for the use of Measure R LR funds:
 - a. An Expenditure Plan, annually, by August 1st of each year, including a proposed budget of the current year's expenditures;
 - b. An Expenditure Report, annually, by October 15th of each year, including an update of the prior year's expenditures;
4. Unless otherwise required by LACMTA, an audit certified by a Certified Public Accountant, will be conducted by LACMTA within 180 days of the close of the fiscal year;
5. That all projects proposed for Measure R LR funding will meet the legal requirements of the Measure R Ordinance and LACMTA's LR Guidelines criteria.

B. The undersigned further understands and agrees:

1. That LACMTA will require the undersigned to return any Measure R LR funds and may impose interest penalties on any expenditure found to be illegal or improper under the terms of the Measure R Ordinance or the LACMTA's LR Guidelines;
2. That the undersigned will, for projects to be funded in part or in whole with Measure R LR funds, comply with all applicable federal, state, and local laws and regulations, including without limitation: American With Disabilities Act (ADA), CEQA and NEPA, affirmative action, transit accessibility and public health and safety requirements and fair labor practices;
3. That the undersigned will utilize the State Controller's Uniform System of Accounts and Records to accommodate uses and disbursements of Measure R LR funds which will allow financial and compliance audits of Measure R LR funds transactions and expenditures to be conducted;

4. That any Measure R LR funds not expended within five (5) years, under the Timely Use of Funds time period, or held in a Capital Reserve account approved by LACMTA, thereafter will be returned to LACMTA upon request.
5. In addition to implementing new Measure R eligible projects and programs, Jurisdictions may use Measure R LR funds to supplement existing Measure R eligible projects and programs should there be a current or projected funding shortfall. LACMTA reserves the right to request appropriate documentation from a Jurisdiction to support the existence of a funding shortfall.

IN WITNESS WHEREOF the undersigned has executed this "Assurances and Understandings Regarding Receipt and Use of Measure R LR Funds" this ____ day of _____, 20__ by its duly authorized officer:

CITY OF _____

BY _____

(Title)

DATE _____

**ASSURANCES AND UNDERSTANDINGS REGARDING
RECEIPT AND USE OF MEASURE R LOCAL RETURN FUNDS**

Recreational Transit Services Form

LACMTA – Annual Report – Due October 15th
 Recreational Transit Trips

Agency	Fiscal Year
Availability: Certify that all Local Return funded trips were made available to the public	
Advertisements: Certify that all Local Return funded trips were made available to the general public (Advertisement, flyers, internet postings)	
Destination: Certify that all Local Return funded trips were within the area of recreation map Appendix III (fully or proportionally funded)	
Salaries: Certify that Local Return funds did not fund the salary of escorts or guardians	

Signature: _____

Date: _____

Local Return Guideline Information:

Jurisdiction shall submit a listing of Recreational Transit Services no later than October 15 after the fiscal year. Recreational Transit Service project must meet the following conditions:

- Trips are eligible for travel within a 300 mile radius of the designated point of departure within the Jurisdiction. All eligible trips must be made within California, and eligibility restricts the use to day trips (no overnight trips).
- Trips may be limited to certain general age groups (e.g., children under 18, senior citizens, persons with disabilities), however, trips must be made available to all individuals within that designated group.
- Special events or destinations (e.g., city parks, concerts, special events) may be served, however, all members of the general public including individuals with disabilities must be allowed to use, the service.
- LR funds may not be used to pay the salaries of recreation leaders or escorts involved in recreational transit projects.
- All recreational transit trips must be advertised to the public, such as through newspapers, flyers, posters, and/or websites.

Note: When annual audits are performed for the Local Return Program, compliance audits to the above will be conducted for Recreational Transit Services on a random basis. LACMTA advises you to keep all recreational transit information, including dates and destinations, on hand for the audit.

SAMPLE FUND EXCHANGE AGREEMENT

Note: Trading of Measure R LR funds are restricted to other dedicated transportation funds/revenues (except for Proposition C funds which are not allowed)

This Fund Exchange Agreement is made and entered into this _____ day of _____, 20___, by and between the City of Surf City, California and the City of Mountain Valley, California with respect to the following facts:

- A. The City of Mountain Valley proposes to provide Dial-A-Ride services to its elderly and individuals with disabilities. Approximately 20% of the City population is unable to use the available fixed route service due to frailty or handicap. No door-to-door public transit services are available in the City of Mountain Valley. Adequate Measure R Local Return (LR) funding for such a service is not available given the limited amount of the City of Mountain Valley's Measure R LR allocation and the needs of other priority transit projects in the City.
- B. City of Surf City, has uncommitted funding authority for its Fiscal Year 2009-10 allocation of Measure R LR funds which could be made available to the City of Mountain Valley to assist in providing the services discussed in Paragraph A of this Agreement.
- C. City of Mountain Valley is willing to exchange its transportation funds, in the amount indicated in Section 1 below in exchange for City of Surf City's uncommitted Measure R LR funds.
- D. City of Surf City is willing to exchange its uncommitted Measure R LR funding in the amount indicated in Section 1 below to City of Mountain Valley, for the purpose identified in Paragraph A above, for City of Mountain Valley's transportation funds.

Now, therefore, in consideration of the mutual benefits to be derived by the parties and of the premises herein contained, it is mutually agreed as follows:

- 1. Exchange. City of Surf City shall transfer \$100,000 of its Fiscal Year 20__-20__ Measure R LR funds to City of Mountain Valley. In return, City of Mountain Valley shall transfer \$50,000 of its transportation funds to City of Surf City.
- 2. Consideration. City of Surf City shall transfer the Measure R LR funds to City of Mountain Valley in twelve equal installments due the first day of each month (or in one lump sum payment). City of Mountain Valley shall transfer its transportation funds to City of Surf City in twelve equal installments due the first of each month (or in one lump sum payment).

The first installment shall be due and payable upon approval by the Los Angeles County Metropolitan Transportation Authority ("LACMTA") of City of Mountain Valley's Expenditure Plan covering the services discussed in Paragraph A above.

- 3. Term. This Agreement is effective on the date above written and for such time as is necessary for both parties to complete their mutual obligations under this Agreement.

4. Termination. Termination of this Agreement may be made by either party before the date of approval of the project description covering the funds in question by the LACMTA so long as written notice of intent to terminate is given to the other party at least five (5) days prior to the termination date.

5. Notices. Notices shall be given pursuant to this agreement by personal service on the party to be notified, or by written notice upon such party deposited in the custody of the United States Postal Service addressed as follows:

- a. City Manager
City of Surf City
101 Main Street
Surf City, CA 90000
- b. City Manager
City of Mountain Valley
401 Valley Boulevard
Mountain Valley, CA 90000

6. Assurances

A. City of Mountain Valley shall use the assigned Measure R LR funds only for the purpose of providing the services discussed in Paragraph A of this Agreement and within the time limits specified in LACMTA's Measure R LR Program Guidelines.

B. Concurrently with the execution of this Agreement City of Mountain Valley shall provide LACMTA with the Standard Assurances and Understandings Regarding Receipt and Use of Measure R LR funds specified in the Guidelines regarding the use of the assigned Measure R LR funds.

7. This Agreement constitutes the entire understanding between the parties, with respect to the subject matter herein. This Agreement shall not be amended nor any provisions or breach hereof waived, except in writing signed by the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Fund Exchange Agreement to be executed by their respective officers, duly authorized, on the day and year above written.

CITY OF _____

CITY OF _____

BY _____

BY _____

ATTEST:

City Clerk
Approved as to Form:

City Clerk
Approved as to Form:

Note: Capital Project Definition

A "capital project" is a large, one-time undertaking that results in a major asset with a life of longer than one year and a total expenditure of more than \$250,000. Such a project may involve the acquisition, construction, improvement, rehabilitation, renovation, replacement and/or expansion of a major asset (e.g., infrastructure, land, equipment, facilities, etc.)

A capital project also may include activities associated with developing such an undertaking, including: (1) planning (e.g., studies relating to management, operations, capital requirements and economic feasibility); (2) engineering, design and evaluation of alternatives (e.g., preparation of engineering and architectural surveys, plans and specifications, and development of other technical studies); and (3) other similar or related activities prior to and in preparation for the acquisition, construction, improvement, rehabilitation, renovation, replacement and/or expansion of a major asset. A capital project is not involved with activities normally associated with the everyday operation and maintenance of a major street.

(Agency)

**Measure R Local Return Expenditure Plan (Form One, Part I) - Due August 1st
Fiscal Year 2010**

	(A) FY 2010 Operations	If Capital is over \$250,000, fill out Part II (B) FY 2010 Capital
<p align="center"><u>Expenditures</u></p> <p>1 <u>Streets and Roads</u> a) <i>Street Repair and Maintenance</i> b) <i>Capacity Enhancements</i> c) <i>Exclusive Bike or Bus Lanes</i> d) <i>Roadway safety improvements</i> e) <i>ADA Related Street Improvements</i> f) <i>Complete Streets</i> g) <i>Other</i></p>		
<i>Sub-total</i>		
<p>2 <u>Traffic Control Measures</u> a) <i>Signal Synchronization</i> b) <i>Transportation Demand Management (TDM)</i> c) <i>Transportation Systems Management (TSM)</i> d) <i>Intelligent Transportation System (ITS)</i> e) <i>Other</i></p>		
<i>Sub-total</i>		
<p>3 <u>Bikeways and Pedestrian Improvements</u> a) <i>Bike/Pedestrian Facilities, Construction & Maint.</i> b) <i>Signage, Information/safety programs</i> c) <i>Bike: signal, detection, valet, lane, parking</i> d) <i>ADA Impvts, streetscapes, crossings and curb cuts</i> e) <i>Bike Sharing</i> f) <i>Other</i></p>		
<i>Sub-total</i>		
<p>4 <u>Public Transit Services – (Operations)</u> a) <i>New fixed route, paratransit or Flexible Destination</i> b) <i>Extension or augmentation of existing bus route</i> c) <i>Contracting out</i></p>		

d) <i>Operating subsidy to existing bus operator</i>		
e) <i>Service enhancements related to bus/rail interface</i>		
f) <i>Shuttle service between activity centers</i>		
g) <i>Fare subsidy, subsidized taxi service</i>		
h) <i>Taxi coupon programs</i>		
i) <i>ADA related improvements</i>		
j) <i>Transit security</i>		
k) <i>Recreational transit</i>		
l) <i>Other</i>		
<i>Sub-total</i>		
<u>5 Public Transit Capital</u>		
a) <i>Bus Stop, Stations</i>		
b) <i>Vehicles</i>		
c) <i>Transit Facilities</i>		
d) <i>Transportation Enhancements, Park & Ride lots</i>		
e) <i>Right of Way Improvements</i>		
f) <i>Farebox system (TAP, UFS, ITS)</i>		
g) <i>Bus /station amenities</i>		
h) <i>Transportation technical systems</i>		
i) <i>Transit Security</i>		
j) <i>Other</i>		
<i>Sub-total</i>		
<u>6 Transportation Marketing</u>		
a) <i>Transportation Kiosks/transit pass sales centers</i>		
b) <i>Transportation Information amenities</i>		
c) <i>Transportation user subsidy programs</i>		
d) <i>Promotions & events</i>		
e) <i>Other</i>		
<i>Sub-total</i>		
<u>7 Planning Engineering and/or CMP</u>		
a) <i>Start-up cost, dues, advocacy for LR eligible proj.</i>		
b) <i>TDM related activities required by CMP</i>		
c) <i>Other</i>		
<i>Sub-total</i>		
<u>8 Transportation Administration</u>		
a) <i>Fund Administration (20% cap)</i>		
<i>Sub-total</i>		
<u>9 Local Funding Contributions</u>		
a) <i>Measure R Ordinance – “Attachment A” required 3% local funding contribution</i>		
b) <i>Other</i>		
<i>Sub-total</i>		
Total Expenditures		

(Agency)

**Measure R Local Return Capital Projects (Form One, Part II) - Due August 1st
Fiscal Year 2010**

Add Rows as necessary		Capital Projects				
		(c)	(d)	(e)	(f)	(g)
<u>Capital Projects</u>		Total Measure R Funds	Other Fund Source	Total Project Cost	Start Date	Est. Complete Date
1	<u>Streets And Roads</u>					
	<i>Sub-total</i>					
2	<u>Traffic Control Measures</u>					
	<i>Sub-total</i>					
3	<u>Bikeways and Pedestrian Improvements</u>					
	<i>Sub-total</i>					
4	<u>Public Transit Capital</u>					
	<i>Sub-total</i>					
5	<u>Transportation Marketing</u>					
	<i>Sub-total</i>					
6	<u>Transportation Administration</u>					
	<i>Sub-total</i>					
	<i>Total Capital Expenditures</i>					

(Agency)

**Measure R Local Return Capital Projects (Form One, Part II) - Due August 1st
Fiscal Year 2010**

Add Rows as necessary
Add Columns as
necessary (for future
fiscal year spending)

		Capital Projects				
		(h)	(i)	(j)	(k)	(l)
<u>Capital Projects</u>		FY10	FY11	FY12	FY13	FY14
1	<u>Streets And Roads</u>					
	<i>Sub-total</i>					
2	<u>Traffic Control Measures</u>					
	<i>Sub-total</i>					
3	<u>Bikeways and Pedestrian Improvements</u>					
	<i>Sub-total</i>					
4	<u>Public Transit Capital</u>					
	<i>Sub-total</i>					
5	<u>Transportation Marketing</u>					
	<i>Sub-total</i>					
6	<u>Transportation Administration</u>					
	<i>Sub-total</i>					
	Total Capital Expenditures					

(Agency)
Measure R Local Return Expenditure Report (Form Two)
Due October 15 (following the conclusion of the Fiscal Year)
Fiscal Year 2010

	2010
	Expended
<u>Revenue</u>	
Fund balance, Beginning of the Year	
Local Return Revenue	
Contributions from other Agencies	
Interest and other Income	
Total Funds Available	-
Expenditures	
Fund Balance, End of the Year	
Reserves for out-year Projects	
Unallocated Fund Balance, End of the Year	

Attachments

Assembly Bill 2321
Measure R Ordinance
Measure R Ordinance Attachment A

Appendix VI
Appendix VII
Appendix VIII

Acknowledgements

The Measure R LR Guidelines were made possible through the combined efforts of LACMTA staff and Jurisdiction representatives comprising of the Measure R LR Working Group:

Nalini Ahuja, Susan Richan, Pari Ahmadi, LACMTA
Andrew Brozyna, City of Calabasas
Sumire Gant, City of Long Beach
Alex Gonzalez, City of Covina
Ken Husting, LADOT
Wendell Johnson, City of Lomita
David Kriske, City of Burbank
Jim Lefton, LADOT
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Fred Zohrehvand, City of Glendale
