

PROPOSITION C GUIDELINES

BOOKLET

PROPOSITION C

LOCAL RETURN GUIDELINES

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INTRODUCTION

Proposition (Prop.) C, the $\frac{1}{2}$ cent sales tax for transit, was approved by the voters in November, 1990. Collection of the tax began in April 1991. The proceeds of the $\frac{1}{2}$ cent sales tax are to be used to improve transit service and operations, reduce traffic congestion, improve air quality, efficiently operate and improve the condition of the streets and freeways utilized by public transit, and reduce foreign fuel dependence.

Twenty percent of the revenue from the $\frac{1}{2}$ cent sales and use tax is designated as a Local Return program to be used by cities and the County for Public transit, paratransit, and related services, including improving and expanding supplemental paratransit services to meet the requirements of the federal Americans with Disabilities Act. At the option of each city and the County, funds can be used consistent with the County's Congestion Management Program to increase safety and improve road conditions by repairing and maintaining streets heavily used by public transit. Transportation Systems and Demand Management (TSDM) programs are also eligible.

In administering the program, LACTC will distribute the local return funds directly to the cities on a "per capita" basis. The Los Angeles County Auditor/Controller will disburse the funds on a monthly basis.

I. SUMMARY

This introductory section outlines the basic principles of the Proposition (Prop.) C Local Return Program and provides administrative guidance concerning the expenditure of the funds. Details on specific requirements and provisions are provided in subsequent sections of this document.

A. FUND DISTRIBUTION

Funds for the Proposition C Local Return Program will be allocated to the cities and to the County (Los Angeles County's unincorporated area) on a "per capita" basis. The estimated population-based revenue return to each city and the County is shown in Appendix I. These estimates are subject to periodic revisions, to reflect actual sales tax receipts and updated population figures.

B. ELIGIBLE FUND USES

The Prop. C Ordinance requires that local return be spent for public transit projects. Local jurisdictions must submit a three-year plan to the Commission which describes the projects to be funded for the upcoming fiscal year and the projects, both ongoing and proposed, for two additional years. Proposed expenditures in the plan will be eligible

for funding if they meet the statutory requirement of being for "public transit purposes."

Eligible, conditionally eligible and ineligible uses of Prop. C funds are presented in Appendix II of these Guidelines.

C. NON-SUBSTITUTION OF FUNDS

Prop. C revenues may not be used to substitute for property tax revenues which are currently funding existing programs. Section II.B.8 of the guidelines details the policy on non-substitution of funds.

D. LOANS OR EXCHANGES OF FUNDS

The Proposition C Ordinance prohibits trades or exchanges of these funds.

E. PROJECT REVIEW

LACTC Area Teams staff is available to provide technical advice and an informal opinion on the eligibility of a proposed project; otherwise, the Commission's policy is that projects submitted will generally not be subject to detailed administrative reviews prior to submission. It is the responsibility of each city to determine how the monies are to be spent in accordance with the guidelines.

F. CONFIRMATION OF NON-COMPETITION/NON-DUPLICATION

Services established with Prop. C funds may not duplicate or compete with existing transit services. In advance of approving expenditures outlined in a city's three-year plan, the Commission will confirm eligibility, using a project-circulation process. (Refer to the **Service-Coordination Guidelines, Appendix VII.**) The LACTC will check with other public operators to confirm non-duplication. Prior to proposing new or expanded service projects, cities should carefully review **Appendix VI - Attachment A: Measures for Determining Duplication/Competition of Proposition C Local Return Services with Existing Services.** In addition, **Appendix VI - Attachment B** outlines the procedures to resolve competition/duplication for new or expanded services.

G. AUDIT OF FUNDS

Prop. C expenditures must be permitted by statute and be within adopted Commission guidelines. An audit will be

conducted annually as part of the LACTC consolidated audit program to verify Prop. A and C expenditures. Cities are responsible for applicable record-keeping, environmental impact, and other legal requirements relating to the use of the funds. At the close of the fiscal year, the Commission will contract with an independent auditor for a fiscal and compliance audit of expenditures. Guidelines for the audit are found in **Appendix V**.

II. FUND DISTRIBUTION

A. LEGAL USES OF PROPOSITION C LOCAL RETURN FUNDS

1. General Provisions

The Commission administers the "local return" portion of the tax similar to the way the state controller administers the gas tax subvention to the cities and the counties. With the exception of the Conditionally-Eligible project category, Commission staff will not perform a detailed review of projects prior to implementation but will rely on an initial determination of eligibility via submission of a three-year plan coupled with an annual post-audit to verify the use of Proposition C funds.

2. Definition of Public Transit Purposes

The Ordinance specifies that Prop. C funds are to be used for "public transit purposes." This general definition of "public transit purposes" has been given in the Prop. C Ordinance, as follows:

Section 3(d), "'Public Transit Purposes' are expenditures which maintain, improve, and expand public transit, reduce congestion, and increase mobility."

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

may require a payback of expended Proposition C funds, as indicated in **Section V.A.**

B. ADMINISTRATION OF PROPOSITION C LOCAL RETURN FUNDS

1. General Provisions

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

The Commission does not intend to substitute its judgment in discretionary matters properly resting with the cities or County. However, an exception will be taken if the expenditure was not for a lawful purpose. For example, if non-duplication/competition requirements are not met, or if the cities or County exercised their discretion in a manner which was clearly unreasonable and outside the intent of the guidelines, it may be necessary for the Commission to make a determination upon the legality of the expenditure. The list of eligible fund uses (**Appendix II**) should settle most questions on whether or not a particular expenditure may subsequently be questioned in an audit.

On a proposed expenditure which might not be explicitly covered in the Guidelines, jurisdictions should secure an informal indication from Commission staff as to whether or not an audit question would be raised in the event the expenditure is made. This indication will be given in writing and shall not constitute any type of final determination but will indicate whether or not a question of legality exists. Cities are encouraged to work with LACTC staff to obtain concurrence on expenditures not explicitly covered in the Guidelines, prior to submittal of a project. Local jurisdictions are encouraged to use available funds for improved transit service.

2. Standard Assurances

In order to receive Proposition C funds, each city shall execute and submit to the Commission a set of

Standard Assurances covering administration, accounting, expenditure and audit of all Proposition C funds. Standard Assurances may be submitted covering both Proposition A and C, to eliminate duplication.

3. Method of Estimation

The Prop. C Ordinance specifies that 20% of all Prop. C revenues is to be allocated to local jurisdictions for local transit on a "per capita" basis. The annual estimate of Prop. C revenues will be derived from projections by the State Board of Equalization. LACTC's costs to administer the funds will be deducted from the 20%; these costs are estimated to be no more than 3/10 of one percent (0.3%) of the local return funds.

4. Method of Apportionment

After administrative costs of the program are deducted, apportionments will be made to all 87 cities and to the County of Los Angeles (for unincorporated areas), on the basis of population. These population shares will be based on the projected populations derived from annual estimates made by the California State Department of Finance. Estimated apportionments are presented in Appendix I.

5. Fund Disbursement

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

6. Accounting for Proposition C Revenues and Expenditures

a. Establishing a Separate Account

Jurisdictions which do not use the State Controller's Uniform System of Accounts and Records must establish a separate Prop. C. Local Transit Assistance Account and deposit all Prop. C revenues, interest earnings received, and other income earned from Prop. C - - and only Prop. C revenues and earnings - - in that fund.

In accordance with the State Controller's instructions, jurisdictions which use the Controller's

Uniform System do not need to establish a separate Prop. C Local Transit Assistance (PCLTA) Account but will list all Prop. C revenues (including interest) and expenditures as special line items in the Uniform System. In any case, all local jurisdictions will be required to account for and identify all Prop. C receipts, interest, and expenditures. This will enable financial and compliance audits to be conducted in an organized and timely fashion. **Sufficient unrestricted cash must be available at all times to meet the needs of general city operations without impairment of the Prop C Local Transit Assistance Account.**

- b. Exceptions for Recipients of TDA Article 4 Funds are the same for Prop. C as they are for Prop. A. Refer to the **Proposition A Local Return Program Guidelines - Section II B.6.b.**

7. Timely Use of Funds

a. General Provision

Each jurisdiction has three years from the date of allocation to expend Prop. C funds. Local return funds not expended within three years will be returned to the Commission for reallocation to local jurisdictions for discretionary programs of countywide significance.

b. Procedure for Determining Compliance with Timely Use Provision

In applying the timely use provision, the LACTC will use a "First-In-First-Out" (FIFO) accounting principle, to afford local jurisdictions maximum time to expend funds.

A jurisdiction's annual local return allocation will be used as the basis for determining if the jurisdiction is in violation of the timely use provision. For example, local return funds received by a local jurisdiction through the end of FY 1992-93 (i.e., its annual allocation) must be expended for eligible local return projects by June 30, 1995. Any of the FY 1992-93 allocation which remains unexpended on eligible projects by June 30, 1995 will be reallocated, for discretionary programs of Countywide significance.

For purposes of the timely use provision, in order for funds to qualify as expended the entire amount

allocated in any given fiscal year must be fully expended by the local jurisdiction within three years from the date of allocation.

c. Extension of Timely Use Provision

The Prop. C Ordinance requires that local return funds not expended within three years be returned to the Commission for reallocation. LACTC staff will make every effort to notify cities up to one year in advance of potential lapsing funds. Local jurisdictions will also be allowed to reserve funds for multi-year capital projects approved by the Commission, for up to three years.

8. Non-Substitution of Funds

a. Prop. C revenues should be used to maintain and/or improve public transit services. They may not be used to substitute for property tax revenues which are currently funding existing programs. If the jurisdiction is unable to segregate property tax from other general fund revenues which cannot be so distinguished, substitution of Prop. C funds for general funds is also prohibited.

b. Jurisdictions which currently receive federal and/or state transit-assistance funds may use Prop. C revenues to supplement any other state, federal, or local funds, as long as there is no relation to the property tax (as noted above).

c. The Commission reserves the right to bring proposals involving the substitution of funds before the LACTC to determine the need for policy clarification in this area.

9. Interest and other Earned Income

Jurisdictions are entitled to retain any and all interest revenues which they may earn on their Prop. C revenues. Other income earned from Prop. C projects such as fare revenues, revenue from advertising, etc., may also be retained by jurisdictions. Such earnings must be reported and expended consistent with these guidelines and reported in the cities's annual audit.

10. Relationship to TDA Entry and Formula Distribution

Provision of transit services with local return funds will not qualify local jurisdictions for Transit Development Act (TDA) funding programs. In addition,

mileage will not be counted in the LACTC's subsidy allocation formula for TDA operators.

III. PROJECT DEVELOPMENT, SUBMITTAL, AND REVIEW

A. BASIC PROCESS

The procedure the LACTC will use in reviewing three-year plans, circulating new and expanded service projects for review, and resolving disputes as to eligibility is outlined in more detail in the following section.

B. PROJECT DEVELOPMENT

1. Technical Assistance

The Area Teams staff of the LACTC is available to advise cities in their transportation-planning efforts. The staff can aid in the design and development of a wide range of alternatives designed to meet a community's own particular transit needs. Area Teams staff can also help in project selection, monitoring and evaluation, transit service coordination, joint purchase agreements, and in matters concerning the use of private contractors or consultants.

C. SERVICE COORDINATION

The LACTC has a statutory duty (cf. AB 1246 and chapters 579 (AB 103) and 1120 (AB 120), Statutes of 1979) to coordinate service between and among operators. Operators are encouraged to review the **Proposition A Local Return Guidelines, Appendix VI**, to ensure coordination and avoid competition/duplication when proposing a new or expanded service.

The LACTC has developed additional guidance on service coordination which can be found in **Appendix VII**, to assist cities in avoiding service duplication or competition.

D. PROCESS FOR SUBMITTING THREE-YEAR PLANS

1. Use and Format

The three-year plan will be used by the LACTC staff in the following ways:

- a. Staff will review each project contained in the plan to determine if projects are legally eligible for Proposition C local return expenditure;

- b. New or expanded service projects will be circulated by LACTC to potentially affected transit and paratransit operators in the project area to determine if duplication or competition exists and to allow them the opportunity to make comments on the proposed service;
- c. The contents of the plan will be used as the basis for a jurisdiction's annual compliance audit required under the Proposition C Local Return Program;
- d. A model three-year plan has been included to be used as an example of content and format for plans prepared by local jurisdictions for submittal to LACTC.

2. Governing Body Authorization for Individual Projects

Local jurisdictions are required to submit a Council Action or Governing Body Resolution/Authorization each year with the submittal of their three-year plan. Submittal of governing body approval for proposed projects will ensure local concurrence with proposed Prop. C expenditures.

3. Timing

a. Three-year Plan Submittals

Three-year plans must be submitted on an annual basis by August 1st, and should include project description/justification and budget for the current upcoming fiscal year, plus two additional years. Cities must also submit a Governing Body Resolution/Authorization. Service operations projects, whose anticipated start-up date is in the middle of the fiscal year, should be included as part of the plan.

b. Plan Amendments

Although amendments to the three-year plan are allowed at any time during the year, it is necessary for local jurisdictions to submit amendments only under the following conditions:

- (1) The original service area or budget for an approved Prop. C project exceeds 10%

of the originally approved project budget;

- (2) A local jurisdiction is proposing a new service or other new transit project, which had not been included in the cities's plan for the current fiscal year;

Local jurisdictions submitting amendments or updates to their three-year plan during the year will be required to amend only the portion of the plan requiring revision. Amendments can be submitted on a separate three-year project description/justification form and must include a new or revised project description/justification and an amended budget, as applicable. The following matrix outlines the timing for annual three-year plan submittals and amendments.

TIMING FOR SUBMITTALS

<p>Three-year Plans</p>	<p>Submitted annually, by August 1st of the fiscal year. At least 60 days prior - - if plan includes new or expanded service project(s).</p>
<p>Plan Amendments</p> <ul style="list-style-type: none"> ° Approved project scope or budget change of 10% or more (non-service operations) ° New or expanded service operations projects ° New transit project (non-service operations) 	<p>Anytime during the year; at least 30 days before any local return funds are expended.</p> <p>Anytime during the year; at least 60 days prior to service start-up or expenditure of funds.</p> <p>Anytime during the year; at least 30 days before any local return funds are expended.</p>

c. Submittals by Recipients of LACTC Formula Funds

Local jurisdictions having municipal bus operations receiving LACTC formula funds (e.g., TDA Article 4, UMTA Section 9, and State Transit-Assistance Funds), should submit projects with the regular Transportation Improvement Program (TIP) and TIP amendment cycle, to facilitate processing and coordination. Other jurisdictions may amend the plan at any time. Proposition C local return revenue and projects may in the future be shown in the Los Angeles County TIP, for information purposes. However, they are not a part of the federal TIP and/or State AB 402 (highways) TIP process. All three-year plans from municipal bus operators will be reviewed by the appropriate Area Team staff.

E. LACTC REVIEW OF PROJECTS FOR LEGAL ELIGIBILITY

1. Nature of Review

Three-year plan review by LACTC staff will be done solely in light of the LACTC's duty to protect public funds. In reviewing a project, the LACTC must ensure that an expenditure is within the restrictions imposed pursuant to the Proposition C Ordinance. The LACTC may not approve an expenditure which is not in accordance with law or which it knows to be ineligible or invalid. If the LACTC cannot satisfy itself that money will be used for an allowable purpose under the Ordinance, then it has no choice but to disallow the expenditure.

2. Eligibility of Projects

a. General Project Eligibility

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

b. Categories of Project Eligibility

The project eligibility listing in **Appendix II** is divided into three basic categories:

- ° Eligible Projects: are clearly eligible under the Proposition C Ordinance.
- ° Conditionally Eligible Projects: are eligible, as long as certain conditions are met. An example is transportation planning, which is eligible as long as it is intended to result in timely development of a specific Proposition C project or projects.
- ° Ineligible Projects: are clearly ineligible under the Ordinance.

c. Contracting with other Service Providers

Conditions for contracting with other service providers are the same for Proposition C as they are for Proposition A. Refer to the **Proposition A Local Return Program Guidelines Section 3.E.2.**

d. Notification of Eligibility

The LACTC staff will make a determination on project eligibility for all projects submitted by cities in their three-year plans, within sixty (60) days of receipt of the cities's plans. Projects for which a determination of eligibility remains uncertain will be brought before the LACTC's Planning and Mobility Improvement Committee (PMIC), for a decision on eligibility.

3. Appeal of Classification

Jurisdictions submitting projects which have been determined to be ineligible by LACTC staff may appeal this determination to the Planning and Mobility Improvement Committee and to the full Commission by submitting a written request to the Executive Director. These projects will be brought before the Planning and Mobility Improvement Committee and the full Commission, for determination of eligibility.

F. REVIEW BY POTENTIALLY-AFFECTED OPERATORS

Projects submitted by cities for new or expanded transit or paratransit services which are determined to be eligible will be forwarded by LACTC to existing publicly-funded transit and paratransit operators within the general service area, to ascertain if duplication or competition exists. (Refer to **Appendix VIII - Service-Coordination Guidelines.**) Privately-funded transit and paratransit operators will be added to an individual Area Notification List, only upon request.

Refer to **Service-Coordination Guidelines**, for further details on the circulation process. Whenever possible, LACTC staff will attempt to resolve any differences among the operators involved, through an informal negotiation process. However, if an agreement cannot be reached, LACTC will follow the conditions outlined in the **Procedure to Resolve Service Disputes Among Transit/Paratransit Operators, Appendix VI - Attachment B. The local jurisdiction may not proceed to encumber or otherwise commit funds, until a resolution is made by the full Commission.**

G. WRITTEN AUTHORIZATION TO EXPEND

If during the annual plan submittal process a project is found to be an allowable expenditure and the project does not duplicate or compete with an existing operator, the LACTC will authorize expenditure of Prop. C local return funds as part of the plan approval process. Local jurisdictions must receive written approval from the LACTC, before local return funds are expended for new or expanded projects.

IV. RESPONSIBILITIES OF LOCAL JURISDICTIONS

A. STANDARD ASSURANCES AND UNDERSTANDINGS

The responsibilities of individual cities are summarized in the Assurances and Understandings Regarding Receipt and Use of Prop. C Funds - **Appendix IV**, to be signed and submitted by each local jurisdiction prior to the initial allocation of funds, and as needed.

B. PROJECT DESCRIPTION

Beginning in the first year of the Proposition C Program, local jurisdictions must submit completed project description forms and receive LACTC approval for each project, before any Proposition C revenues may be expended. Project description forms currently used for the Proposition A Local Return Program will contin-

ue to be used in the first year only. This method of project-by-project approval will be used in the first year, in order to establish a baseline for determining eligibility under Prop. C. In the second year and thereafter, cities must annually submit a three-year plan of projects. Cities will then be required to complete the three-year plan project description/justification form presented in **Appendix III**.

C. GOVERNING BODY AUTHORIZATION

Local jurisdictions are required to submit a Council Action or Governing Body Resolution/Authorization each year with the submittal of their three-year plan. Submittal of governing body approval for proposed projects will ensure local concurrence with proposed Prop. C expenditures.

D. RECEIPT OF AUTHORIZATION TO EXPEND FUNDS

The LACTC will send a letter approving the three-year plan of projects and authorizing the expenditure of local return funds for projects, within 60 days of submittal by local jurisdictions. **No expenditure of Local Return funds may be made, until the local jurisdiction has received an authorization letter approving the plan.** This letter authorizing local return expenditures shall be retained by the local jurisdiction, for audit purposes.

E. NOTIFICATION OF SUBSTANTIAL CHANGE IN PROJECT

The three-year plan serves as the basis for determining compliance with the guidelines. An individual project change of less than 10% need not be submitted to the LACTC for review prior to implementation, unless there are changes to the designated or original service area or a budget change exceeds 10% of the originally-approved project. A city's plan must be amended if the scope or budget of a project exceeds 10% or more of the originally-approved budget. Amendments to the plan must include a revised description/justification of the project and/or project budget.

For transit or paratransit service projects with changes of less than 25% in scope, the LACTC will use its discretion in notifying potentially-affected transit operators of the change. However, all service projects with changes greater than 25% will be formally circulated by LACTC, as required under the Service-Coordination Guidelines, to determine if service duplication/competition exists.

CHANGE*	NOTIFICATION NECESSARY TO LACTC	SERVICE COORDINATION CIRCULATION PROCESS NECESSARY	TIMING FOR SUBMITTAL TO LACTC
Less than 10%	Not required, unless change impacts the service area or when the project budget change exceeds 10%.	LACTC discretion, if service area is impacted.	If change to service area, at least 60 days prior to implementation.
10%-25%	YES.	LACTC discretion, depending upon the specific change.	At least 60 days prior to implementation.
Greater than 25%	YES.	Yes, according to Service Coordination - Appendix VII.	At least 60 days prior to implementation.

*NOTE: A change is defined as any modification to route, budget, service area, stops, frequency, fare or market served by the project, as initially submitted and approved by the LACTC.

F. ENVIRONMENTAL REVIEW RESPONSIBILITIES

Requirements pertaining to Environmental Review are the same for Proposition C as they are for Proposition A. Reference Proposition A Local Return Guidelines, Section IV.F.

G. QUARTERLY FISCAL REPORT

Quarterly reports detailing expenditures to date, by project, will not be required under Proposition C. The cities' approved three-year plan of projects will be used as a basis to conduct an annual audit designed to verify uses of Proposition C Local Return funds.

H. MAINTENANCE OF AUDITABLE RECORDS

Each year the LACTC will audit reported uses of Proposition C Local Return funds, for fiscal and compliance purposes. It is the responsibility of local jurisdictions to maintain the proper accounting procedures, cash-management records and documentation, in accordance with the audit guidelines in Appendix V.

I. OTHER RESPONSIBILITIES OF LOCAL JURISDICTIONS

The LACTC has not established a Maintenance of Effort policy at this time. During Fiscal Year 1993-94, the LACTC will monitor the operations of Proposition A and C local return-funded paratransit services, to ensure that ADA paratransit-eligible riders continue to receive service on local paratransit systems. If the LACTC

determines that ADA paratransit-eligible individuals are disproportionately being denied service, then the LACTC reserves the right to impose a local Maintenance of Effort. However, federal regulation (49 CFR Part 37.141) requires that any jurisdiction which provides fixed route or local shuttle services must continue to operate existing paratransit services until such time as the ADA-complementary paratransit service is fully implemented.

Cities which currently provide no paratransit service are required to, either provide ADA-eligible individuals service, or fund trips which are completely within the city boundaries, when requested. This obligation shall not exceed 20% of the total Proposition A local return allocation to the city. If no requests for service within the city limits are received, there will be no obligation to provide service or funding.

Additional responsibilities pertaining to federal, state and local requirements related to Public Health and Safety, Fair Labor practices, etc., rest upon each local jurisdiction receiving Proposition C. Reference the **Proposition A Local Return Program Guidelines, §IV.I.**

V. PROVISIONS FOR SUSPENSION OR TRANSFER OF LOCAL RETURN FUNDS

A. SUSPENSION OR PAYBACK OF IMPROPERLY USED FUNDS

Conditions for suspension or payback of improperly used funds are the same for Proposition C as they are for Proposition A. Reference the **Proposition A Local Return Program Guidelines, Section V.A.**

B. LAND AND FACILITIES

If a facility ceases to be used for public transit use, as originally indicated in the three-year plan of projects, all Proposition C funds expended for the project must be returned to the Proposition C account. General guidelines for repayment are the same for Proposition C as they are for Proposition A. Reference the **Proposition A Local Return Program Guidelines, Section V.B.**

Repayment must be made on a regular schedule determined by the LACTC, no later than five years after the decision is made to cease utilizing the project as a public transit facility. Payback may be made in one lump sum or on an annual, equal-payment, schedule, over a five-year period.

C. TRANSFER OF LOCAL RETURN FUNDS BETWEEN LOCAL JURISDICTIONS

The Ordinance prohibits trading, exchanging or selling of Proposition C funds between local jurisdictions.

D. EXCHANGE OF LOCAL RETURN FUNDS

Refer to Section V.C above.

E. POOLING OF FUNDS

LACTC will allow local jurisdictions to pool Proposition C Local Return funds, in order to leverage local dollars and encourage coordination and integration. Cities involved in such arrangements should keep adequate financial records, to ensure auditable records.

VI. RELATIONSHIP TO PROPOSITION C 40% DISCRETIONARY PROGRAM

If a local jurisdiction submits a project proposal for operating assistance for an included transit operator, the amount of operating assistance applied for will be considered as an operating subsidy in the fiscal year specified in the city's three-year plan or annual plan update. The full Proposition C local return operating-assistance amount shown in the annual plan update will be considered, when determining the eligible Proposition C Discretionary grant amount, per Section B.5 of the Proposition C 40% Discretionary Program Guidelines. Any changes must be approved prior to the close of the specific fiscal year. No changes will be approved after November 1st of the following fiscal year (e.g., changes in FY 1992-93 projects must be received by LACTC prior to November 1, 1993), to allow adequate time for staff review.

VII. REVISIONS TO THE PROPOSITION C LOCAL RETURN PROGRAM GUIDELINES

Guideline Revision and Review Process

Proposed revisions to the Guidelines will be presented to local jurisdictions for their review, prior to adoption by the Commission. The Guidelines will be revised on an "as needed" basis. Commission decisions on such matters will be incorporated in subsequent versions of the Guidelines.

**STEPS FOR THE USE OF PROPOSITION C LOCAL RETURN REVENUES
FOR TRANSIT PURPOSES**

STEP 1	City submits signed Standard Assurances to LACTC and establishes separate account for Proposition C revenues which will be disbursed directly to each city.	Prior to the beginning of the Prop. C Program, and as needed, thereafter.
STEP 2	City submits to LACTC a detailed project description of intended use of revenues and certification of eligibility and non-duplication (of existing services) (first year only: FY 1992-93).	For new or expanded transit/paratransit service: at least 60 days before expending funds. For other projects: at least 30 days before expending funds.
STEP 3	City submits three-year plan of projects which includes project description/justification and budget (second year and thereafter, beginning in FY 1993-94).	By August 1st of each year. For plans which propose new or expanded transit/paratransit service: at least 60 days before expending funds. For all other projects: at least 30 days before expending funds.
STEP 4	LACTC confirms eligibility.	For all projects, LACTC mails confirmation of basic eligibility within 60 days of project submittal.
STEP 5	For plans proposing new or expanded services, LACTC checks with other public operators or the local jurisdiction, to confirm non-duplication.	For new or expanded transit/paratransit service: LACTC mails project description to potentially-affected transit and paratransit operators; operators have 30 days to submit written comments.
STEP 6	LACTC notifies city whether there are any problems with intended use of funds or approves three-year plan.	For new or expanded transit/paratransit service: LACTC notifies within 60 days of project submittal. <u>City may not expend funds before notification.</u>
STEP 7	City obtains any necessary, environmental or other, statutory clearance and expends revenues as received.	At city discretion, city has three years from receipt of funds, to expend same.

**STEPS FOR THE USE OF PROPOSITION C LOCAL RETURN REVENUES
FOR TRANSIT PURPOSES (Continuation)**

STEP 8	Consolidated fiscal and compliance audit of city's Proposition C funds.	Conducted by LACTC within 180 days after close of fiscal year.
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APPENDIX I

FISCAL YEAR 1992-93

PROPOSITION C LOCAL RETURN ESTIMATED ALLOCATIONS

TOTAL COUNTY POPULATION: _____
TOTAL PROPOSITION C SALES TAX REVENUE: _____
20% RETURNED TO LOCAL JURISDICTIONS: _____

<u>CITY</u>	<u>POPULATION</u>	<u>% OF COUNTY POPULATION</u>	<u>ESTIMATED FY 92-93 PROP C. ALLOCATION</u>
AGOURA HILLS			
ALHAMBRA			
ARCADIA			
ARTESIA			
AVALON			
AZUSA			
BALDWIN PARK			
BELL			
BELLFLOWER			
BELL GARDENS			
BEVERLY HILLS			
BRADBURY			
BURBANK			
CALABASAS			
CARSON			
CERRITOS			
CLAREMONT			
COMMERCE			
COMPTON			
COVINA			
CUDAHY			
CULVER CITY			
DIAMOND BAR			
DOWNEY			
DUARTE			
EL MONTE			
EL SEGUNDO			
GARDENA			
GLENDALE			
GLENDORA			
HAWAIIAN GARDENS			
HAWTHORNE			
HERMOSA BEACH			
HIDDEN HILLS			
HUNTINGTON PARK			
INDUSTRY			
INGLEWOOD			
IRWINDALE			

LA CANADA-FLINTRIDGE
LA HABRA HEIGHTS
LAKEWOOD
LA MIRADA
LANCASTER
LA PUENTE
LA VERNE
LAWNDALE
LOMITA
LONG BEACH
LOS ANGELES CITY
LYNWOOD
MALIBU
MANHATTAN BEACH
MAYWOOD
MONROVIA
MONTEBELLO
MONTEREY PARK
NORWALK
PALMDALE
PALOS VERDES ESTATES
PARAMOUNT
PASADENA
PICO RIVERA
POMONA
RANCHO PALOS VERDES
REDONDO BEACH
ROLLING HILLS
ROLLING HILLS EST'S
ROSEMEAD
SAN DIMAS
SAN FERNANDO
SAN GABRIEL
SAN MARINO
SANTA CLARITA
SANTE FE SPRINGS
SANTA MONICA
SIERRA MADRE
SIGNAL HILL
SOUTH EL MONTE
SOUTH GATE
SOUTH PASADENA
TEMPLE CITY
TORRANCE
VERNON
WALNUT
WEST COVINA
WEST HOLLYWOOD
WESTLAKE VILLAGE
WHITTIER
UNINCORPORATED

TOTAL

APPENDIX II

EXAMPLES OF ELIGIBLE, CONDITIONALLY ELIGIBLE AND INELIGIBLE USES OF PROPOSITION C LOCAL RETURN FUNDS

I. ELIGIBLE USES OF PROPOSITION C

As a general rule, expenditures which are eligible for funding under Proposition A are also eligible for funding under Prop. C. Reference **Appendix II, Section I.A through D, of the Prop. A Local Return Guidelines**, for specific examples of eligible projects, from the following categories:

A. Public Transit Services - Operating

1. Fixed-Route Services
2. Paratransit Services

B. Public Transit Services - Capital

1. Vehicles
2. Equipment

C. Transit-Related TSM Improvements

In addition to TSM projects already eligible under Proposition A, Proposition C can also be used to fund congestion-relieving projects that can benefit both buses and automobiles. These types of projects include:

- Traffic signal-synchronization (refer to Section II.M: Synchronized Signalization)
- Other transit-related traffic control measures
- Intersection improvements
- Reversible lanes

D. Fare-Subsidy Programs

II. CONDITIONALLY ELIGIBLE USES OF PROPOSITION C

Conditionally-eligible projects are examined on a case-by-case basis, to determine compliance with the Local Return Program Guidelines. The following types of projects will be approved by LACTC staff, if the conditions, outlined for a specific type of project, are met. Cities must certify that all project conditions will be met and need to include all supporting documents with the annual three-year plan submittal. If all conditions for project funding are not met and

project eligibility is still undetermined, an appeal to the LACTC, through the Planning and Mobility Improvement Committee (PMIC), can be scheduled.

A. Ridesharing Projects

Conditions for eligibility of expenditure under Proposition C are the same as for Proposition A. Refer to conditions for funding Ridesharing projects, outlined in the **Proposition A Local Return Program Guidelines - Appendix II, Section II.A.**

B. Guideway Projects

Conditions for eligibility of expenditure under Proposition C are the same as for Proposition A. Refer to conditions for funding guideway projects, outlined in the **Proposition A Local Return Program Guidelines, Section II.B.** Projects from this category may also be eligible for Proposition C 10% Commuter Rail/Transit Center funding. Refer to the specific eligibility requirements detailed in the **10% Commuter Rail/Transit Center Policy Guidelines.**

C. Facilities

Conditions for eligibility of expenditure under Proposition C are the same as for Proposition A. Refer to conditions for funding facilities, outlined in the **Proposition A Local Return Program Guidelines, Section II.C.** Projects from this category may also be eligible for Proposition C 10% Commuter Rail/Transit Center funding. Refer to the specific eligibility requirements detailed in the **10% Commuter Rail/Transit Center Policy Guidelines.**

Any Proposition C funds used to finance the land purchase for the facility must be returned to the Proposition C account in the event that the facility ceases to be used for public transit purposes. The amount to be returned would be either the original purchase price, or the present appraised value, whichever is greater. Repayment of other facility expenditures will be based upon a payment schedule approved by LACTC. Therefore, acquisition of improved property (especially that requiring relocation of businesses or residents) is not advisable, unless the city is certain the facility will be **permanent**.

In addition, if the facility will not be used exclusively for public transit purposes, a determination must be made by LACTC staff on what portion of the budget is eligible for Proposition C funding. A project budget, specifying what percentage and amount of the land and capital-

improvement costs are **exclusively for public transit purposes**, must be submitted with the city's three-year plan, to facilitate this determination.

D. Recreational Transit

Conditions for eligibility of expenditure under Proposition C are the same as for Proposition A. Refer to conditions for funding Recreational Transit outlined in the **Proposition A Local Return Program Guidelines, Section II.D.**

To ensure that recreational transit programs developed by cities are available equally to all residents and to allow flexibility in how programs are funded, cities should set their own criteria for projects to include a public selection process. LACTC will verify that cities have successfully implemented a public process, as part of the annual compliance audit for Propositions A and C.

E. Bus Stop Improvements

Conditions for eligibility of expenditures under Proposition C are the same as for Proposition A. Refer to conditions for funding bus stop improvements, detailed in the **Proposition A Local Return Program Guidelines, Section II.E.**

F. Park-and-Ride Lots

Conditions for eligibility of expenditures under Proposition C are the same as for Proposition A. Refer to conditions for funding Park-and-Ride lots outlined in the **Proposition A Local Return Program Guidelines, Section II.F.** Projects from this category may also be eligible for Proposition C 10% Commuter Rail/Transit Center funding. Refer to the specific eligibility requirements detailed in the **10% Commuter Rail/Transit Center Policy Guidelines.**

G. Non-Exclusive School Service

Conditions for eligibility of expenditures under Proposition C are the same as for Proposition A. Exclusive school bus service is ineligible for Proposition C funding, as it is for Proposition A. Refer to conditions for funding non-exclusive school services, detailed in the **Proposition A Local Return Program Guidelines, Section II.G.**

H. Administration

"Administration" is defined as those ongoing costs incurred by cities for the duration of a given project. Costs include personnel salaries and benefits, office supplies and equipment, etc.

Costs for project administration shall not exceed 20% of the budget allowed for a proposed project. In addition, the total cost of Administration and Planning combined cannot exceed the sum total of salaries and benefits of city staff involved with the Proposition C Local Return Program.

Conditions for eligibility of expenditures under Proposition C are the same as for Proposition A. Refer to conditions for funding administration in the Proposition A Local Return Program Guidelines, Section II.H.

I. Transportation Planning/Engineering/Design

In general, planning costs are incurred prior to actual project implementation. In addition, preliminary engineering or design of capital project costs necessary in the development of a project prior to implementation are eligible.

Conditions:

1. All planning, engineering, or design activities must be related to development of a clearly eligible Proposition C project;
2. All planning, engineering, or design activities must be initiated with the intent by the city to fund and formally submit the developed project to the LACTC;
3. Expenditure on planning, preliminary engineering, and design of capital projects will be accounted for and included as part of the overall project cost.

Planning, engineering or design activities for clearly ineligible projects are not reimbursable.

J. Specialized Public Transit

The LACTC will approve special user-group services or social services transit, where it can be incorporated into the existing local transit or paratransit programs. A special, stand-alone, project may be approved only if a city can clearly demonstrate that it is impossible to modify the existing service to meet the identified need.

To ensure that special user-group services or social services transit programs developed by cities are available equally to all residents and to allow flexibility in how programs are funded, cities should set their own criteria for projects to include a public selection process. LACTC will verify that cities have successfully implemented a public process, to allocate funds on an equitable basis, as part of the annual compliance audit for Propositions A and C.

All other conditions for eligibility of an expenditure under Proposition C are the same as for Proposition A. Refer to the conditions for funding of specialized public transit programs, detailed in the **Proposition A Local Return Guidelines, Section II.J.**

K. Fund Exchanges

Although trading and exchange of Proposition A funds is a conditionally-eligible use, the Proposition C Ordinance prohibits that these funds be traded or exchanged.

L. Rail

Conditions for eligibility of expenditure under Proposition C are the same as for Proposition A. Refer to conditions for funding of the Rail system, and station enhancements, detailed in the **Proposition A Local Return Program Guidelines, Appendix II - Section II.L.**

M. Transportation Demand Management

Conditions for eligibility of expenditure under Proposition C are the same as for Proposition A. Refer to the conditions for funding of Transportation Demand Management activities in **Appendix II - § II.N.**

Also, Proposition C can be used for funding of the following additional, eligible, projects:

- ° Preparation, administration, and implementation of a city's Regulation XV plan as well as any employee incentives or city services, provided in support of Transportation Demand Management efforts. **Employee incentives or services offered by local jurisdictions must be focused on increasing mobility and must demonstrate the potential for reduction of employee trips and Vehicle Miles Traveled (VMT). Local jurisdictions are encouraged to take advantage of additional opportunities for funding TDM projects, by leveraging Proposition C with local funds received as a result of the California Clean Air Act (AB2595).**

- ° Funding of specific employer Transportation Demand Management (TDM) programs, as long as these programs are demonstrations specifically funded for a potential multiple-employer application, or are selected through an open public process administered by the city. TDM strategies, funded with Proposition C and administered on a city-wide basis, could include the following types of projects:

TDM Strategies:

- Formation of vanpool programs available to all employers within city boundaries;
- Community-based midday shuttles for employees;
- Establishment of neighborhood work centers;
- Community-wide parking-management programs;
- Employer ridesharing subsidies;
- Community-based child care centers which are developed as a component of major transit facilities;
- Bikeway improvements. (Refer to **Bikeways and Bike Lanes**, below.)

In the staff review of conditionally-eligible TDM projects, cities should be able to demonstrate that the implementation of a proposed project will result in a reduction of single-occupancy vehicle trips.

- ° Projects developed through a Transportation Management Association (TMA) are recommended for priority funding
- ° Projects and activities required as part of the CMP, to the extent that they are **transit-related**, are eligible uses of Proposition C funds, as outlined below:
 - a. Preparation of TDM ordinances and deficiency plans;
 - b. Land-use analysis required by CMP;
 - c. Administration and implementation of transit-related projects in deficiency plans;
 - d. Monitoring of transit standards by transit operators;
 - e. Computer modeling requirements, to support CMP land-use analyses.

Bikeways and Bike Lanes

Certain types of bicycle facilities can be effective Transportation Demand Management tools. Bicycle commuting is a recognized TDM measure under Regulation XV; therefore, bikeway facilities that perform a public transit function are an eligible use of Proposition C. Bikeway facility projects proposed for Proposition C funding must meet the following conditions:

- ° The facility must be linked to employment sites;
- ° The facility must be accessible to, or be provided in conjunction with, public streets and bus routes;
- ° The facility must be usable as a commuting facility.

Bikeway construction, signage, information, and maintenance, as well as bicyclist education and safety programs are eligible uses of Proposition C funds.

N. Street Improvement and Maintenance

Proposition C Local Return funds can be used for a variety of street-related projects that benefit both transit vehicles and private vehicles on streets "heavily used by public transit." Street improvement involves the whole range of improvements, including TSM, capacity enhancements, safety improvements, and repair and maintenance, as long as the project benefits transit on streets heavily used by transit.

1. Eligible Streets

Street improvements financed with local return funds must be on streets which carry regularly-scheduled, fixed-route, public transit services where such fixed-route services have been in existence for a minimum of one year and where there are no reasonably foreseeable plans to discontinue such service on a particular street. If there are no fixed-route systems within a local jurisdiction or if all the streets supporting fixed-route systems are already in a satisfactory condition, as documented by the required Pavement-Management System (Refer to **Pavement-Management System requirements**, below.), a local jurisdiction may use local return funds for street improvements and maintenance and repair on streets within their community on which they can demonstrate that public paratransit trips concentrate. One possible method of demonstrating heavy use by paratransit vehicles is to review trip pick-up and drop-off locations for a period of time (perhaps one month), to determine heavy destination points for the local jurisdiction's

paratransit system. During this review, a local jurisdiction might find that activity centers (e.g. food markets and senior centers) typically serving paratransit users would likely show high concentrations of paratransit trips. The collected data can be used in making logical judgments on which street segments have relatively heavy use by this form of transit.

Examples of eligible street improvement and maintenance projects are:

a. TSM Projects

Relatively low-cost improvements (typically traffic control projects such as: signalization, HOV lanes, reversible lanes, channelization, etc.) that improve the level of service on roadways for all vehicles.

b. Street Improvement Projects

Level of service and/or capacity improvements for all vehicles, including transit vehicles on streets that are "heavily used by transit" (i.e., capacity improvements, widenings, improved channelization or new streets which will be heavily used by transit).

c. Street Repair and Maintenance

Restoration of the pavement surface upon which transit vehicles operate (e.g. slurry seals, resurfacing, reconstruction, etc.).

d. Pavement-Management System (PMS)

To foster the cost-effective use of public funds for "street repair and maintenance," prior to expenditure of Prop. C funds for street repair and maintenance on streets heavily used by public transit, a local jurisdiction must first certify that it has in place a Pavement-Management System. The self-certification form (included in **Appendix III**), executed by the City Engineer or a registered civil engineer designated by the city, can be submitted with the local jurisdiction's three-year plan for expenditure of Prop. C funds.

This requirement for a PMS is consistent with the PMS required by **Prop. 111 (Streets & Highways Code, Section 2108.1)** and must meet the following criteria:

1. Inventory of existing pavements including, as a minimum, arterial and collector routes, reviewed and updated biennially;
2. Assessment (evaluation) of pavement condition including, as a minimum, arterial and collector routes, reviewed and updated biennially;
3. Identification of all sections of pavement needing rehabilitation or replacement;
4. Determination of budget needs for the rehabilitation or replacement of deficient sections of pavement, for the current and following biennial periods.

Self-certifications must be resubmitted biennially, by June 1st, to maintain eligibility for the use of Prop. C local return funds for street repair and maintenance, on streets heavily used by public transit.

Pavement-Management System projects include:

- One-time development costs of a Pavement-Management System (PMS);
- The ongoing costs of maintaining the PMS, equal to the proportion of the eligible street mileage to the total street mileage; or 50% of costs, whichever is greater.

e. Maintenance of Effort

The purpose of the Prop. C Program is to improve transportation conditions, including the roadways upon which transit operates. Therefore, cities that utilize local return Proposition C funds to improve their road systems, heavily utilized by transit, shall document that said funds are not being used to replace other general funds of a city, or discretionary funds that have been traditionally used for their street systems (i.e., for their Maintenance of Effort requirement). **Proposition 111**, passed by the voters in June of 1990, enacted **Section 2105(c) of the California Streets and Highways Code**, which requires cities to maintain previous funding levels (three-year average) from their general funds, for their street and road systems. To minimize administrative problems, LACTC will accept the State Controller's finding of a city's compliance with **Section 2105(c) of the Streets and Highways Code**

as sufficient to demonstrate the required Maintenance of Effort during any fiscal year in which Proposition C local return funds are expended for streets and roads by a local jurisdiction.

In cases of hardship which makes it difficult for local jurisdictions to meet the MOE requirements of Prop. 111, LACTC will consider exceptions to the Prop. C MOE requirements. In those circumstances, LACTC will make a determination, on a case-by-case basis.

III. INELIGIBLE USES OF PROPOSITION C

CONGESTION-MANAGEMENT PLAN

A. Fund Trades or Exchanges

Proposition C Local Return Funds may not be traded or exchanged with other local jurisdictions.

B. Congestion-Management Plan

CMP-related projects and activities that are **ineligible** uses of Proposition C funds include:

- ° Preparation of the 7-year Capital-Improvement Program;
- ° Monitoring of principal arterials within local jurisdictions on the regional network;
- ° Implementation of non-transit-related projects in deficiency plans;

C. Exclusive School Services

D. Emergency Medical Transportation

E. Non-Transit-Related Street Repairs and Maintenance

Ineligible non-transit street projects include:

- Maintenance, repair and operation of the following street elements, which are not part of a project to repair or maintain the pavement of an eligible street, or to improve the operation or safety of an eligible street;

APPENDIX III

INSTRUCTIONS FOR COMPLETING

PROPOSITION C LOCAL RETURN THREE-YEAR PLAN

I. THREE-YEAR PLAN

GENERAL INFORMATION

The purpose of the three-year plan is to provide information on a local jurisdiction's use of Proposition C Local Return funds. The plan should address a city's plans for transit projects and programs, for all sources of funding, over a three-year period.

1. Allow the LACTC to make a basic determination as to eligibility of the proposed projects, and
2. Allow publicly-funded transit and paratransit operators to review proposals for new and expanded transit and paratransit projects and give an opinion as to whether these will duplicate or compete with existing services.

THREE-YEAR PLAN ANNUAL UPDATE

Cities are required to submit updates of the three-year plan to the Commission on an annual basis. **Plan updates must be submitted by August 1st of each fiscal year.** For example, ongoing projects for FY 1992-93 (July 1, 1992 - June 30, 1993) must be submitted by August 1, 1992.

Local jurisdictions are required to submit a Council Action or Governing Body Resolution/Authorization each year with the submittal of their three-year plan. Submittal of governing body approval for proposed projects will ensure local concurrence with proposed Prop. C expenditures.

Instructions for preparing a three-year plan are included in this appendix. The three-year Project Description/Justification Forms are to be used to submit three-year plans, as well as when submitting new or expanded operating projects, or when revising other projects. Multi-year capital projects must be included as part of the three-year plan.

THREE-YEAR PLAN INSTRUCTIONS

The instructions for preparation of a three-year plan are as follows:

- City: Indicate name of local jurisdiction in Los Angeles County.
- Fiscal Year: Indicate fiscal year of the proposed project.
- Date: Provide the date of project submittal.
- Status of Project: Indicate whether the proposed project is:
 1. New - Project being submitted for approval for the first time;
 2. Amended/Revised - Project which has already been approved and is being amended or changed, to reflect changes in budget or scope;
 3. Continuing/Carryover - Project which has been approved in the prior fiscal year(s) and is continuing as an ongoing project.
- Project Description: Provide a description of the project to be funded. Include a discussion of the project's purpose and the projected starting and ending dates.
- Project Justification: For new capital projects only: provide a brief justification for the purchase or construction of new capital facilities and/or equipment, to include: office equipment, vehicles, construction of Transit Center facilities, Park-and-Ride facilities, etc.
- Project Expenses: Provide information on project budget for the current upcoming fiscal year and projected and planned expenses for two additional years, thereafter. Financial information provided by local jurisdictions on this form will be used as a basis to conduct audits. It is the responsibility of cities to submit project revisions or amendments to the Commission when:
 1. New projects are proposed; and
 2. Project budget or scope changes by 10% or more.

There is no set cap on expenditures for planning specific Proposition C projects. Expenditure on planning, preliminary engineering, and design of capital projects will be accounted for and should be included as part of the overall project cost. Administrative costs are defined as ongoing

costs incurred by cities and must not exceed 20% of the overall project budget. City expenditures for administration of Proposition C will be monitored as part of the annual audit. If the audit finds that total city expenditures for administration exceed 20%, a lower ceiling may be established.

- Project Revenues: Indicate the sources of project revenues to be used for project funding, for the current upcoming fiscal year, as well as the projected and planned revenues for two additional years thereafter.

**PROPOSITION C LOCAL RETURN THREE-YEAR PLAN
PROJECT DESCRIPTION/JUSTIFICATION FORM**

CITY:
FISCAL YEAR:
DATE:

STATUS OF PROJECT:
 New
 Amended/Revised
 Continuing/Carryover

PROJECT DESCRIPTION:

PROJECT JUSTIFICATION: (required for new capital projects only)

PROJECT EXPENSES	Current Budget (Yr.1) FY ____	Projected (Yr.2) FY ____	Planned (Yr.3) FY ____
Administration			
Planning			
Operations & Maintenance			
Contractual Services			
Capital			
TOTAL EXPENSES			
PROJECT REVENUES			
Prop. A Local Return			
Prop. A. Discretionary			
Prop C Local Return			
Prop C Discretionary			
Other			
TOTAL PROJECT REVENUES			

LOS ANGELES COUNTY TRANSPORTATION COMMISSION (LACTC)

PAVEMENT MANAGEMENT SYSTEM CERTIFICATION

PROPOSITION C

The City of _____ certifies that it has a Pavement Management System (PMS) in conformance with the criteria stipulated by the Proposition C Local Return Guidelines. (Identical to the criteria adopted by the Joint City/County/State Cooperation Committee, pursuant to Section 2108.1 of the Streets and Highways Code.)

The system was developed by _____ and contains, as a minimum, the following elements:

- Inventory of arterial and collector routes (including all routes eligible for Prop. C funds), reviewed and updated biennially. The last inventory update was completed _____, 19__.
- Assessment (evaluation) of pavement condition for all routes in system, updated biennially. The last review of pavement condition was completed _____, 19__.
- Identification of all sections of pavement needing rehabilitation or replacement.
- Determination of budget needs for rehabilitation or replacement of deficient sections of pavement for current biennial period, and for following biennial period.

If PMS was developed in-house, briefly describe it on an attached sheet.

FROM:
AGENCY _____

DATE _____

(Please Print Name)

(Please Sign Name)

(Title)

APPENDIX IV

ASSURANCES AND UNDERSTANDINGS REGARDING
RECEIPT AND USE OF PROPOSITION C FUNDS

The undersigned, in conjunction with the receipt of funds derived from the $\frac{1}{2}$ cent sales tax imposed by the Proposition C Ordinance of the Los Angeles County Transportation Commission (Commission), and as required by the Commission's Local Return Program Guidelines, hereby provides the following assurances and understandings:

A. The Undersigned hereby Assures the Commission:

1. That the Prop. C funds will not be substituted for property tax funds which are currently funding existing public transportation programs;
2. That Prop. C funds will be used for "public transit purposes," as defined in the Commission's Local Return Program Guidelines (Section II.A.2);
3. That the undersigned will not trade, exchange or loan Prop. C funds to other local jurisdictions;
4. That the undersigned will submit to the Commission a three-year plan for the use of funds:
 - a. Annually, by August 1st of each year, beginning in 1993;
 - b. Project amendments for a service expansion or a new service: at least 60 days before encumbrance of funds;
 - c. For all other project amendments: at least 30 days before encumbrance of funds;
5. Any proposed use of funds will not duplicate or compete with any existing publicly-funded transit or paratransit service;
6. That Prop. C funds will be expended within the year of receipt, plus two years thereafter;
7. Unless otherwise required by the Commission, an audit, certified by a certified public accountant, will be conducted by the Commission within 180 days of the close of the fiscal year;

8. That the plan for the intended use of the funds, as submitted to the Commission, is an accurate depiction of the projects to be implemented;
9. That any 10% change in project scope or financing (defined as: any modification to route, budget, service area, stops, frequency, fare, or market served by the project) will be submitted to the Commission at least 60 days before that change in scope is implemented;
10. That all projects proposed for Prop. C funding will meet the legal requirements of the Commission's Prop. C Ordinance and the Commission's Local Return Program Guidelines criteria.

B. The Undersigned further Understands and Agrees:

1. That the Commission will require the undersigned to return any Prop. C funds, and may impose interest penalties on any expenditure found to be illegal or improper, under the terms of the Commission's Prop. C Ordinance or the Commission's Local Return Program Guidelines;
2. That the undersigned will assume all responsibilities for compliance with applicable Americans with Disabilities Act (ADA) requirements, CEQA and NEPA requirements regarding projects to be funded, in part or in whole, with Prop. C funds;
3. That the undersigned will comply with all applicable federal, state, and local requirements as to Affirmative Action, Fair Labor practices, transit accessibility, and Public Health and Safety;
4. That the undersigned will, either utilize the state controller's Uniform System of Accounts and Records to accommodate uses and disbursements of Prop. C funds, or will establish a separate Prop. C Local Transit-Assistance (PCLTA) accounting system, which will allow financial and compliance audits of the Prop. C fund transactions and expenditures to be conducted;
5. That any Prop. C funds, not expended within the year of receipt of funds, plus two years thereafter (see A.5), will be returned to the Commission, upon request therefrom.

IN WITNESS WHEREOF, the undersigned has executed these Assurances and Understandings Regarding Receipt and Use of Proposition C Funds this ____ day of _____, 19____, by its duly-authorized officer:

CITY OF _____

BY _____

(Title)

DATE _____

APPENDIX V

PROPOSITION C LOCAL RETURN PROGRAM

AUDIT GUIDELINES

POST-AUDIT

Section IV.H of the Proposition C Local Return Guidelines states:

"Each year, the Commission will audit reported uses of local return funds, for fiscal and compliance purposes."

This appendix is a guide including instructions and outlining the requirements for completion of the audit.

EXPENDITURE CRITERIA

A proposed expenditure (project) will be eligible for funding, if it meets the statutory requirements of being for "public transit purposes," as defined in Section II.2 of the Proposition C Local Return Program Guidelines. This definition is further clarified on a project-specific basis by the Commission in the listing of eligible, conditionally-eligible, and ineligible projects contained in Appendix II of the Local Return Program Guidelines.

ROLES AND RESPONSIBILITIES

**City/
County:** It is the responsibility of the local jurisdiction receiving Prop. C funds to maintain the proper accounting procedures, cash-management records and documentation, pursuant to the completion of a post-audit. The local jurisdiction must also amend its accounting records, according to the results of the Proposition C Financial and Compliance audits and of the TDA audits.

LACTC: It is the responsibility of the Los Angeles County Transportation Commission (LACTC) to provide administration, review, and monitoring of the Proposition-C program; Proposition-C receipts; distribution; and expenditures; as well as the guidelines for audit of the programs.

**A u d i -
t o r:** It is the responsibility of the Auditor to determine:

1. Compliance with Proposition C statutes and guidelines and/or any law, regulation, or ordinance

which governs the proper administration of public monies;

2. Adherence to approved three-year plan of projects.

The exercise of the auditor's authority is restricted to a review of the legality of expenditures, under the Proposition C Ordinance and Local Return Program Guidelines. The auditor may not supervise or substitute his/her judgment for that of the local agency in matters that properly rest within the agency's discretion. For example, it is within the local agency's judgment to operate a Dial-a-Ride program. It is within the auditor's responsibility to determine compliance as to the expenditures related to that project. It is not the auditor's responsibility to question project need or project performance.

If a city proposes to buy five (5) vans for the operation of a Dial-a-Ride program and, instead, without notifying and obtaining approval from the Commission, decides to purchase twenty-five (25) vans, (the 5 originally proposed, plus 10 additional for Dial-a-Ride and 10 for the city's non-transit use), it is within the auditor's responsibility and duty to question whether there has been an abuse of discretion and a clearly unreasonable expenditure contrary to law.

AUDIT CRITERIA

1. Compliance with Ordinance and Guidelines;
2. Adherence to approved three-year plan;
3. Proper accounting procedures;
4. Maintenance of separate Prop. C account and auditable records and documents;
5. Proper cash management;
6. Timely receipt and deposit of funds;
7. Non-substitution of property tax;
8. Legally eligible expenditures;
9. Timely plan amendments or revisions (if applicable);
10. Timely use of funds.

METHODS OF VERIFICATION

1. Physical inspection, site visits;
2. Review and test of records and documentation;
3. Interviews with relevant personnel.

RETENTION OF DOCUMENTS

The city is required to maintain Proposition C Local Return Program documentation and records for a period of **three (3) years** (including audit year).

Aside from the expenditure-support documentation, the city should keep the following documents on file:

- Three-year plans;
- Approval letters;
- Confirmation letters (e.g., bus stop improvement projects);
- Council minutes/Governing Body Resolutions;
- Assurances and Understandings.

AUDIT FORMAT

The audit will consist of the following:

- Auditor's Report;
- Balance Sheet;
- Statement of Revenue and Expenditures;
- Review of Compliance;
- Summary of Exceptions.

A copy of the audit report is to be submitted to:

The Los Angeles County Transportation Commission (LACTC)
Attention: Area Teams
818 West Seventh Street, Suite #1100
Los Angeles, California 90017

ALLOWABLE COSTS

All costs charged to Proposition C funds should meet the following conditions:

All charges must be:

- Eligible, as defined in Appendix II of the Proposition C Local Return Guidelines;
- Consistent with the approved three-year plan;
- Auditable (verifiable).

To ensure consistency, the Commission has provided in the attached matrix clarification for allowable expense categories.

ADMINISTRATIVE ACCOUNTING PROCEDURES

Interest Allocation

Jurisdictions are entitled to retain any and all interest revenues which they may earn on their Proposition C income. Cities must maintain accurate records on the amount of interest earned each year. Interest may be allocated on an annual basis, and reported as part of the annual audit.

Project Revenue

The cities need only report project-generated revenues, such as fares, when such revenues are retained and recorded by the city.

Inter-Fund Transfers

On an accrual basis of accounting, cities should make note of the following: expenditures for an approved project, which are made from some fund other than the Proposition C fund, and which will be reimbursed by Proposition C funds, should be identified in the three-year plan to LACTC.

Unexpended Project Funds

All unexpended project funds remaining upon completion of an approved project must be reprogrammed in accordance with the Proposition C Local Return three-year plan submittal and approval procedure.

ADDITIONAL INFORMATION

Local jurisdictions should familiarize themselves with the following sections of the Local Return Guidelines which provide information related to Proposition C audits:

- ACCOUNTING FOR PROPOSITION C REVENUES AND EXPENDITURES.
(Section II.B.6)
- TIMELY USE OF FUNDS.
(Section II.B.7)
- NON-SUBSTITUTION OF FUNDS.
(Section II.B.8)
- INTEREST AND OTHER EARNED INCOME.
(Section II.B.9)
- CONTRACTING WITH OTHER SERVICE PROVIDERS.
(Section III.E.2.C)
- NOTIFICATION OF SUBSTANTIAL CHANGE IN PROJECT.
(Section IV.E)
- RESPONSIBILITIES OF LOCAL JURISDICTIONS.
(Section IV.I)
- TRANSFER OF LOCAL RETURN FUNDS BETWEEN LOCAL JURISDICTIONS.
(Section V.C)
- EXCHANGING OF FUNDS.
(Section V.D)
- POOLING OF FUNDS.
(Section V.E)

ADDITIONAL AUDIT REQUIREMENTS AND RESPONSIBILITIES

1. All local jurisdictions are required to prepare consolidated worksheets, reconciling total reported revenues, expenditures, and fund balances to the General Ledger.
2. Local jurisdictions are advised that encumbered items (undelivered goods and services) should not be accrued.
3. Revenues should be reported on the accrual basis.
4. Local jurisdictions are advised that they can be held accountable for excess audit costs arising from poor cooperation and inaccurate accounting records.

5. Local jurisdictions will be responsible for any unauthorized local return expenditures. Prior written approval from LACTC is needed, before any funds are expended. Unauthorized expenditures will result in reimbursement of the Proposition C Local Return account.
6. Local jurisdictions are required to amend their accounting records to reflect the findings of the local return financial and compliance audit.
7. The audit process will include a formal exit conference, to advise local management of all audit findings. The exit conference will afford management the opportunity to discuss any issues and concerns with the auditor, before the final audit report is submitted to locally elected officials.

APPENDIX VI

MEASURES AND PROCEDURES TO RESOLVE

COMPETITION/DUPLICATION SERVICE DISPUTES

The Proposition C Ordinance requires the LACTC to ensure that eligible transit or paratransit services funded from Proposition C Local Return funds do not duplicate or compete with existing transit or paratransit services.

Attachment A outlines the measures for determining duplication/competition of services. Cities should review this attachment during the planning stages of a new or expanded transit or paratransit service to avoid potential service disputes. The service parameters and potential impacts should be used as a guide for comparing and evaluating new and existing services that may be competitive/duplicative.

Attachment B details the procedure that is followed by the Commission to resolve disputes arising as a result of a new or expanded transit or paratransit service being proposed under the Proposition C Local Return Program.

Attachment A

MEASURES FOR DETERMINING DUPLICATION/COMPETITION
OF PROPOSITION C LOCAL RETURN SERVICES WITH EXISTING SERVICES

The following service parameters and impacts will be used in applying the Competition/Duplication Dispute-Resolution Procedure. It is anticipated that these measures will be further refined, as disputes are resolved.

- I. The Following Service Parameters Should be Compared, to Determine if Competition or Duplication Exists:
 - A. Market Served;
 - Density, land use, socioeconomic characteristics, generators, etc.;
 - Trip types (intercommunity vs. intracommunity);
 - Accessibility to handicapped clients.
 - B. Service Frequency and Span (time of day and day of week);
 - C. Fare Structure;
 - D. Service Boundaries;
 - E. Service Coverage (origin/destination);
 - F. Eligibility Requirements.
- II. Consideration Should be Given to the Impact of a New or Expanded Service on:
 - A. Net Revenue;
 - B. Net Costs of the Existing System;
 - C. Providing Additional Mobility;
 - D. Reduction of Vehicle Miles Traveled (VMT) and Circulation Problems;
 - E. Patronage and Subsidy;
 - F. Meeting Service Demands.

PROCEDURE TO RESOLVE SERVICE DISPUTES

AMONG TRANSIT/PARATRANSIT OPERATORS

UNDER THE PROPOSITION C LOCAL RETURN PROGRAM

A. PROJECT CIRCULATION

As provided by the **Service Coordination Guidelines in Appendix VIII**, LACTC staff will forward the three-year project description/justification for new or expanded transit or paratransit services to existing, publicly-funded, transit and paratransit operators within the general service area, **to determine if competition or duplication problems exist** and to allow them the opportunity to make comments on the proposed services. Privately-funded transit and paratransit operators will be added, on request, to an individual Area Notification List. These projects are to be circulated within thirty (30) days of receipt of the project description.

Within fourteen (14) days from the receipt of each submission, the Commission will notify the submitting jurisdiction that the project is being circulated for competition/duplication purposes.

B. NOTIFICATION OF OBJECTION

Any existing operator who objects to the proposed new or expanded service, due to the potential for competition or duplication, shall notify the Commission in writing of such objection, **within thirty (30) days of the project-circulation date**. Failure to respond within that period will be interpreted as meaning that the operator has no objections to the proposed new or expanded service.

C. COMMISSION STAFF MEDIATION

Upon receipt of a notification of objection from an affected operator, Commission staff will attempt to resolve any differences among the parties involved, through an informal negotiation procedure. A meeting of the operators will be convened by Commission staff, as part of the negotiation procedure.

If an agreement is not reached through this informal negotiation procedure, within fourteen (14) days of receipt of the notification of objection, the matter shall be referred to the full Commission at its next regularly-scheduled meeting following the close of the fourteen (14) day period.

D. ASSIGNMENT TO THE DISPUTE RESOLUTION COMMITTEE

The **Dispute Resolution Committee (DRC)** is a specially-appointed policy-level Committee designated by the Commission to review and resolve Transit Operators-service disputes.

Upon referral of a Transit Operator-dispute to the Commission, the Chairman shall refer the matter to the DRC. The DRC shall make an initial determination on whether (1) an informal hearing or (2) a formal hearing and review of the facts is required. The Executive Director will subsequently notify the affected parties of the hearing option selected by the DRC. This notice shall be sent at least 15 days prior to the hearing, which shall be open to the public. Such notification shall include:

1. Time and place of the hearing;
2. Type of hearing ("formal" or "informal"); and
3. Provisions to present written material to the DRC.

OPTION 1

Informal Hearing

When a formal hearing is not required by state law or regulation, the DRC may choose Option 1, an informal hearing. Procedures under this option are as follows:

1. Parties to the dispute may present their arguments to the DRC informally, and the rules of procedure followed for a formal hearing will not be adhered to;
2. Parties may present up to five pages of written material to the DRC for consideration in the hearing;
3. The DRC shall prepare and forward to the Commission its "Proposed Decision and Order."

OPTION 2

Formal Hearing

Option 2 shall be invoked when a formal hearing is required by state law or regulation. This hearing will be conducted according to the following rules of procedure:

Rules of Procedure

1. Parties shall submit to the DRC, five (5) days prior to the hearing, with copy to opposing party, an original and three copies of:
 - Points and Authorities,
 - Affidavits,
 - Declarations,
 - Exhibits,
 - Other evidence, intended to be used at the hearing.

Parties may request to exchange information and documents.

If affidavits or declarations "**under penalty of perjury**" are to be used, the affiant or declarant must be present and be available at the hearing, for questioning by the opposing party or by the DRC.

2. Arguments at the hearing will normally be limited to 30 minutes by each party. Parties are to have the right to submit additional written arguments within one (1) week after the hearing. Submission of additional arguments is to be made in the same manner as provided in Rule #1.
3. Commission staff shall, if directed by the DRC, provide to the DRC its analysis of the dispute and its recommendation as to the appropriate Commission action.
4. Within a reasonable time after the right to submit additional arguments has expired, the DRC shall prepare and forward to the Commission, for appropriate action, its **Proposed Decision and Order (PDO)**.

E. COMMISSION ACTION

1. Upon receipt of the PDO, the Commission may take any one of the following actions:
 - a. Approve and adopt the PDO, or,
 - b. Refer the matter back to the DRC, or,
 - c. Require a transcript of the testimony and other evidence relevant to the decision of the DRC and take such action as, in its opinion, is indicated by the evidence. In such case, the Commission's decision may cover all the phases of the matter, including the deletion or addition of any condition, or,

- d. Set the matter for public hearing before itself. Such public hearing shall be held "de novo," as if no hearing had been previously held.
2. In taking any of the foregoing actions, the Commission shall not hear or consider any argument or evidence of any kind other than the evidence received from the DRC, unless it is, itself, conducting a public hearing on the matter.
 3. The Commission shall serve notice of its action on all parties.
 4. The Commission's decision shall be final and conclusive.

APPENDIX VII

PROPOSITION C LOCAL RETURN RAIL RESERVE

INTRODUCTION

The following applies to the local jurisdictions (cities and County) who wish to establish a Rail Reserve Fund with Proposition C Local Return revenues.

THE CITIES SHOULD BE AWARE THAT ESTABLISHING A RAIL RESERVE FUND CONSTITUTES A LONG-TERM FINANCIAL AND PLANNING COMMITMENT. In making decisions on Rail construction priorities, the LACTC will pay special attention to present and future zoning and land-use patterns, for **compatibility with Rail development.** The LACTC will advise cities, on request, about consistent land use and zoning. Additionally, the city can begin to look into possibilities for acquisition of rights-of-way along the proposed route and for the development of capital facilities by the city (Transit Centers, Park-and-Ride lots, etc.), which will complement the proposed Rail project.

DEFINITION

A **Rail Reserve Fund** is defined as a Proposition C Local Return Fund set aside by a local jurisdiction (or group of local jurisdictions) for purposes of contributing to the construction, and/or enhancement, of Rail improvements along LACTC's high-priority representative Rail routes.

In order to set aside Prop. C Local Return funds for Rail construction and enhancement purposes, a specific, viable, project must be identified which is consistent with Commission objectives. Local jurisdictions must receive Commission approval prior to establishing a Rail Reserve Fund.

CRITERION

ONLY THOSE CITIES IDENTIFIED ALONG A HIGH-PRIORITY, REPRESENTATIVE RAIL ROUTE ARE ELIGIBLE TO ESTABLISH A RAIL RESERVE FUND.

APPROVAL PROCEDURE

- A. The city must submit a project description;
- B. The project description must be reviewed by the Planning and Mobility Improvement Committee (PMIC) and be approved by the full Commission;
- C. If the project is approved, the city is required to:
 1. Enter into a Memorandum of Understanding (see sample attached, p. VII-4) with LACTC, to reserve funds for Rail development;
 2. Establish a separate account, or a sub-account, for Rail Reserve Funds. Any interest accrued on the Rail Reserve Account would remain in said account.
- D. The city would be required each fiscal year to submit an updated project description with the annual submittal of the three-year plan to include the amount to be reserved and the current project status.

CONDITIONS OF THE RAIL RESERVE AGREEMENT

- A. Every three (3) years, the Commission must evaluate the Rail Reserve Account as it pertains to:
 1. the status of the route; and
 2. the projected amount of funds available.
- B. If it is decided by the Commission that the Rail corridor is no longer a high priority, the agreement will be terminated and the city must:
 1. Dissolve the Rail Reserve Fund and return the accumulated funds, including any interest earned on those funds, to the city's Proposition C Local Return Fund; and
 2. Reprogram the funds, within the next three (3) years of the time the Commission decision is made. While the city is not required to expend all of the funds within these three years, the Commission reserves the right to impose a reasonable limit on the period of expenditure for reprogrammed funds.
- C. If, at any time a city, independent of any Commission action, desires to reprogram all, or part, of the funds in the Rail Reserve Account, the city must:
 1. Receive Commission approval; and,

2. Indicate the proposed use of the accumulated funds to be reprogrammed.

Commission approval for reprogramming funds will be based on the following condition:

**AFTER EXHAUSTING ALL OTHER PROPOSITION C FUNDS,
ADDITIONAL FUNDS ARE NECESSARY TO MEET CRITICAL
IMMEDIATE OR PENDING TRANSIT NEEDS.**

If the reprogramming request is approved, the agreement between LACTC and the city will be either terminated or amended accordingly.

If the reprogramming request is disapproved, the city would be required to continue the Rail Reserve Account as stipulated, or to draw the funds down from an approved, Rail-related project.

(Sample)

MEMORANDUM OF UNDERSTANDING

WHEREAS, the Los Angeles County Transportation Commission (LACTC) and the City of _____ have agreed upon the need to improve transportation and will work jointly toward that end, and,

WHEREAS, the LACTC has designated corridor _____ as a high-priority corridor for Rail development, and is working toward construction of a Rail line along said corridor, and,

WHEREAS, the City of _____ is prepared to commit and accumulate Proposition C local return funds, to be used exclusively for the construction and/or enhancement of Rail improvements along said corridor, as agreed-to by both parties,

NOW, THEREFORE, the LACTC and the city agree as follows:

FUNDING

The City of _____ will establish a Rail Reserve Fund and will allocate \$_____ of Proposition C Local Return Funds for FY _____ - _____. All interest accumulated on funds placed in the Rail Reserve Fund shall accrue to that fund.

TERM

The Rail Reserve Fund will begin as of Fiscal Year 19____ - _____ and shall continue until such time as agreed upon by both parties and under the conditions set forth in the Proposition C Local Return Program Guidelines.

TERMINATION

This agreement can be terminated by either party with a 30-day written notice, under the conditions set forth in the Proposition C Local Return Program Guidelines.

CONDITIONS

The LACTC and the City of _____ agree to abide by the requirements of the Proposition C Local Return Program Guidelines pertaining to:

- A. Annual project submittal;
- B. Reprogramming funds; and,
- C. Three-year corridor-status update.

This Memorandum of Understanding is hereby executed this ____ day
of _____, 19____.

CITY OF

MAYOR

CITY MANAGER

APPROVED AS TO FORM:

CITY ATTORNEY

**LOS ANGELES COUNTY
TRANSPORTATION COMMISSION**

APPROVED AS TO FORM:

DE WITT D. CLINTON,
COUNTY COUNSEL

BY: _____

APPENDIX VIII

SERVICE COORDINATION GUIDELINES

CITIES

A. NOTIFICATION

In an effort to improve coordination between cities and Transit Operators during the preliminary stages of a new or expanded project planning, the Commission requires that a city proposing to initiate new or expanded transit or paratransit service(s) notify the potentially-affected contiguous cities, the fixed-route operators serving the jurisdiction and the LACTC of such service(s), prior to the final City Council approval. The 60-day notification requirement, in advance of implementation, would still apply. (Refer to **Section III.C of the Guidelines.**) It is anticipated that all notification requirements for cities could be completed within 60 days.

B. LACTC SERVICE PROJECT CIRCULATION

LACTC will circulate new or expanded transit or paratransit service projects, as currently provided in the Local Return Program Guidelines.

LACTC staff will circulate projects within thirty (30) days of receipt to neighboring cities and regional transit systems, to obtain their comments on the proposed service. Staff will complete the Proposition C Notification/Comment form to include the name of the city or Transit Operator contacted, date, and any comments or recommendations received from the city/Transit Operator. (See attached sample of **Notification/Comment form.**)

Potentially-affected cities and/or Transit Operators have thirty (30) days to notify the Commission in writing of their objection to the proposed service.

If within the thirty (30)-day timeframe the LACTC receives no objections to the proposed service, staff will notify the city, in writing, of project approval.

Local jurisdictions proposing to implement a new or expanded transit or paratransit project must submit the following information to the LACTC, at least 60 days prior to implementation of service:

1. Three-year plan project description/justification form (To be completed according to instructions provided in the Guidelines - Appendix III.)
2. Route and/or service area map illustrating proposed routes, stops and transfer points.

In the event that LACTC staff receives a notification of objection from a potentially affected operator or local jurisdiction, staff will attempt to resolve any differences among the parties involved through an informal negotiation procedure. (Refer to **Appendix VI, Attachment B: Procedure to Resolve Disputes among Operators, under the Proposition C Local Return Program.**)

C. TRANSFER ARRANGEMENTS

Operators of fixed-route, general-public Dial-a-Rides, and elderly and handicapped systems, shall make reasonable efforts to negotiate with the regional operator, as well as with any local operators serving the city, the necessary transfer arrangements -- including joint bus-stop locations and transfer facilities.

D. MARKETING AND INFORMATION

The marketing program for the city shall provide information, where relevant, regarding access to regional and neighboring transit systems. In the case of general-public or elderly or handicapped services, the city shall pursue arrangements (where feasible) with the regional and municipal operators for provision of telephone and marketing information pertaining to the local city system, through the regional/muni system.

PROPOSITION C

ADMINISTRATIVE GUIDELINES

- RAIL AND BUS SECURITY
- COMMUTER RAIL/TRANSIT CENTERS
- TRANSIT-RELATED IMPROVEMENTS
TO FREEWAYS AND MAJOR STREETS

ADOPTED APRIL 22, 1992

PROPOSITION C PROGRAM

ADMINISTRATIVE GUIDELINES AND APPLICATION MATERIALS

I. INTRODUCTION

On November 6, 1990, the voters of Los Angeles County approved Proposition C, a measure which increases the sales tax in the County by $\frac{1}{2}$ cent. It is estimated that approximately \$400 million annually will be used to expand and improve Rail transit, Bus transit, and paratransit services in the County. In addition, streets and highways "heavily used by transit" will be operationally improved and better maintained.

II. PROPOSITION C PROGRAM GOALS

Proposition C funding should:

1. Be focused on addressing the mobility needs of Los Angeles County's most congested corridors;
2. Result in an integrated METRO transportation network;
3. Be used for new and expanded services and improvements to expand ridership and improve air quality;
4. Be used to maximize and leverage other revenues in conjunction with private and other local, state, and federal funding sources;
5. Be used to "fill in the gaps" in the 30-Year Integrated Transportation Plan where private funds, Proposition A funds, and state and federal funds are not sufficient to complete priority projects.

III. PROPOSITION C PROGRAM-FUNDING ELEMENTS

Pursuant to the policies adopted by the Los Angeles County Transportation Commission (Commission), applications will be accepted for Proposition C for the following three program-funding elements:

1. Rail and Bus Security - 5% of the revenue from Proposition C will be used to improve and expand Rail and Bus security;
2. Commuter Rail/Transit Centers - 10% of the revenue from Proposition C will be used to increase mobility and reduce congestion by providing additional funds for Commuter Rail and the construction of Transit Centers, Park-and-Ride lots and Freeway Bus Stops;
3. Transit-Related Improvements to Freeways and Major Streets - 25% of the revenue from Proposition C will be used to

provide improvements to freeways and state highways which facilitate transit flow and to improve the operation of major streets and freeways by providing preference and priority for transit. Funding will also be provided for Transportation Systems Management techniques which assist transit service.

IV. GENERAL ELIGIBILITY REQUIREMENTS

A completed, authorized, application package prepared in accordance with the guidelines detailed on the following pages must be submitted to the Commission by the application deadline.

Two copies of the final completed application for both new and continuing projects must be received by **April 1st**. Any required documentation submitted after the final deadline cannot be given full consideration and may jeopardize final approval of the application.

Following a detailed staff review, the applications received will be subject to the regular Commission Advisory Committee review and approval process, before recommendations are forwarded to the full Commission for approval. Commission determination for funding of Proposition C Projects will be made in June of each year, in time for project implementation by July 1st. Applicants will be invited to attend Advisory Committee meetings. Applicants will be notified of the Commission's action within fourteen (14) days after a final decision is made.

A. Eligible Applicants

1. Rail and Bus Security:

- LACTC
- Public Transit Operators
- Los Angeles County and local municipalities
- CALTRANS
- California Highway Patrol

2. Commuter Rail/Transit Centers:

- LACTC
- Public Transit Operators
- Los Angeles County and Local Municipalities
- CALTRANS
- Transportation Management Associations/Ridesharing Agencies

3. Transit-Related Improvements to Freeways and Major Streets:

Facilities:

- CALTRANS
- Los Angeles County and Local Municipalities
- Public Transit Operators

TDM Component:

- LACTC
- Commuter Transportation Services
- Other entities (including cities) that could provide specialized marketing and promotion to coincide with opening of HOV lanes and Park-and-Ride facilities, including Transit Operators

B. Eligible Projects and Uses

Applicants should refer to the appropriate Proposition C policy guidelines (Appendices A-C), prior to submitting an application for funding. The policy guidelines contain detailed guidance on eligible funding categories and criteria.

1. Rail and Bus Security - The project categories eligible for funding are as follows:

- a. New Rail Line Security - Funding will be provided for the security portion of the operating budget on a new Rail segment (light Rail, heavy Rail, and Commuter Rail). Project funding will be provided for the first two years of operation.
- b. Security Incentives - Following the initial operating period (normally two years), funding will be available, to encourage operators to provide continued high security on a Rail line. Funding would be provided on a sliding scale, as follows:

25% - 3rd year
15% - 4th year
10% - 5th year

- c. Security Improvement of Transit Services and Support Facilities - Funding under this category will be provided on a discretionary basis for security on specific Bus and/or Rail services and support facilities. One-time funding may be available for capital facilities required to support transit security operations.

- d. Special Demonstration Projects - Funding under this category will be provided on a discretionary basis for special and/or innovative security projects designed to test the potential for achieving security improvements and to meet specific community security needs. Funding is available on a one-time only basis, for one or two years. A written report/assessment of the project is required at end of project or on an annual basis.
- e. Security Contingency Reserve Projects - Funding will be provided for supplemental security for Rail transit facilities during the construction phase, to augment security being provided by the contractor(s). Up to 100% of the cost may be available under this category.

Funding under this program element is not available to fund security activities currently funded from other sources and for activities or facilities not directly related to transit services.

Refer to the policy guidelines for a more detailed description of funding categories: **Appendix A, Proposition C Rail and Bus Security Guidelines.**

2. Commuter Rail/Transit Centers

- a. Commuter Rail - Funding in this category will be provided for the capital costs associated with Commuter Rail facilities, construction, and land acquisition. Commuter Rail operating costs are also an eligible use of these funds. It is expected that up to 75% of the available funds will fund capital projects for Commuter Rail implementation.
- b. Transit Centers/Park-and-Ride Lots - Funding for capital costs associated with design and construction of Transit Centers and Park-and-Ride lots are eligible for funding under this category. In addition, Freeway Bus Stops which are incorporated as an element of a Transit Center or Park-and-Ride lot, are eligible for funding. At a minimum, 25% of the available funds will fund capital costs associated with the development of Transit Centers, Park-and-Ride lots, and Freeway Bus Stops.

Refer to the policy guidelines for a more detailed description and definition of funding categories: **Appendix B, Proposition C Commuter Rail/Transit Center Fund Guidelines.**

3. Transit-Related Improvements to Freeways and Major Streets

- a. HOV/Transitways - Funding will be provided for construction of HOV and transitway facilities in congested corridors.
- b. Transportation Demand Management (TDM) - Funding under this category will be provided for specialized targeted TDM programs, employer marketing, and other related support activities coordinated with the opening of HOV and transitway facilities. In addition, one-time expenditures or start-up costs for demonstrating peak-hour truck regulation programs are eligible to be funded.
- c. Incident-Management Program - Funding under this category will be provided for the development of systems, programs, techniques and equipment to better manage freeway incidents and congestion.
- d. Park-and-Ride - Funding will be provided for the capital costs of Park-and-Ride facilities, consistent with the Countywide Park-and-Ride Master Plan.
- e. Signal-Coordination/TSM Improvements - Funding for projects by local jurisdictions designed to relieve congestion in major travel corridors served by transit will be provided under this category. Funding will be available on a 50/50 matching basis for eligible local projects.

Refer to the policy guidelines for a more detailed description of funding categories: **Appendix C, Proposition C Transit-Related Improvements to Freeways and Major Streets.**

C. Eligibility Criteria

Refer to the appropriate policy guidelines (**Appendices A-C**), for a summary of eligibility criteria, by program element. To be eligible to apply for funding under the categories outlined above, applicants must meet the specific criteria detailed under each funding category. Applicants may be eligible to apply for funding under more than one funding category (i.e., Park-and-Ride lots are eligible under 10% Commuter Rail/Transit Centers and 25% Transit-Related Improvements to Freeways and Major Streets). Applicants should carefully review project eligibility under all funding categories.

D. Duration of Proposition C Projects

With the exception of Rail and Bus Security Contingency Reserve projects, approved Proposition C projects will be funded for no less than one year and will be formally evaluated on an annual basis. Duration of funding for Security Contingency Reserve projects will be determined on a case-by-case basis, depending upon need.

All projects will be evaluated based upon achievement of project goals, achievement of Commission goals and objectives, and availability of funding.

E. Proposition C Application Submittal Deadlines

Applications for Proposition C funding are due each year on **April 1st** and are subject to a detailed staff review and approval by the Commission. Applications may be accepted at other times of the year for new projects from all program elements.

F. Governing Body Authorizations

To be considered by the Commission for funding, completed Proposition C applications must include authorization/approval of the proposed project from the applicants' governing body(ies). Authorizing resolution/approval from the applicants' governing body(ies) may be submitted after the initial application submittal, but no later than June 1st, to ensure full consideration of the application.

G. Funding Disbursement

Funding will be disbursed, as costs are incurred, on a quarterly basis for all funding categories except for those projects which demonstrate the need for more frequent disbursement of funds (i.e., large capital improvement projects such as Commuter Rail capital and construction projects, capital facilities construction projects).

H. Project Reporting/Auditing Requirements

Proposition C funding recipients will be required to submit quarterly reports to the Commission, detailing expenditures to-date and status of the project.

Quarterly reports are due on the **last day** of the months of **October, January, April, and July**. Funding for approved projects may be withheld from recipients, for failure to submit quarterly reports in a timely fashion.

Projects will be audited on an annual basis by the Commission's staff audit team, to determine progress toward the

achievement of both, Project's and Commission's, goals and objectives. Results of the audit will be reported to the Commission on an annual basis.

I. Project Monitoring and Evaluation

Approved Proposition C projects will be evaluated annually, to determine progress toward program goals and objectives. An LACTC staff review team will conduct a coordinated evaluation process designed to review Proposition C applications and make recommendations for funding to the Commission. For projects seeking funding beyond one year, staff will review quarterly reports, audits and other relevant information in evaluating the project. Projects will be evaluated on how well project objectives were met and on their consistency with Prop. C and Commission goals. The results of the staff evaluation will be included in the report to the Commission in June of each year.

Candidate Projects applying for Prop. C funds (i.e. Prop. C (25%)/Local TSM) will be ranked each year with technical criteria to be established through the appropriate Technical Committees (e.g., Bus Operations Subcommittee and Highway and Freeways Subcommittee of the Technical Advisory Committee).

V. APPLICATION INSTRUCTIONS

The following instructions will provide applicants with guidance for completing Prop. C application forms for three of the four Prop. C funding elements.

- 5% Rail and Bus Security
- 10% Commuter Rail/Transit Centers
- 25% Transit-Related Improvements to Freeways and Major Streets.

Before completing the Prop. C application forms, the appropriate policy guidelines (**Appendices A-C**) should be carefully reviewed, according to the specific category of project being proposed. In addition, applicants should do the following:

- Carefully estimate project budget so that funding requested is limited to only the amount actually needed to implement the project. **INFLATED OR INACCURATE REQUESTS COULD RESULT IN DENIAL OF FUNDING.**
- LACTC funding will be contingent upon the amount of the final contract. No funding will be provided until LACTC is notified of the amount of the final contract.
- Applicants must complete a separate application for all funding categories applied for.

- ° Applicants should complete each section of the application as indicated in the instructions.

LACTC staff may choose to reassign projects to other Prop. C funding categories, in an effort to ensure competitiveness between projects.

A. SECTION I - GENERAL INFORMATION

This section must be completed by all applicants applying for Proposition C funding under the funding elements listed above.

1. Applicant: Please provide name of the local jurisdiction or agency applying for funding. Refer to eligible applicants by funding category under **Section IV - page 2**, of these Guidelines.
2. Contact Person: Provide detailed information on the principal contact person assigned to the project. Include the contact person's title, address and telephone number.
3. Funding Category: Indicate the specific funding category applied for, by placing a checkmark on the appropriate line. If applying for more than one funding category, please indicate so.
4. Duration of Project: Indicate the estimated length of the project. Approved Prop. C projects will be funded for no less than one year (with exception of Rail and Bus Security contingency reserve projects).
5. Total Prop. C Funding Requested: Estimate the total amount of Prop. C funding requested from all categories, as applicable. Some projects may be eligible to receive Prop. C funding from more than one funding category, i.e., Park-and-Ride lots. However, **a separate application package must be completed for each program element applied for**. Please refer to the specific policy guidelines (**Appendices A-C**) for details on eligible uses.

B. SECTION II - PROJECT INFORMATION

(This section to be completed by all applicants)

1. Project Participants:

Identify all participants in the proposed project. If a coordinated project (one or more participants), list all agencies participating, whether or not funding is being contributed by them.

2. Project Site Location:

Provide information on the specific site location or the area covered by the scope of the project.

a. Rail and Bus Security Projects

Specify the Rail or Bus line(s)/segment(s) to be served by the project. For security provided for transit-support facilities, or Rail-transit construction sites, specify the site(s) location. For these types of projects, applicants must include a map of the proposed site(s).

b. Commuter Rail/Transit Center Projects

Specify the location of the proposed facility. For Transit Center/Park-and-Ride projects, applicants must include a detailed map of the proposed site(s). Commuter Rail facilities/site locations(s) must be approved by LACTC's Commuter Rail Staff, prior to applying for funding.

c. Transit-Related Improvements to Freeways and Major Streets

Specify the corridor/freeway segment(s) proposed for the project. HOV facilities proposed must be consistent with the HOV Master plan. For Park-and-Ride facilities and Signal-Coordination/TSM Improvements, specify the site location. For Park-and-Ride projects, applicants must include a map of the site which demonstrates: (1) accessibility to a freeway or major highway; (2) that the site is served by transit. Proposed Park-and-Ride projects must be consistent with the Park-and-Ride Master Plan.

3. Project Start-up Date:

Indicate the projected start-up date of the proposed project. **THE PROPOSED PROJECT SHOULD BE IMPLEMENTED NO LATER THAN 180 DAYS FOLLOWING APPROVAL BY THE COMMISSION.** Approved projects not implemented within this timeframe may be subject to cancellation or decreases in approved funding.

4. Project Description:

Provide a detailed description of the proposed project.

a. Rail and Bus Security Projects

Applicants must provide a detailed description of the project. The project description must specify the category of project applied for and show that the project meets the criteria detailed in **Appendix A, Proposition C Rail and Bus Security Policy Guidelines**. Applicants should discuss the purpose and scope of the project and the projected impact/benefits to be realized. Applications will be judged based upon their meeting of funding criteria and of LACTC's Proposition C goals.

b. Commuter Rail/Transit Center Projects

Applicants must provide a detailed description of the project which adheres to the definitions outlined in **Appendix A: Proposition C Commuter Rail/Transit Center Policy Guidelines**. Applicants should discuss the purpose and scope and the projected impact/benefits to be realized. Applications will be judged based upon their meeting of specific requirements for funding under the appropriate project category and LACTC's Proposition C goals.

c. Transit-Related Improvements to Freeways and Major Streets

Applicants must provide a detailed project description. The project description must specify the category of project applied for and show that the project meets the criteria detailed in **Appendix B: Proposition C Transit-Related Improvements to Freeways and Major Streets**. Applicants should discuss the purpose and scope of the project and the projected impact/benefits to be realized. Application for HOV and freeway-related Incident-Management Programs will be given priority. However, all projects will be judged based upon their meeting of funding criteria and LACTC's goals. For Local TSM projects, technical information should be provided, in accordance with technical criteria developed and issued at the time of the application process.

5. Project Administration:

Provide information on how the program is to be administered. Discuss roles/responsibilities for day-to-day project activities and for project-monitoring and reporting. On coordinated projects, identify lead agency.

C. SECTION III - BUDGET WORKSHEETS 1, 2 AND 3

Applicants must complete Budget Worksheets 1, 2 or 3, as applicable.

- ° Applicants for Rail and Bus Security projects must complete Worksheet 1.
- ° Applicants for Commuter Rail/Transit Center projects must complete Worksheet 2.
- ° Applicants for Transit-Related Improvement projects must complete Worksheet 3.

Applicants must provide detailed budget information to include both, capital and operating, expenses for the proposed projects, as applicable.

Budget Worksheet 1: Rail and Bus Security

Budget Worksheet 2: Commuter Rail/Transit Center Projects

Budget Worksheet 3: Transit-Related Improvement Projects

1. Provide name of local jurisdiction or agency applying for funding (same as Section I.1 - General Information).
2. Indicate Fiscal Year (FY) for which the fund application is made.
3. Indicate the projected starting date of the proposed project (same as Section II.3 - Project Information).
4. Indicate category of the Rail and Bus Security project applied for, by placing a checkmark on the appropriate line.

A. PART I - PROJECT EXPENSE INFORMATION

1. Operating Expenses

Indicate all estimated expenses for the project. If the duration of the project is to be longer than one year, indicate the projected and planned expenses for all project years. Applicants should also include current project expenses (if project already underway), if applicable.

- a. Indicate costs incurred for planning, prior to actual project implementation.

- b. Indicate proposed costs incurred for engineering, prior to actual project implementation. For engineering costs incurred following project implementation, include these costs under "Administration."
- c. Estimated, proposed, ongoing, administrative expenses which will be incurred for the duration of the project. Administrative costs should include: personnel salaries and benefits, marketing, insurance, supplies, etc.
- d. Include any other relevant operating costs associated with the project (not already included) and specify the nature of the expense.

Total all proposed operating costs associated with the project (rows a - d) for all fiscal years, as applicable.

2. Capital Expenses

Indicate all applicable capital expenses proposed for the project. If the duration of the project is expected to exceed one year, indicate projected and planned expenses for all project years.

Capital Expense Categories:

- a. Equipment - Costs for equipment necessary to implement a project. Equipment could include: office equipment, security and surveillance equipment, etc.
- b. Lease/Purchase of Vehicle(s) - Costs associated with lease or purchase of vehicles for project use.
- c. Lease/purchase of Building(s) - Costs associated with lease or purchase of building(s) or facilities for project use.
- d. Lease/acquisition of Land - Costs associated with lease or purchase of land or rights-of-way for project development or use.
- e. Construction/rehabilitation - Costs associated with capital construction/rehabilitation of facilities (i.e., Transit Centers, Park-and-Ride lots, Rail stations, HOV lanes, etc.)

B. PART II. PROJECT REVENUE INFORMATION

Indicate projected sources of revenue for the project. Projected and planned revenues must be provided for projects which go beyond one year.

CATEGORIES OF PROJECT REVENUE - ELIGIBLE APPLICANTS/RECIPIENTS:

1. PROPOSITION A:

- a. 25% Local Return (local jurisdictions)
- b. 40% Discretionary (Transit Operators/local jurisdictions)

2. PROPOSITION C:

- a. 20% Local Return (local jurisdictions)
- b. 40% Discretionary (transit operators, local jurisdictions, CALTRANS)
- c. 5% Rail and Bus Security (LACTC, Transit Operators, cities, CALTRANS, CHP)
- d. 10% Commuter Rail (LACTC, Transit Operators, cities, CALTRANS, TMAS/TMOS)
- e. 25% Transit-related Improvements to Freeways and Major Streets (CALTRANS, cities, Transit Operators, CTS)

3. OTHER REVENUE SOURCES:

- a. TDA Article 4/included Transit Operators
- b. STAF/included transit operators
- c. UMTA Section 9/included Transit Operators
- d. Other (Please indicate other revenues to be used to fund the project, either from public or private sources.)

SECTION I - GENERAL INFORMATION

(This section must be completed by all applicants applying for Proposition C funding for 5% Bus and Rail Security, 10% Commuter Rail/Transit Centers, 25% Transit-Related Improvements to Freeways and Major Streets.)

1. **Applicant:** _____

2. **Contact Person:** _____

Title: _____

Telephone Number: _____

Address: _____

3. **Funding Category:** _____

(Type of Prop. C project) _____ Rail and Bus Security

_____ Commuter Rail/Transit Centers

_____ Transit-Related Improvements to Freeways and Major Streets

4. **Duration of the Project:** _____

5. **Total Prop. C funding requested:** \$ _____

_____ Rail and Bus Security

\$ _____
_____ Commuter Rail/Transit Centers

\$ _____
_____ Transit-Related Improvements to Freeways and Major Streets

SECTION II - PROJECT INFORMATION

(This section must be completed by all applicants applying for Proposition C funding for 5% Rail and Bus Security, 10% Commuter Rail/Transit Centers, 25% Transit-Related Improvements to Freeways and Major Streets.)

1. Projected Participant(s)

2. Project Site Location:

3. Project Start Date: _____

4. Project Description: (Use additional sheets, as necessary.)

5. Project Administration:

SECTION III
BUDGET WORKSHEET 1

Rail and Bus Security

(This worksheet must be completed by all applicants for Rail and Bus Security)

1. Applicant: _____ 2. *Fiscal Year _____
3. Project Start Date: _____
4. Category of Project: _____
- _____ a. New Rail Line Security
 - _____ b. Rail Security Incentives
 - _____ c. Transit Service and Support Facilities
 - _____ d. Special Demonstration Projects
 - _____ e. Security Contingency Reserve

PART I. PROJECT EXPENSE INFORMATION:

	Current Budget (if applicable)	*Proposed Budget FY _____	Projected FY _____	Planned FY _____
OPERATING EXPENSES				
a. Planning	\$	\$	\$	\$
b. Administration				
c. Other				
TOTAL OPERATING EXPENSES	\$	\$	\$	\$

Sect. III - Budget Worksheet 1 - Part I Project Expense Information (Cont.)	Current Budget (if applicable)	*Proposed Budget FY _____	Projected FY _____	Planned FY _____
CAPITAL EXPENSES				
a. Equipment				
b. Vehicle(s) lease/ purchase				
c. Building lease/purchase				
d. Land lease/acquisition				
e. Construction/ Rehabilitation				
f. Other				
Total Capital Expenses	\$	\$	\$	\$
TOTAL PROJECT BUDGET				

PART II. PROJECT REVENUE INFORMATION:

PROJECT REVENUE	Current Revenue (if applicable)	*Proposed Budget FY _____	Projected FY _____	Planned FY _____
1. PROP. A: a. Local Return	\$	\$	\$	\$
b. Discretionary				
2. PROP. C: a. Local Return				
b. Discretionary				
c. Rail and Bus Security				
3. TDA ARTICLE 4				
4. STAF				
5. UMTA SECTION 9				
6. OTHER				
TOTAL PROJECT REVENUE	\$	\$	\$	\$

SECTION III
BUDGET WORKSHEET 2

Commuter Rail/Transit Centers

(This worksheet must be completed by all applicants for Commuter Rail/Transit Center funds.)

1. Applicant: _____ 2. *Fiscal Year: _____
3. Project Start Date: _____
4. Category of Project: _____ a. Commuter Rail (Capital)
 _____ b. Commuter Rail (Operating)
 _____ c. Transit Centers
 _____ d. Park-and-Ride Lots
 _____ e. Freeway Bus Stops

PART I. PROJECT EXPENSE INFORMATION:

	Current Budget (if applicable)	*Proposed Budget FY _____	Projected FY _____	Planned FY _____
OPERATING EXPENSES				
1. Planning/Design	\$ _____	\$ _____	\$ _____	\$ _____
2. Engineering				
3. Construction				
4. Administration				
5. Other				
TOTAL OPERATING EXPENSES	\$ _____	\$ _____	\$ _____	\$ _____

Sect.III - <u>Budget Worksheet 2</u> - Part I Project Expense Information (Cont.)	Current FY _____	*Proposed FY _____	Projected FY _____	Planned FY _____
CAPITAL EXPENSES				
1. Vehicle(s)				
2. Rights-of-way improvements				
3. <u>Facilities:</u>				
a. Engineering				
b. Construction				
4. Land/Acquisition				
5. Equipment				
6. Other				
TOTAL CAPITAL EXPENSES				

PART II. PROJECT REVENUE INFORMATION:

PROJECT REVENUE	Current Revenue (if applicable)	*Proposed FY _____	Projected FY _____	Planned FY _____
1. PROP. A:				
a. Local Return	\$	\$	\$	\$
b. Discretionary				
2. PROP. C:				
a. Local Return				
b. Discretionary				
c. Commuter Rail/Transit Centers				
3. TDA ARTICLE 4				
4. STAF				
5. UMTA SECTION 9				
6. Other				
TOTAL PROJECT REVENUE	\$	\$	\$	\$

SECTION III
BUDGET WORKSHEET 3

Transit-Related Improvements to Freeways and Major Streets

(This worksheet must be completed by all applicants for funding of transit-related improvements.)

1. Applicant: _____ 2.*Fiscal Year: _____
3. Project Start Date: _____
4. Category of Project: _____ a. HOV/Transitway Program
 _____ b. TDM Marketing
 _____ c. Peak-Hour Truck Regulation
 _____ d. Incident Management
 _____ e. Park-and-Ride Facility
 _____ f. Signal Coordination/TSM Improvements

PART I. PROJECT EXPENSE INFORMATION:

OPERATING EXPENSES	Current Budget (if applicable)	*Proposed Budget FY _____	Projected FY _____	Planned FY _____
1. Planning	\$	\$	\$	\$
2. Administration				
3. Other				
TOTAL OPERATING EXPENSES	\$	\$	\$	\$

Sect. III - Budget Worksheet 3 - Part I Project Expense Information (Cont.)	Current Budget (if applicable)	*Proposed Budget FY _____	Projected FY _____	Planned FY _____
CAPITAL EXPENSES				
1. Equipment				
2. Vehicle(s) lease/ purchase				
3. Building rental/ lease				
4. Land/building acquisition				
5. Construction/ rehabilitation				
6. Other				
Total Capital Expenses	\$	\$	\$	\$
TOTAL PROJECT BUDGET				

PART II. PROJECT REVENUE INFORMATION:

PROJECT REVENUE	Current Revenue (if applicable)	*Proposed Budget FY _____	Projected FY _____	Planned FY _____
1. PROP. A: a. Local Return	\$	\$	\$	\$
b. Discretionary				
2. PROP. C: a. Local Return				
b. Discretionary				
c. Transit-related improvements				
3. TDA ARTICLE 4				
4. STAF				
5. UMTA SECTION 9				
6. OTHER				
TOTAL PROJECT REVENUE	\$	\$	\$	\$

PROPOSITION C GUIDELINES

RAIL AND BUS SECURITY

I. INTRODUCTION

Five percent (5%) of the revenue from the $\frac{1}{2}$ cent sales and use tax is to be used to improve and expand Rail and Bus Security. Approximately \$20 million dollars will be available annually for this funding category.

II. PURPOSE AND OBJECTIVES OF THE PROGRAM

- To provide funding incentives for those projects which improve security in public transit services of the County of Los Angeles;
- To encourage a secure riding environment for transit users;
- To encourage the use of local transit funds for transit security activities and programs of regional significance and benefit.

III. ELIGIBLE USERS OR APPLICANTS

- LACTC
- Public Transit Operators
- County of Los Angeles and local municipalities
- CALTRANS
- California Highway Patrol

IV. EXAMPLES OF ELIGIBLE PROJECTS/USES

- A. Security for New Rail Line(s) - LACTC may use the funding category to provide the security portion of the operating budget for the initial two years of operations on a new Rail-operating segment (light Rail, heavy Rail, or Commuter Rail). This should be during the period of time that the project is being operated, under a special operating agreement with the Commission. The operating agreement must contain a security plan approved by the Commission. In determining the level of Rail security to be funded from this source, the Commission will consider such criteria as the severity of the anticipated security problems, the affected ridership, the cost-effectiveness of the security measures, and other appropriate factors.

- B. Years 3rd, 4th, and 5th's Rail Security Incentives - This category may be used by LACTC to provide a monetary incentive to operators to allocate formula, or other operator monies, to continued high security on a Rail line, after the initial operating agreement with LACTC has ended. LACTC may fund from this category up to 25%/15%/10% of the security portion of the Rail line's operating budget for years three, four, and five, respectively. In order to receive this funding, the Rail line's security must be maintained at a level mutually agreed upon by the operator and LACTC.
- C. Security Improvement of Transit Services and Support Facilities - Funding may be provided, on a discretionary basis, for security on specific Bus and/or Rail services and support facilities. Support facilities may include: Park-and-Ride lots, bus stops, Transit Centers/stations, property being held for future transit uses such as Rail rights-of-way, future station sites, etc. One-time grants may be provided for capital facilities required to support transit security operations.

Applicants must demonstrate in the application the security needs for each transit line or support facility. The LACTC may require that these security needs be addressed as part of an overall security plan, mutually agreed upon by the agency and LACTC. The funds must be used to provide **additional** security services and may not be used to replace existing security funding from other sources. Applicants shall describe the nature of the security activities that will be implemented and an estimate, in measures that can be quantified, of the security improvements that will be achieved.

Funding requests for security for Bus, Rail, and related support facilities will be evaluated using the following criteria as guidelines:

- Severity of the security problems;
- Level of affected transit ridership/usage of the facility;
- Cost of the security measures;
- Matching contributions of funds from other sources;
- Ability of the security measures to create a secure riding environment, ensure community confidence, and attract new riders to the transit system;
- Cost-effectiveness of the security measures;

- Effectiveness of the security measures in addressing significant community concerns; for example, along vacant Rail rights-of-way.

D. Special Demonstration Projects - Funding may be provided, on a discretionary basis, for special security projects designed to test the potential for obtaining improvements in security or to meet specific community security concerns. This could include assessment studies of security needs. Projects approved under this category will be funded one time only, for one or two years. Eligible applicants must demonstrate new security programs or new applications of existing security programs to target a specific security need. Projects will be evaluated on their potential application to regionally-significant security needs.

E. Security contingency reserve - LACTC may fund up to 100% of supplemental security for Rail transit facilities during the construction phase, to augment security provided by the contractor(s). This may also include providing security for facilities during promotional community events. Use of monies for these purposes shall only occur when special circumstances require supplemental security, beyond that being provided by the project budget or by the contractor.

At its discretion, the Commission may adjust and interpret the above categories and funding levels, to adapt to special funding situations and opportunities as they arise.

V. INELIGIBLE PROJECTS/USES

Security activities with existing funding sources currently in place (e.g., where Prop. C funds would replace existing funding).

Any security activities or facilities not directly related to transit service.

VI. ADMINISTRATIVE AND ACCOUNTING PROCESS/FUNDING DISBURSEMENT

Funding will be disbursed quarterly. Recipients will be required to submit quarterly reports to the Commission, detailing expenditures to-date and project status. Quarterly reports will be due on the last day of the months of October, January, April, and July. Funds may be withheld from approved recipients, if quarterly reports are not completed and submitted on schedule.

VII. PROJECT SUBMITTAL AND APPROVAL PROCESS

The LACTC may allocate funds for all project categories, at its discretion. Users of discretionary funds must submit an

application, with appropriate documentation, to the LACTC. (Application forms will be available at the LACTC.)

A. Timing of Submittals

Applications for **Discretionary** projects are due on an annual basis and are subject to review and approval by the Commission. Except for Fiscal Year 91-92, **ALL APPLICATIONS MUST BE RECEIVED NO LATER THAN APRIL 1ST**, to receive approval and funding by July of the next fiscal year.

B. Duration of Incentives Projects

Each approved project will be funded for no less than one year and may be funded for a period of up to three years. Multi-year projects will be formally evaluated annually by the Commission and continued funding will be based upon the continued achievement of project objectives.

VIII. REPORTING AND AUDITING REQUIREMENTS

Quarterly reports will be required, as described in Section VI. Included operators must reference applications in their annual short-range transit plans and updates.

IX. UNCOMMITTED FUNDS

Jurisdictions shall be encouraged to use their local return funds, before applying for Prop. C Rail and Bus Security monies. In order to be eligible for Prop. C Rail and Bus Security monies, local jurisdiction must demonstrate that at least 50% of committed Proposition A and C local return funds are programmed for eligible projects in the current fiscal year.

X. DOCUMENTATION OF COORDINATION AND CONSOLIDATION

Proposed projects are required to document coordination, where appropriate, with the existing transit services and with participating local government, as evidenced by executed agreements, joint resolutions, approved implementation plans, or other documentation.

PROPOSITION C - 10% COMMUTER RAIL/TRANSIT CENTER FUNDS

GUIDELINES FOR FUND USE AND ALLOCATION

I. INTRODUCTION

Ten percent (10%) of the revenue from the $\frac{1}{2}$ cent sales and use tax will be used to increase mobility and reduce congestion by providing additional funds for Commuter Rail and for the construction of Transit Centers, Park-and-Ride lots, and Freeway Bus Stops.

II. ELIGIBLE USERS AND APPLICANTS

All funds will be approved by the LACTC.

Commuter Rail budgets will be developed by the LACTC Commuter Rail staff for Los Angeles County's portion of capital and operating costs. These budgets will be approved by the Southern California Regional Rail Authority. The approved Joint Powers Authority budget will be forwarded to the LACTC for approval.

The LACTC Area Teams will coordinate the development of the Congestion Management Plan and the Park-and-Ride Master Plan. Transit Centers, Park-and-Ride Lots and Freeway Bus Stops identified in these plans are eligible for funding. Eligible applicants can apply for funds, which will be allocated by the LACTC Area Teams based upon consistency with these plans.

The following agencies/entities are eligible to apply for these funds:

- LACTC
- Local Municipalities in Los Angeles County
- Public Transit Operators
- CALTRANS
- Transportation Management Associations/Ridesharing Agencies

III. ELIGIBLE PROJECTS AND USES

DEFINITIONS:

A. Commuter Rail

The Commuter Rail service is operated over existing Rail rights-of-way which may be shared with freight and inter-city Rail service. The service is initially operated with

locomotives pulling or pushing passenger vehicles. Capital costs associated with Commuter Rail include vehicle and procurement of vehicle equipment, rights-of-way improvements (track and other track material, bridges, grade-crossing protection, maintenance equipment and signal systems), Rail facilities (including environmental clearance, design and construction of maintenance, layover, operator, dispatch, and administrative facilities), and land acquisition. Cities interested in developing Commuter Rail stations must fund the stations with local money, although additional funds may be available from the portion of Commuter Rail/Transit Center funds that are allocated for Transit Centers, Park-and-Ride lots and Freeway Bus Stops. Commuter Rail operating costs may also come from this source of funds.

B. Transit Centers

A Transit Center is a facility where bus lines focus subregionally, to enhance transfers between these lines and other routes and modes of transportation. The modes that converge at a Transit Center must be coordinated from an operational perspective, to take full advantage of the capital investments. **Where feasible, the Transit Center should be located at existing, or future, Rail stops.** A Transit Center in most instances will have parking areas as a component of the facility; however, in congested urban areas this may not be required.

Capital costs associated with Transit Centers include facility clearance, design and construction, as well as access improvements (including signage, signal and street/highway improvements, and handicapped-access improvements) at a reasonable distance from the Transit Center facility. Other costs that may be associated with a Transit Center and may be eligible under these Guidelines include: facility amenities such as landscaping, pedestrian-access improvements, bike lockers, and other amenities that may be appropriate.

C. Park-and-Ride Lots

Park-and-Ride lots differ from Transit Centers in that they may not have access to Rail transit. Additionally, by definition, Park-and-Ride lots must provide patron-parking areas. Park-and-Ride lots must also be used exclusively by transit and ride-sharing patrons (including vanpools, carpools and buspools), during normal working hours. Shared use of Park-and-Ride lots is acceptable during non-working hours or where the Park-and-Ride lot is part of a joint development project where private funds paid for the use of a specific number of the parking spaces.

D. Freeway Bus Stops

Where a freeway bus stop is incorporated into a Transit Center or Park-and-Ride lot, Commuter Rail/Transit Center funds will be eligible to fund such a project. However, if the freeway bus stop is solely a component of a freeway improvement such as freeway widening or HOV lane development, the freeway bus stop will have to be funded by an alternate source of funds, such as the 25% of Proposition C funds dedicated to Transit-Related Improvements to Freeways and Major Streets.

IV. ELIGIBLE USES

These funds are eligible for capital costs for projects that fit the above definitions. Additionally, these funds are eligible for Commuter Rail operating costs. Also eligible are costs associated with the above-listed projects including, but not limited to, the following: reasonable administrative and planning costs, environmental clearance and mitigation costs attributed to the project, design and design-review costs, publicizing and marketing for new eligible projects.

Transit Centers and Park-and-Ride funds are only eligible for **capital** projects, and not for maintenance of eligible projects. Maintenance costs for these projects must come from alternate sources of funds. However, these funds can be used for rehabilitation or expansion of eligible projects. Rehabilitation of eligible projects will be screened in the selection process, to define the difference between the **rehabilitation** and the **maintenance** of an existing project. Where the need for expansion is justified, these funds can be used to expand existing facilities. An existing, locally funded, facility may need expansion due to its regional draw of Commuters. The expansion of such a facility can be paid for with these funds.

V. FUNDING ALLOCATION

A. Commuter Rail

The implementation of a Commuter Rail system will require added capital funds that are not ongoing capital costs. The implementation period is likely to be until late 1995 when the final line (Riverside-Los Angeles) is scheduled to begin service.

After the initial implementation period, the percentages designated to the different project types will change to address needs. Initially, up to 75% of the available funds will go to capital projects for Commuter Rail implementation.

B. Transit Centers, Park-and-Ride Lots, Freeway Bus Stops

At a minimum, 25% of the available funds will go to capital costs associated with the development of Transit Centers, Park-and-Ride lots and Freeway Bus Stops. The percentage available for these types of projects will increase after the implementation of the Commuter Rail project.

Allocation will be on a competitive basis, developed with the Congestion-Management Plan and the Park-and-Ride Master Plan. A new facility must be identified in, either the CMP, or the Park-and-Ride Master Plan, to be eligible for these funds. Other considerations will include: coordination between services, amount of other funding sources, joint development opportunities, and the use of currently-owned property. Thus, a local municipality that spends its own funds for the development of an eligible facility (such as a Commuter Rail station or eligible Park-and-Ride lot) can use that expenditure as local match for future funds to enhance the facility.

Overall, allocations will be reviewed every two years, to determine whether the most critical needs are being funded.

PROPOSITION C

TRANSIT-RELATED IMPROVEMENTS TO FREEWAYS AND MAJOR STREETS

I. INTRODUCTION

Twenty-five percent (25%) of the revenue from the ½ cent sales and use tax will be used to provide essential Countywide transit-related improvements to freeways and State highways. To facilitate transit flow, the operation of major streets and freeways will be improved by providing preference and priority for transit. Traffic signals may be synchronized and coordinated and "smart street" corridors may be created on those corridors served by public transit. Transportation Systems Management techniques which assist transit services may also be funded. Transportation improvements on freeways and state highways may include transitways and other improvements to facilitate and expedite flow of transit and ride-sharing vehicles, and carpools.

II. OBJECTIVES OF PROGRAM

Use of these funds will be devoted to transit-related highway improvements in congested corridors.

Priority will be given to a coordinated HOV program and freeway-related incident-management program, because of the critical region-wide need for these systems and the fundamental support function these systems provide for other major region-wide programs (e.g., ridesharing, SCAQMD's Regulation XV, Smart Streets, and Bus transit expansion).

Prop. C funds, programmed for State highway/freeway and local arterial streets transit-related improvements, should be programmed in a way that maximizes the use of other revenue sources (e.g., FCR, TSM, and local highway funds).

III. ELIGIBLE APPLICANTS

Facilities

- LACTC
- CALTRANS - consistent with HOV Master Plan
- Cities and the County, for Regionally- significant projects
- Transit Operators - consistent with the Park-and-Ride Master Plan

TDM Component (Park-and-Ride and HOVs)

- LACTC
- Commuter Transportation Services
- Other entities that could provide specialized marketing and promotion to coincide with opening of HOV lanes and Park-and-Ride facilities, including Transit Operators

IV. EXAMPLES OF ELIGIBLE USES

A. HOV/Transitway Program

The HOV/Transitway element includes construction of facilities as well as targeted TDM and employer marketing programs and other related support activities to be coordinated with the opening of the HOV/Transitway facilities.

1. Facilities

The criteria for priority selection of HOV/ Transitway projects in congested corridors is as follows:

- a. Corridors not to be served by Metro Rail mass transit by the year 2000;
- b. System connectivity;
- c. Cost-effectiveness;
- d. Safety;
- e. Projects that add new lanes rather than taking away existing lanes;
- f. Projects that reflect community, and Area Teams, input;
- g. Projects that provide maximum benefits, as opposed to constructing "easy" projects first.

2. Transportation Demand Management (TDM)

- a. Funding of HOV and related Park-and-Ride facilities will include funding for specialized targeted TDM programs, employer marketing, outreach, and support services.

A specialized corridor marketing component, timed to coincide with the opening of HOV lanes, will be implemented, to maximize the use of the HOV system and to provide maximum congestion relief.

- b. One-time expenditures, or start-up costs, for the demonstration of peak-hour truck-regulation programs.

B. Incident Management Program

Priority will be given to the development of systems and programs that:

1. Address congested corridors during peak commuting periods;
2. Improve incident detection, verification, and response time on freeways;
3. Provide for the rapid removal of incidents from freeways;
4. Result in improved interagency coordination to address the rapid removal of incidents, both minor and major;
5. Provide real-time traffic information to the commuting public;
6. Coordinate countywide programs to educate commuters about available services and how to use them;
7. Develop new techniques and equipment to better manage incidents and congestion.

C. Park-and-Ride

A Park-and-Ride project must be accessible to the general public and must be consistent with the countywide Park-and-Ride Master Plan when developed; it will have to meet, at a minimum, the following criteria:

1. The location must be accessible to a freeway or major highway and promote ridesharing on that facility;
2. The location should be served by transit;
3. There must be a demand for a Park-and-Ride facility in the vicinity (i.e., there is overflow parking on local streets);
4. The sponsoring agency must be willing to provide for the ongoing maintenance and operation of the facility;
5. Project funding will include pre-opening marketing and promotion, including targeted carpool/vanpool formation efforts.

D. Signal-Coordination/TSM Improvements

Priority will be given to projects by local jurisdictions which relieve congestion in major travel corridors served by transit and involve the multi-jurisdictional coordination of traffic signals and other traffic controls, where appropriate, including, but not limited to, peak-hour parking prohibitions and coordinated freeway/surface street directional signing, where warranted. The sponsoring agency(ies) must be willing to provide for the ongoing maintenance and operation of the improvements. The Prop. C (25%) funds will be programmed on a 50/50 matching basis for local projects meeting the above criteria. These funds are for new or improved facilities that reduce congestion, and not for projects that restore or rehabilitate existing facilities (e.g., pavement restoration).

Typical projects include, but are not limited to:

1. Signal-System Coordination/Synchronization;
2. Freeway/arterial street smart corridors;
3. Preferential signal-timing for transit vehicles;
4. Added HOV bypass lanes on freeway on-ramps;
5. Added turn lanes for HOVs on arterial streets which lead to HOV lanes on freeways or freeway on-ramps;
6. Bus bays, curb lane widening, intersection widening and related improvements on arterial streets, when developed as part of a comprehensive coordinated corridor program;
7. The provision of HOV lanes and related improvements on arterial streets;
8. Improvements that serve transit, that had a previous commitment of Regional FAU funds.

PROPOSITION C

40% DISCRETIONARY GRANT PROGRAM

POLICY AND ADMINISTRATIVE GUIDELINES

ADOPTED MAY 27, 1992

LOS ANGELES COUNTY TRANSPORTATION COMMISSION

PROPOSITION C 40% DISCRETIONARY POLICY GUIDELINES:

- * RAIL SYSTEM CAPACITY EXPANSION
- * MANDATED PROGRAMS
- * SERVICE QUALITY AND CUSTOMER CONVENIENCE

(Adopted May 27, 1992)

Candidates for Discretionary funding fall into four major eligibility groups: (1) Bus System Expansion projects, (2) Guideway System Expansion projects, (3) Service Quality and Customer Convenience projects and (4) Mandated Program Projects. Since this portion of Proposition C is totally discretionary, the Commission can distribute these funds as it deems appropriate; with the exception that no Discretionary funds can be spent on the construction of Metro Red Line MOS-1 and MOS-2.

I. Discretionary funding goals common to all eligibility groups

- Strengthen and improve the regional transportation system.
- Promote an integrated, coordinated transportation network throughout Los Angeles County, as represented by the goals and objective set forth by the Commission.
- Implement and/or improve service in a cost efficient manner (i.e. a proposed project's success in achieving the eligibility group's goals).
- Encourage the maximizing and leveraging of federal, state and local funding sources.
- Maximize use of Proposition C funds by applying the Discretionary funds to projects that have exhausted all other reasonable funding opportunities. Proposition C Discretionary funds are designated "funds of last resort".

II. Discretionary funding goals specific to each eligibility group

A. Bus System Expansion projects.

- Expand bus system capacity by adding more service to existing bus service (including general public paratransit).

- Expand bus system capacity by providing service to an area (or patronage) not previously served by existing bus service.
 - Expand bus system capacity by reconfiguring service to an area.
- B. Rail System Capacity Expansion projects.
- Expand rail system by adding more service to existing guideways.
 - Expand rail system by providing new service to an area not previously served by existing guideways.
- C. Service Quality and Customer Convenience projects.
- Improve transit service quality and increase customer convenience and comfort (i.e., improve service reliability and speed).
 - Enhance access to transit and promote easy interface with other transportation modes including driving, walking, bicycling, and ridesharing.
 - Improve the cleanliness and appearance of transit vehicles, stations, stops and facilities.
- D. Mandated Program projects
- Enable the region to achieve compliance with the Americans with Disabilities Act (ADA) and the South Coast Air Quality Management Plan (AQMP).
 - Enable transit operators to achieve compliance with the ADA and the AQMP.

III. Project Eligibility

Eligible Projects: Criteria common to all eligibility groups

- A candidate project should advance most or all of the Discretionary funding goals common to all eligibility groups, as well as the funding goals of the eligibility group into which the project falls.

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- Leverage of non-Proposition C funds in any Discretionary Program funding request will be favorably evaluated.
 1. In those cases where projects are co-proposed under another Proposition C component, a local match may be required where appropriate. If a rail expansion project, for example, originally requesting funds under the Proposition C Commuter Rail and Transit Center Component requests additional Discretionary Program funding, a 25% local match could be required to receive Discretionary Program funding.
 2. Good faith efforts to provide local contributions are required. High local contributions are stressed and will be appropriately considered in project evaluation. Local contribution includes the TDA and TPM definitions, including auxiliary income.
 - The applicant must provide documentation and certification that all available funding sources have been committed and are unavailable for the project(s) requested. Funds committed for capital reserves and, in certain cases, prudent operating reserves can be included.
 - Financial capacity certification for all projects, as per Federal Transit Administration definitions and standards. Applicants must demonstrate current and future financial capacity to sustain all new operating costs. All capital projects are subject to the TIP review and approval process.
- A. Eligible Bus System Capacity Expansion Projects**
Policy guidelines adopted April 24, 1991; see attached guidelines.

B. Eligible Rail System Capacity Expansion Projects

- Priority will be given to funding all existing guideway operating (defined as Base Service) cost shortfalls not covered by previously dedicated sales tax revenues; and capital funding shortfalls prior to funding any service expansion or new guideway extension.
 1. Base or existing guideway service, will be defined as the level of annual service miles and hours determined by the Commission and the contracted guideway operator every two fiscal years. As guideway extensions are added, base service will be redefined under the terms set forth in each subsequent Rail Operating Agreement.
 2. For commuter (or heavy) rail, all Proposition C 10% Commuter Rail funds must be exhausted before any commuter rail projects can be eligible for Discretionary funding.
- All rail operating and capital costs, except construction costs for Metro Red Line MOS-1 and MOS-2, (base, extension and expansion) are eligible for Proposition C Discretionary funds.
 1. Rail Extensions involve major capital expansion (e.g., additional track miles.)
 - a. The Rail Construction Corporation and the Southern California Regional Rail Authority are the only agencies eligible to apply for rail extension funding.
 - b. Operators may apply for other types of alternative guideway extensions (e.g., electric trolley bus routes).
 2. Rail Expansion projects involve service enhancements along an existing-length guideway (e.g., headway reduction, service hour extension, and station modifications.)
 3. All demonstrated relevant expansion or extension operating costs are eligible for funding. These include: direct labor, propulsion power and overhead costs.

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4. Eligible Rail (or Guideway) Extension capital costs include:

- a. Right-of-way acquisition
- b. All EIR efforts and preliminary engineering
- c. Construction
- d. Rolling stock

5. Eligible Rail Service Expansion capital costs include additional marginal capital costs such as:

- a. Station modifications
- b. New stations
- c. Signalization improvements at grade crossings
- d. Facility modifications/expansion
- e. Grade separations
- f. Other capital expenses required to support increased service
- g. Vehicle rehabilitation and replacement of expansion vehicles are eligible after all other funding sources are exhausted.

- For all Rail Extensions, and Rail Expansion projects that are specifically aimed at increasing systemwide patronage, priority will be given to projects that demonstrate how:

1. Operating cost efficiencies and farebox recovery will improve from the base level of service over the life of the project (and/or demonstration period).
2. The service will have a lower local operating subsidy (from Proposition C funds only) than base rail service. Targets for local operating subsidy per linked rider will be established on a case-by-case basis.

C. Eligible Service Quality and Customer Convenience Projects

- All capital and operating expenditures to improve and augment existing services are eligible. These include, but are not limited to:

- a. Service reliability projects
- b. Signal pre-emption and other transit flow

- projects
- c. Crowd and pass-up reduction projects
- d. Farebox equipment
- e. Passenger counters
- f. Bicycle parking and interface/access projects (including costs for lockers, racks, permit administration, marketing, station area circulation improvements and maintenance)
- g. Transit station and park-&-ride lot improvements
- h. Transit stop improvements
- i. Graffiti prevention and removal projects

D. Eligible Mandated Program Projects

A Mandated Program is established by Commission action. Two such Mandated Programs exist today: ADA and Air Quality. Further Commission action can add further programs.

- To be eligible, a project must be related to the added extraordinary marginal cost of complying with either the ADA or the AQMP:
 1. Extraordinary marginal capital costs associated with ADA compliance. Extraordinary cost items are defined as those that increase the price of equipment or facilities by more than 20%. These cost include:
 - a. operators' capital and operations modifications to meet service, maintenance and administrative requirements which go beyond the current levels of accessible service delivery expectations;
 - b. mandated provision of complementary paratransit services which mirror the fixed route system for those individuals who cannot use that system;
 - c. provision of social service transportation beyond the current levels of social service delivery expectations

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- 1) The Consolidated Transit Services Agency (CTSA) was established under Government Code 159f50 et seq to coordinate social service transportation in Los Angeles County. Non-fixed route paratransit providers in Los Angeles County are not required to participate in the CTSA Paratransit Plan. However, by not participating, the operator may forego the opportunity to receive additional Commission operating assistance with complying with the ADA.

2. AQMP compliance costs associated with:
 - a. The marginal capital and operating cost (over a standard revenue or non-revenue vehicle) of an alternatively powered vehicle.
 - 1) The alternatively powered vehicle may either be new or retrofitted.
 - 2) Marginal operating costs include the cost differential in providing alternative fuel technology.

 - b. The marginal capital and operating costs associated with facility modifications that accommodate alternative fuels or power sources and alternatively powered fleet operations.
 - 1) Under some circumstances Electric Trolley Bus (ETB) operations, including the purchase and deployment of catenary, can be considered eligible (e.g., when the ETB operation essentially replaces a standard bus line operation).

 - c. The capital and operating costs that any public transit agency incurs in complying with AQMP requirements for employers.

- Following the mandate of the ADA, priority will be given to ADA applications for mainstream operations; paratransit is to provide a supplement, serving those who cannot be mainstreamed. Where applicable, funds for ADA projects are a supplement to Local Return funds for the

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purposes of complying with the ADA and providing supplemental paratransit services.

IV. Funding procedures

- Once a project for new or expanded service is approved, the Commission will commit to the level of funding provided for the specific project for the agreed demonstration period (one to three years.) Applicants must submit annual reports on project status prior to funding authorization for the next demonstration year. Each status report will be evaluated against the original project application. Any material deviations from the original project proposal and any substantial deviation from stated project objectives will be evaluated on an individual project basis. Based on the project annual performance review, the Commission can suspend or cancel any future demonstration funding (capital and operating.)
- Normally, operating and capital funds are provided as costs are incurred. However, funding can also be advanced under special circumstances. Project implementation is required within six months of the agreed schedule start-up date. If project start-up exceeds six months, the Commission can suspend, cancel or decrease project funding.
- Should the Commission decide to continue operating funding for the project beyond the demonstration period, funds will be provided annually, adjusted for inflation. Capital funds supporting these ongoing services are eligible projects for funding.
 1. Automatic growth adjustments beyond the demonstration period are subject to the same growth restrictions as those imposed on Proposition A Discretionary fund adjustments allocated to included municipal operators.
 2. Continued funding for Bus System Expansion projects will be pooled with other funds in the Proposition C Base service.
 3. Continued funding for Rail System Capacity Expansion projects will be incorporated into the Proposition C base service; permanent funding and new base service levels will be reflected in the subsequent two-year Rail Operating Agreement.

4. Where applicable, continued funding for Service Quality and Customer Convenience projects can be pooled with the base Proposition C service for either bus or rail.
5. Mandated projects shall be funded for marginal costs of extraordinary capital items on a one time per project basis. Funding may be provided for a single project over a multi-year period if the LACTC determines that such an arrangement is in the interests of countywide mobility.

V. Project Submittal and Approval Process

- **Applications:** Depending on the applicant, new or revised project applications will be submitted annually and approved or disapproved by the Commission policy board. Application forms, procedures and schedules will be distributed annually. Applications should contain the following information:
 - A. Details showing how the candidate project will advance the Discretionary funding goals listed in Section I of these guidelines as well as the funding goals of the eligibility group into which the project falls as listed in Section II.
 - B. Details showing how the candidate project will meet the applicable eligibility criteria listed in Section III for the eligibility group into which the project falls.
 - C. Certification that Proposition C Discretionary funds applied for under this category are supplemental to federal, State and existing local funding and revenue sources. Documentation and certification that all available funding sources have been committed and are unavailable for the project(s) requested. Applications should show additional funding sources including estimated farebox recovery - if there are any.
 - D. When applicable, for demonstration projects by bus and rail operators certification that Proposition A and Proposition C base service will be maintained by existing funding sources. Except when specified by the project itself, project funds will not subsidize existing services. For mandated projects

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by paratransit operators, analogous Maintenance of Effort certification that current service levels funded from Proposition A local return funds will be maintained.

- E. Full detail on capital and operating costs and revenue.
- F. An implementation schedule.
- G. Adequate information to support Commission funding analysis, but should not be an excessive administrative burden. Applications should be clear and concise. Application forms will request service statistics and other project parameters. In most cases will not require any operating statistics from fixed-route operators beyond that normally required for TPM and Section 15 submittal.
- H. Service delivery data such as:
 - * Linked and unlinked passengers
 - * Service hours and miles
 - * Headways
- I. A statement indicating that the submittal represents the agency's best estimates and that backup data is available should it be required.
- J. Project conformance documentation with all appropriate local, state and federal rules and regulations.
- K. Financial capacity certification for all projects according to Federal Transit Administration definitions and standards. Applicants must demonstrate current and future financial capacity to sustain all new operating costs.
- L. The final application must be approved by the applicant's governing board; however, a preliminary application may be submitted if it is signed by the Chief Executive Officer or General Manager. If the Board of Directors has transferred the authority for funding requests and service adjustments within the parameters of the proposal, the Chief Executive Officer's signature alone will suffice.

V. Reporting and Auditing Requirements

- All claimants will be subject to an annual audit and must comply with UMTA Section 15 reporting requirements.
- The operator must submit a project evaluation and financial review four months prior to the end of each funded year. Any proposed or foreseen changes to project scope, cost and schedule must be included in the evaluation.
 - A. The Commission will annually review and evaluate each demonstration project based on the agreed project performance criteria. The Commission will determine if the project should continue to receive demonstration funding and/or permanent funding.
 - B. Claimants receiving Proposition C base service funding (i.e., permanent Proposition C funding) must annually submit Transit Performance Measurement (TPM) reporting forms, and annual warranties will be required, as described in the Proposition A 40% Discretionary Guidelines.

LOS ANGELES COUNTY TRANSPORTATION COMMISSION
PROPOSITION C 40% DISCRETIONARY GUIDELINES

BUS SYSTEM CAPACITY EXPANSION COMPONENT
Adopted April 24, 1991

This document presents the Proposition C 40% Guidelines for the Bus System Capacity Expansion component only. Other eligible programs contained in the Interim Guidelines will be addressed at a later date.

I. Statement of Funding Intent

A. These funds are intended to accomplish several primary objectives:

- o Implement service that is cost effective (i.e., delivers high mobility per marginal subsidy dollar expended).
- o Encourage and reward improvements to cost effectiveness of the base transit system.
- o Strengthen and improve the regional transportation system.

B. The Proposition C Discretionary funds are to be the "funds of last resort." They are available only after all other funding opportunities have been exhausted.

II. Project Eligibility

A. Eligible Projects

1. **Bus Operating.** Projects eligible for funding under this component include new service and service expansion (e.g., headway reduction) projects which demonstrate regional system enhancement. Existing services not included within the Proposition A base service (e.g., projects funded with Proposition A 5% Incentive funds, Transit Service Expansion funds or other temporary funds) are also eligible when temporary funds are no longer available for that service. These services will be treated as a priority. Base service is ineligible for funding under this program.
2. **Bus Capital.** Projects eligible for funding under this component include expenses related to system expansion (e.g., new or expanded service). The highest priority are additional vehicles to meet service expansion noted above. Capital vehicle investments needed to operate base service are not eligible for this funding source. Vehicle

rehabilitation, new purchases and replacement of expansion vehicles are eligible after all other existing and potential funding sources are exhausted. On an exception basis, the Commission may approve a project as eligible if using local funds is demonstrated to be more cost-effective than the use of alternative funding sources.

The first one to three years of funding for expansion bus service is considered experimental. As a result, the LACTC should not commit to buying buses with 100% Proposition C discretionary funds for service that may not be ultimately successful. The following options are allowable for lease, rehabilitation and/or procurement of revenue vehicles:

- a. Applicant purchases revenue vehicles using local return funds or other local funding sources. Under this option, the applicant procures the vehicles and retains ownership. The local funds used to purchase revenue vehicles can be used to satisfy the local contribution requirement which is equal to 5% of the net operating budget or 25% Proposition A and C Local Return, whichever is less.
- b. Applicant may lease vehicles over the demonstration period, or have a contract operator provide vehicles over the demonstration period. The lease cost is an eligible expense.
- c. As a last resort, the Commission may allow Proposition C Discretionary funds to be used in procuring or rehabilitating vehicles with a useful life exceeding the demonstration period. Application review must consider this risk, placing a lower priority on such requests than other demonstration projects. Should the experimental service not receive an ongoing funding commitment from the LACTC, the applicant must pay back into the Proposition C fund the prorated share of remaining vehicle useful life.
- d. Applicant may calculate net present value of lease over the project demonstration period as an eligible cost, and use this funding along with other local funds to purchase a vehicle. In this case, the vehicle remains in local ownership after the demonstration period, whether or not the service receives ongoing

funding.

While other capital procurements may be deemed eligible, claimants are not encouraged to submit applications for projects unrelated to new or expanded service. Such applications are subject to determination of eligibility at the discretion of the Commission.

B. Minimum Criteria for Project Eligibility

1. Certification that all existing fund sources have been committed and are unavailable for the expansion services requested.
2. Demonstrate how 38% farebox recovery (plus local contributions) can be achieved by the end of the demonstration period.
3. Certification of full participation in the integrated countywide transportation system.
4. New service proposed should require less than the countywide weighted average local subsidy per linked rider (local subsidy = Proposition A and C subsidy, excluding Local Return funds) after the demonstration period. The countywide weighted average will be calculated using the included operators, LADOT, the County and Foothill Transit. Other applicants may be included over time. LACTC may exclude some service types (e.g., feeder service) from this requirement in the interest of improving network integration.
5. Good faith efforts to provide local contribution is required for all project proposals. The amount desired is the systemwide average local fund contribution as a percent of net operating costs in FY 91, local contribution requirement which is equal to 5% net operating budget, or 25% of Proposition C Local Return funds, whichever is less, in addition to Proposition A Discretionary MOE. Local contributions higher than desired, and improved cost-effectiveness will be considered in the project evaluation. Local contribution includes the TDA and TPM definitions, including auxiliary income.
6. Financial capacity certification for all projects, as per the UMTA requirements and process. (Applicants must demonstrate current and future

financial capacity to continue operating the new/expanded service). All capital projects are subject to the TIP review and approval process.

C. Funding Procedures

Once a project for new or expanded service is approved, the LACTC will commit to the level of funding provided for the specific project for a demonstration period of between one and three years. Applicants must submit interim reports on results annually, prior to funding authorizations for each year of the demonstration. In the event that service and/or passenger results significantly deviate from the proposal submitted, operating funds may be terminated at the end of any fiscal year prior to demonstration period completion. Capital funds must be repaid to the Commission, based on a prorated share of useful life remaining.

Operating funding begins when costs are incurred relative to service. Capital funds begin once expenses are incurred. If an approved project is not implemented on schedule, the Commission may prorate funding for the project based on the actual start-up date. If not implemented within six months of the scheduled start-up date on the application, the Commission reserves the right to cancel the funding agreement. The project demonstration period, and total funding, will remain intact if the project is implemented within six months of proposed start-up.

Should the Commission decide to continue funding for the service expansion/new service project beyond the demonstration period, operating funds will be provided for the service annually, growing at the rate of inflation to the extent that growth in Proposition C funds is at least equal to the rate of inflation. Applicants funded under this approach will be required to provide the warranties and other commitments for the service consistent with all Proposition A Discretionary Guidelines for the base service level. Capital funds supporting these ongoing services are eligible projects for funding.

III. Project Submittal and Approval Process

- A. Applications. New or revised project applications will be submitted annually and approved or disapproved by the Commission policy board. Application forms, procedures and schedules will be distributed annually. Applications must reflect a specific service improvement, including

route and level of service.

B. Approval Criteria. Approval shall be given to expanded and new services meeting LACTC-adopted criteria. Criteria include:

1. Marginal linked riders per marginal subsidy dollar (i.e., cost effectiveness of the service proposed);
2. System integration improvements (e.g., feeder service, system connectivity, express service using HOV facility investments);
3. Congestion relief (e.g., bus overcrowding, congested corridors service expansion);
4. Service redeployment efforts which measurably improve the cost effectiveness of the base system funded under Proposition A (i.e., improved cost effectiveness of existing subsidy dollars);
5. Leveraging and attracting new funding into the region (e.g., new public or private funding sources);
6. Geographic coverage (e.g., completeness of the regional transportation system);
7. Regional significance of the proposed service; and
8. The amount of local contribution (as defined in TDA and TPM guidelines) committed to the proposed expansion project is a criteria for evaluation.

New and expanded service project proposals will compete with one another based on performance against the above noted criteria. The 14 operators receiving Proposition A Discretionary funding for their "base" system are required to certify that the base will be maintained with existing funding sources.

Applicants must demonstrate that Proposition C Discretionary funds applied for under this category are supplemental to federal, State and existing local funding and revenue sources.

Service expansion project applications must include adequate information to support Commission funding analysis, but should not be an excessive administrative burden. Applications should be clear and concise. Operators must provide backup information if so requested by the LACTC.

C. Bus Operating. Applications must include the following information regarding a specific new or expanded transit bus service:

1. Definition of the route, headways by time of day, service hours and miles, and total estimated operating cost. Applications need not specify stop locations or specific schedule (i.e., arrival and departure time by stop). The LACTC service dispute process will continue to apply. Analysis of potential service duplication in the corridor proposed is to be included.
2. Projected new linked passengers to be carried by the proposed project. New linked passengers are determined by reducing estimates of total boardings by estimates of transfer boardings. Transfer boardings should be estimated by dividing the number of boardings using transfers by the population of those passengers who would require transfers to continue a trip (i.e., transfer boardings/(cash + tickets + transfer boardings)). If passes are available to riders, these boardings should be excluded from the calculation above (pass users do not need a transfer to continue a trip). The resulting transfer rate should be applied to all boardings (i.e., assumes pass users transfer in the same proportion as non-pass users).

Transfer rates may be developed on a systemwide or type of service basis, depending on the operator's data availability. Systemwide or type of service transfer rates may be adjusted based on operator expectations if reasons for differences are explained and justified.

In the case of projects intended to reduce overcrowding on existing transit services, the existing boardings above the LACTC-adopted countywide standard for overcrowding funding eligibility can be counted as new or marginal riders attracted by the service expansion. The conversion to linked passengers must apply to this group of boardings as well.

3. Estimated farebox recovery and other funding sources which will pay for the proposed project. Application must demonstrate that a minimum of 38% of the estimated operating cost can be recovered from new passenger fares and other local funding (farebox recovery requirement) for all new and expansion services by no later than the end of the

demonstration period.

4. A worksheet calculating the minimum local contribution requirement (maintenance of effort), and an indication of the actual amount of local contribution committed to the service expansion project. (See Attachment A).
5. Summary of internal resource redeployment plans, if any, to help fund the proposed service expansion project requested (i.e., redeploying existing resources from high cost and/or low productivity services to more cost-effective services), including the amount of resources redeployed available to support this project (i.e., hours, cost), and the expected net result in linked ridership (adjusted for loss in less productive services).
6. Summary of external redeployment plans, if any, to improve cost effectiveness and free up resources to help fund the service expansion request. External redeployment may include contracting for services with the private or public sector at a lower cost, and/or higher passenger productivity than internal results, and/or transferring responsibilities for specific services among operators. The amount of service redeployed, the net cost impact of the redeployment, and the expected linked ridership and funding impact of the effort are required in this summary.
7. Final net Proposition C funding required for the service expansion request, net change in linked passengers expected to result from both the redeployment and the new or expanded service, and a calculation of net linked passenger trips per additional Proposition C dollar requested is required.
8. A statement indicating that the submittal represents the agency's best estimates and that backup data is available should it be required.
9. The final application must be approved by the applicant's governing board; however, a preliminary application may be submitted if it is signed by the Chief Executive Officer or General Manager. If the Board of Directors has transferred the authority for funding requests and service adjustments within the parameters of the proposal, the Chief Executive Officer's signature alone will suffice.

- D. Bus Capital. All capital project applications are subject to the TIP review process and require UMTA financial capacity certification. In addition, applicants must certify that buses requested are not required for operation of base service funded from Proposition A resources. The capital request must be paired with an operating cost request, if funding for both is necessary.

Additional information required within the application includes:

1. Steps 1 through 4 of the operating component above are required. In Step 1, the number of vehicles required to provide the proposed service must be specified.
2. A listing of vehicles proposed for use in the project by type (e.g., articulated, 40 foot coach) and source (e.g., buses redeployed from other services, current active spares, energy contingency fleet, net additional vehicles required). The Fleet Inventory table from the Short Range Transit Plan (SRTP) guidelines may be used for this submittal.
3. A proposed approach and cost for gaining net additional vehicles required. As noted under Section II, new vehicle procurements are discouraged for demonstration projects. Options to be explored include delaying retirement of existing vehicles, leasing vehicles from other operators, leasing vehicles from the private sector, rehabilitating vehicles, and procuring new vehicles. Applicants should provide evidence of financial cost effectiveness for the option(s) selected.
4. Estimated revenues by source to fund the capital request is required. The Proposition C Discretionary funds needed to supplement all existing revenue sources is to be specified.
5. Steps 7, 8 and 9 of the operating fund request are required here as well. In the event that both capital and operating funds are requested, Step 7 calculations should include both capital and operating costs.

IV. Reporting and Auditing Requirements

All claimants will be subject to an annual audit and must

comply with federal UMTA Section 15 reporting requirements. In addition, claimants must annually submit Transit Performance Measurement (TPM) reporting forms, and annual warranties will be required, as described in the Proposition A 40% Discretionary Guidelines (Attachment B). All reporting will be on a route-by-route basis.

The operator must submit a service evaluation and financial review of the service four months prior to the end of the demonstration period. The review will compare actual results to the initial application, and must include passenger count results (linked and unlinked). Any changes to requests in funding for the future must be included in the evaluation. The LACTC will verify the results submitted and conduct its own evaluation of the project, including consideration of the project criteria and competing project results. The LACTC will determine whether or not funding should continue based on audit results. Note that funding may differ from that provided during the demonstration period based on service evaluation results.

PROPOSITION C DISCRETIONARY PROGRAM
ADMINISTRATIVE GUIDELINES

I. INTRODUCTION

On November 6, 1990, the voters of Los Angeles County approved Proposition C, a measure which increases the sales tax in the county by one-half percent. More than \$400 million in annual revenues will be used to expand and improve rail transit, bus transit, and paratransit services in the county. In addition, streets and highways heavily used by transit will receive operational improvements and better maintenance.

Proposition C stated that 40% of the funds raised through the half-percent increase--approximately \$160 million--would be set aside in a Discretionary account. LACTC staff will program the funds, subject to Commission approval, to projects needed to complete the integrated, countywide transit network. As approved by the Commission in the Proposition C General Principles, the Discretionary account consists of four components: Bus System Capacity Expansion, Rail System Capacity Expansion, Service Quality and Customer Convenience, and Mandated Programs.

II. PROPOSITION C PROGRAM GOALS

Proposition C Discretionary funding should:

1. Focus on the mobility needs of Los Angeles County, as set forth in the 30 Year Integrated Transportation Plan;
2. Direct resources to transit needs that do not otherwise receive funding from Proposition C accounts;
3. Encourage and reward cost-effective improvements to expanded service, customer convenience, safety and that improve air quality;
4. Encourage the maximizing and leveraging of federal, state and local funding sources;
5. Be applied as the funds of "last resort".

As the 30 Year Integrated Transportation Plan changes over time, projects completed and new unmet needs identified, LACTC priorities will change and the focus of Proposition C Discretionary funding will shift accordingly. Thus, at the Commission's direction the criteria set forth in both the Administrative and Policy Guidelines may change over time.

III. PROPOSITION C DISCRETIONARY PROGRAM FUNDING ELEMENTS

Applications for Proposition C Discretionary funding will be accepted for projects falling within the following components:

1. Bus System Capacity Expansion - For operating and capital projects that improve and expand bus service in the County;
2. Rail System Capacity Expansion - For rail capital and rail service expansion projects that demonstrate regional rail system enhancement;
3. Service Quality and Customer Convenience - For projects designed to increase customer comfort and improve convenience in using a multitmodal system;
4. Mandated Programs - For those capital and operating projects that are needed to achieve compliance with the Americans with Disabilities Act and the South Coast Air Quality Management Plan.

IV. GENERAL ELIGIBILITY APPLICATION REQUIREMENTS

To be eligible, all applicants must submit two completed copies of the application package, prepared in accordance with these guidelines, to the LACTC by April 1, prior to the fiscal year in which the funding is first requested. Any required documentation submitted after the deadline may not be given full consideration, jeopardizing final approval of the application.

Following staff review, applications, along with staff analyses and recommendations, will be forwarded to the appropriate Commission advisory committee for further review and approval. Committees will then forward applications to the full Commission for action. Full Commission action will be made in May of each year, and applicants will be notified of the Commission's final decision within fourteen (14) days of final action. Where feasible, this should provide the applicant with enough time to implement the project by July 1.

A. Eligible Applicants

1. Bus System Capacity Expansion

- * LACTC
- * Public Transit Operators

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- * Los Angeles County and Local Municipalities
- * Private, non-profit operators

2. Rail System Capacity Expansion

- * LACTC
- * Public Transit Operators
- * Los Angeles County and Local Municipalities
- * Private, non-profit operators

3. Service Quality and Customer Convenience

- * LACTC
- * Public Transit Operators
- * Caltrans
- * California Highway Patrol
- * Los Angeles County and Local Municipalities
- * Commuter Transportation Services
- * Transportation Management Associations/Ridesharing Agencies

4. Mandated Programs

- * LACTC
- * Public Transit Operators
- * Private, non-profit operators
- * Caltrans
- * Los Angeles County and Local Municipalities

B. Eligible Projects and Uses

Applicants should refer to the appropriate Policy Guidelines prior to consulting the Administrative Guidelines and submitting an application. The Policy Guidelines contain a detailed account of funding categories and more precise definitions of eligible capital and operating costs under Proposition C.

Discretionary funding.

While Proposition C Discretionary funds are intended as "funds of last resort", LACTC also recognizes the need for operators to retain prudent operating and capital fund contingencies.

On an individual case basis, the Commission will work with the applicant in determining a practical definition of "available non-Prop C funds" as well as reasonable operating and capital fund contingency levels.

1. BUS SERVICE CAPACITY EXPANSION

- a. Operating - New service or service expansion, such as headway reduction, that is not included in the Proposition A Base Service levels is eligible upon demonstration of regional system enhancement. In addition, applicant must show that temporary funding is not available for the service.
- b. Capital - Funding will be programmed for vehicle purchases made necessary by new or expanded service (vehicle rehabilitation, in special cases) and maintenance if all other potential funding sources are exhausted. Vehicle purchases made simply to maintain base level service are not eligible for service.

2. RAIL SYSTEM CAPACITY EXPANSION

a. Base Rail Service Expansion

i. Operating

- * All operating costs associated with expanded service: extended service hours and/or headway reductions are eligible.

All facets of existing light rail base service and service expansions will be presented in

the Rail Operating Agreement. This biennial operating agreement between the Commission and the RTD will (much like the current agreement expiring July 1992) outline an agreed level of service frequency and expansion over the term of the contract.

ii. Capital - Eligible projects include:

- * Station modifications;
- * New stations;
- * Signalization improvements at grade crossings;
- * Facility modifications/expansion;
- * Grade separations.

b. Rail Extensions

i. Operating - Eligible projects include:

- * Rail maintenance;
- * Other operating expenses associated with rail extensions.

ii. Capital - Eligible projects include:

- * Right of way acquisition;
- * All EIR efforts and preliminary engineering;
- * Construction;
- * Rolling stock.

3. SERVICE QUALITY AND CUSTOMER CONVENIENCE

Eligible projects for Discretionary funding include:

- a. Technological improvements such as:
 - * Farebox equipment;
 - * Passenger counters;
 - * Security equipment.
- b. Capital and operating improvements, such as:
 - * Bikeway construction and bicycle accommodations;
 - * Transit stations and park-and-ride lots;
 - * Graffiti prevention and removal;
 - * Customer information services;
 - * Security projects also eligible under Proposition C Rail and Bus Security.

4. MANDATED PROGRAMS

Eligible projects include:

- a. Extraordinary marginal capital and operating costs associated with implementing the Americans with Disabilities Act;
- b. Funding for LACTC's Consolidated Transit Services Agency (CTSA), including the annual paratransit and accessible service plans;
- c. Extraordinary marginal capital costs for retrofitting of alternatively powered transit vehicles;
- d. Extraordinary marginal capital and operating costs associated with facility modifications that accommodate alternative fuels and power sources.

All applications will be evaluated on a case-by-case basis. Because resources are finite, staff will select projects for funding based not solely on their individual merits, but by their performance in comparative analysis

with similar projects, including their abilities to meet the stated goals and priorities set forth in the 30 Year Plan.

C. ELIGIBILITY CRITERIA

1. The appropriate Discretionary Program Policy Guideline contains a summary of the eligibility criteria that will be used in evaluating applications. Applicants may apply for funding from more than one Discretionary component without filling out more than one form. An applicant need only state on the line provided on the General Information Worksheet the proposed funding component.
2. LACTC staff will determine which component is tapped for funding, based on availability of funds and applicant's previous funding allocations. The various components overlap substantially on some points, and staff may choose to fund a project through funding from two or more components.

D. DURATION OF PROPOSITION C DISCRETIONARY PROJECTS

A significant number of projects applying for Discretionary funding will initially be limited to a demonstration period. At the end of that period, staff will reevaluate the project in light of its original scope. If concluded as successful, the Commission can act to permanently fund the increased service. No demonstration period will last less than one year or more than three years; Base Rail Service Expansion projects will have a maximum demonstration period of two years, after which they will be evaluated for inclusion in base service levels. Rail Extension projects will have no demonstration period.

LACTC staff will evaluate each project annually, comparing project performance with its originally stated scope and objectives, its integration into the 30 Year Plan, and available funding. The Commission reserves the right to cancel funding for any project that fails to demonstrate significant progress toward its stated goals.

E. GOVERNING BODY AUTHORIZATION

The submitted application for Proposition C Discretionary must also include authorization and/or approval of the proposed project from the applicant's governing body. Such authorization must be submitted no later than June 1 to ensure full and complete Commission consideration of the application.

F. FUNDING DISBURSEMENT

Disbursement of monies will be handled one of two ways: front-end financing or on a cost reimbursement basis. LACTC prefers to provide funds as costs are incurred, though at staff's discretion, funds can be provided at the outset of a project. Front-end financing will primarily occur when an applicant demonstrates severely restricted cash flows that prohibit the applicant from undertaking start-up costs.

In addition, staff may recommend front-end financing in an effort to establish a ceiling on costs for a particular project. Recipients will be expected to employ a competitive bidding process for procurement of goods and services in an effort to further cost containment.

Funds will normally be distributed on a quarterly basis to cover expenses incurred in the previous fiscal quarter. For large capital projects, funding may be provided on a more frequent basis upon demonstration of necessity.

G. AUDITING AND REPORTING OF PROJECT EXPENSES

Where appropriate, funding recipients will report on a quarterly basis those costs incurred during the preceding fiscal quarter. Upon receipt and review of the expense report, the Commission will provide funds to cover the enumerated costs.

If front-end financing is utilized, monies will be distributed at the commencement of the project. In such cases, recipients must still report quarterly to the Commission. The report should include a comparison of budgeted and actual costs.

Quarterly reports will be due on the last days of October, January, April, and July. Failure to submit the

required report with the required information may result in a cessation of funding until the report is provided and reviewed by Commission staff.

Projects will be audited on an annual basis by Commission staff to determine progress toward the achievement of both project and Commission goals and objectives. The LACTC audit team will submit recommendations to the proper Advisory Committee on subsequent funding for audited projects.

H. EVALUATION CRITERIA

Each Discretionary Program Policy Guideline contains a summary of eligibility criteria that LACTC staff will consider in the evaluation process. Listed below are brief descriptions of how these criteria will be applied:

1. Regional Significance - Applicants must demonstrate the proposed project's consistency with the 30 Year Plan and how the project will further the completion of the regional transportation system. In addition, applicants must explain why the proposed project fulfills a need currently unmet by current transit programs.
2. Local funding commitment - The Policy Guidelines explicitly state that the intent is to fund shortfalls; discretionary funds should be "funds of last resort". Operators are expected to demonstrate good faith efforts (to the extent that is reasonable and practical) in pooling and leveraging outside funds, and priority will be accorded those who seek to maximize the use of other funding sources.

For rail extensions, the 30 Year Plan contains a Local Funding Requirement policy which outlines a desired local match for applicants who wish to have a rail extension built through their jurisdiction.

3. Operating cost-efficiencies and improvements - Operating cost will be monitored against audited Transit Performance Measurement (TPM) forms annually. As stated in the Bus and Rail System Expansion Policy Guidelines: the LACTC will discourage funding applications that do not clearly demonstrate how operating cost efficiencies and

farebox recovery will improve over the life of the project or demonstration period. For bus service expansion, a farebox recovery ratio of 38% is required. Farebox recovery and other operating efficiency goals for rail expansions and extensions will be outlined in the Rail Operating Agreement.

4. Subsidy levels - LACTC staff will calculate the subsidy per vehicle service hour. Subsidies include funding from other Proposition C components, Prop A Discretionary grants, Prop A Incentive Funds and exchanges for other Proposition A funds. Those applicants who fall below the average countywide subsidy average will be favorably evaluated. In addition, marginal linked riders per marginal subsidy dollar will indicate the cost-effectiveness of the service proposed. Applicants must present methodology and assumptions used in arriving at marginal ridership figures.
5. Customer convenience - Applicant must explain how the proposed project improves customer convenience and security, when applicable. For example, a proposal for additional security personnel should cite surveys showing constituent concern about safety, above-average incident rates on certain lines, or a combination of the two.
6. Mandated Program criteria - Different criteria will apply to projects complying with the SCAQMP and those with the ADA:
 - a. SCAQMP-mandated projects must quantify the expected benefits to air quality and the cost-effectiveness of the capital investment.
 - b. An ADA-mandated project must present an implementation schedule, project capital costs, explain the benefits to be derived, and show that it will not duplicate existing federal law.

I. APPLICATION INSTRUCTIONS

The following instructions should provide guidance to applicants wishing to complete the attached application for Proposition C Discretionary funding.

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A detailed definition of terms, titled Application Guide, used in each application Section is attached.

Applicants should review the appropriate policy guidelines prior to completing the application. In addition, applicants should do the following:

- * Carefully estimate project budget so that the funding requests reflects the amount needed to implement the project. Inflated budget estimates or inaccurate requests could endanger a project's funding.
- * Complete each section of the application as indicated in the instructions.

Applicants need only complete one application for all Discretionary funding categories. LACTC staff may choose to reassign projects to other Proposition C funding categories or other Discretionary components in an effort to ensure both competitiveness among projects and provide the broadest availability of funding.

SECTION I. GENERAL AND SUMMARY INFORMATION

An integral aid in correctly completing the following application forms is the attached Application Guide. This guide contains data definitions as well as step by step instructions to calculate certain statistics required in the forms. The application forms are divided into three sections. Each application form is accompanied with an Application Guide to provide the applicant with clear instructions on what information needs to be provided. Read each Guide BEFORE completing the application form provided in each section. And refer to the Guide while compiling the necessary data to include in the forms.

1. Applicant: _____
2. Contact Person: _____
Title: _____
Telephone Number: _____
Address: _____

3. Project Name: _____
4. Proposed Proposition C 40% Discretionary Funding Category:

5. Desired duration of demonstration period: _____
6. Total Proposition C Discretionary Funding Requested: \$ _____
7. Governing Body Authorization date: _____
8. PROJECT JUSTIFICATION (attach additional pages as needed):

APPLICATION GUIDE
SECTION I GENERAL AND SUMMARY INFORMATION

The General and Summary Information worksheet should be fairly straightforward. The intent of this guide is only to answer any questions that may arise and to delimit the information requested, allowing the applicant to avoid submitting too much or too little information.

1. **Applicant:** Identify the transit operator applying for the funds. Only one applicant should be listed, though the funding may be shared by more than one entity.
2. **Contact Person:** Designate one individual in the applicant's employ who will serve as the liaison between LACTC and the funding recipient on all matters pertaining to the Discretionary grant. Include the person's title, direct telephone line (if appropriate), and his mailing address.
3. **Project Name:** Provide the specific name of the project for which funding is requested. The purpose is to avoid future confusion by attaching an easily identifiable title to the project that will remain consistent throughout the demonstration period.
4. **Proposed Proposition C 40% Discretionary Funding Category:** Identify the component (1) of the Proposition C Discretionary account from which applicant is requesting funds. LACTC staff reserves the right to award funds from a different component than the one requested.
5. **Desired Duration of Demonstration Period:** Demonstration projects have a maximum life of three (3) years. Upon completion of the demonstration period, the project will be evaluated for inclusion in base service levels, if appropriate.
6. **Total Funding Requested:** This figure should be taken from Line 24 of the Budget Worksheet.
7. **Governing Body Authorization Date:** Authorization of the applicant's governing body must be obtained by June 1, prior to the first fiscal year of funding.
8. **PROJECT JUSTIFICATION:** Briefly describe how the proposed project conforms to the goals and objective set forth in the approved 30 Year Plan. The description should include mention of how the project augments the regional transportation system, improves upon existing service, or serves a currently underserved transportation need. The Project Justification need not be lengthy, but it must specifically address the project's relationship to the 30 Year Plan.

SECTION II. PROJECT INFORMATION

1. Projected Participant (s)
(applicant should be listed first)

2. Project Site Location(s)

3. Project Start Date: _____

4. PROJECT DESCRIPTION (attach additional pages as needed):

APPLICATION GUIDE
SECTION II PROJECT INFORMATION

The Project Information Worksheet serves to provide LACTC staff with basic information about the project as a supplement to the Budget Worksheet. It will aid in LACTC planning and should provide a brief but comprehensive summary of the proposed project.

1. **Projected Participant(s):** While only one applicant should be listed for the General and Summary Information Worksheet, a project may entail more than one participant. A security enhancement under the Service Quality and Customer Convenience component, for example, might include both an operator and a separate security force. List all entities that will participate in the proposed project with a brief description of their roles.
2. **Project Site Location(s):** List all site locations that will be affected by implementation of the project. This may include, for instance, existing rail stations, park-and-rides, maintenance yards, and bus and rail lines.
3. **Project Start Date:** Identify the projected start date for the project and indicate what "start date" entails, i.e., actual service start-up, commencement of construction, awarding of contracts. LACTC staff reserves the right to reject the projected start date and to negotiate with the applicant over the definition of "start date."
4. **PROJECT DESCRIPTION:** The Project Description should include the vital statistics of the project. Describe routes, headways, time schedules for implementation and construction, and any other additional information that is necessary to provide a complete description of the project.

SECTION III. BUDGET WORKSHEETS

1. Applicant: _____ 2. Date: _____
3. Project Title: _____
4. Project Start Date: _____
5. Category of Project: _____ a. Rail System Capacity Expansion
_____ b. Bus System Capacity Expansion
_____ c. Service Quality
_____ d. Mandated Programs
6. Type of Project: _____ a. Capital
_____ b. Operating

PROJECT EXPENSE INFORMATION

PART A. OPERATING EXPENSES

EXPENSE OBJECT CLASS	YEAR 1: ESTIMATED - FY 1993	YEAR 2: PROJECTED FY 1994	YEAR 3: PROJECTED FY 1995	YEAR 4: PROJECTED FY 1996
1. Labor/Fringe benefits	\$	\$	\$	\$
2. Services				
3. Materials and supplies				
4. Miscellaneous/Other				
5. Less: Cost savings from project				
6. TOTAL ADJUSTED OPERATING EXPENSES (Add lines 1-4;less line 5)	\$	\$	\$	\$

PART B. CAPITAL EXPENSES

EXPENSE CATEGORY	YEAR 1: ESTIMATED FY 1993	YEAR 2: PROJECTED FY 1994	YEAR 3: PROJECTED FY 1995	YEAR 4: PROJECTED FY 1996
7. Vehicle(s)	\$	\$	\$	\$
8. Equipment				
9. Facilities a. Engineering b. Construction				
10. Land/ Acquisition				
11. Right of Way Improvements				
12. Other				
13. TOTAL CAPITAL EXPENSES (add 7 thru 12)				
14. TOTAL PROJECT EXPENSES (6 + 14)	\$	\$	\$	\$

PART C.

PROJECT REVENUE INFORMATION

OPERATING REVENUE	YEAR 1: ESTIMATED FY 1993	YEAR 2: PROJECTED FY 1994	YEAR 3: PROJECTED FY 1995	YEAR 4: PROJECTED FY 1996
15. FEDERAL	\$	\$	\$	\$
16. STATE				
a. TDA				
b. STA				
c. Other				
17. LOCAL				
a. Prop A				
b. Farebox				
c. Other				
18. TOTAL OPERATING REVENUE (add 15 thru 17)	\$	\$	\$	\$

PART D. CAPITAL REVENUE

CAPITAL REVENUE	YEAR 1: ESTIMATED FY 1993	YEAR 2: PROJECTED FY 1994	YEAR 3: PROJECTED FY 1995	YEAR 4: PROJECTED FY 1996
19. FEDERAL	\$	\$	\$	\$
a. Sec. 9				
b. Sec. 3				
c. Other				
20. STATE				
a. TDA				
b. STA				
c. Other				
21. LOCAL				
a. Prop A				
c. Other				
22. TOTAL PROJECT CAPITAL REVENUE	\$	\$	\$	\$
23. TOTAL PROJECT REVENUE (18 + 22)	\$	\$	\$	\$
24. PROJECT FUNDING SHORTFALL (23 - 14)	\$	\$	\$	\$

PART E. CUSTOMER SERVICE DATA

	YEAR 1: ESTIMATED FY 1993	YEAR 2: PROJECTED FY 1994	YEAR 3: PROJECTED FY 1995	YEAR 4: PROJECTED FY 1996
25. Total vehicle miles				
26. Total service miles				
27. Total vehicle hours				
28. Total service hours				
29. Unlinked passengers				
30. Linked passengers				

APPLICATION GUIDE
SECTION III BUDGET WORKSHEETS

PART A. OPERATING EXPENSES

Costs under this category represent the marginal operating costs associated with the proposed project. Expense categories 1-4 are consistent with UMTA expense definitions, and as required in Section 15 reports. All transit providers receiving federal funds should be familiar with these expense object class definitions since they are required to submit Section 15 data each year. State all projected estimates, operating and capital, in 1993 dollars.

1. **Labor/Fringe Benefits:** All direct labor, including fringe benefits, associated with the proposed project. Including full time equivalent employees (FTE's) is optional, but encouraged. For those projects that involve the shifting of labor resources, like bus redeployment, applicant should provide marginal labor cost savings associated with the project on Line 5. In such a case, applicant should provide worksheet containing pertinent data, assumptions and calculations.
2. **Services:** All marginal service costs associated with the proposed project.
3. **Materials and Supplies:** All marginal material/supplies costs associated with the proposed project.
4. **Miscellaneous/Other:** All other marginal costs associated with the proposed project.
5. **Less: Cost Savings from Project:** All associated marginal operating cost savings in categories 1-4 realized from implementing the proposed project.
6. **TOTAL ADJUSTED OPERATING EXPENSES:** Total lines 1-4 and minus line 5. Represents total project marginal operating costs net of any cost savings.

PART B. CAPITAL EXPENSES

7. **Vehicle (s):** Total cost of buses or light rail vehicles required for the proposed project. For buses, identify number and use: peak vehicles, internal/external redeployment, expansion on attached document. Provide breakdown of costs exceeding the standard vehicle cost (e.g., special handicapped modifications and pollution control equipment).
8. **Equipment:** Total cost of equipment required for proposed project. Provide supporting itemization for equipment request exceeding \$250,000.

9. **Facilities:** Cost of new facilities or facility modifications. Provide supporting cost methodology and assumptions.
10. **Land Acquisition:** Cost of land and right of way associated with the project. Provide supporting documentation on location, size and appraisal.
11. **Right of Way Improvements:** Total cost of ROW improvements associated with proposed project. Provide supporting documentation on location, size and improvements.
12. **Other:** All other capital costs.
13. **TOTAL PROJECT CAPITAL EXPENSES:** Total lines 7-12. Attach all supporting documentation on assumptions, methodology etc.
14. **TOTAL PROJECT COST:** Add lines 6 and 13.

PART C: OPERATING REVENUE

15. **Federal:** All expected federal operating assistance.
16. **State (a-c):** All expected state operating assistance, by funding category: TDA, STA and other.
17. **Local (a-c):** All expected local operating revenue, **EXCLUDING PROPOSED PROP C DISCRETIONARY ASSISTANCE**, associated with the project.
18. **TOTAL PROJECT OPERATING REVENUE:** Add lines 15-17. Represents all expected local and external operating assistance absent of Prop C Discretionary assistance.

PART D: CAPITAL REVENUE

19. **Federal:** All expected federal capital funding assistance.
20. **State (a-c):** All expected state capital funding assistance, by funding category: TDA, STA and other.
21. **Local (a-c):** All expected local capital revenue contribution, **EXCLUDING PROPOSED PROP C DISCRETIONARY ASSISTANCE**, associated with the project.

22. **TOTAL PROJECT CAPITAL REVENUE** : Add lines 19-21. Represents all expected local and external capital assistance absent of Prop C Discretionary assistance.
23. **TOTAL PROJECT REVENUE**: Add lines 18 and 22.
24. **TOTAL PROJECT FUNDING SHORTFALL**: Subtract line 14 from line 23. This amount represents the total proposed Prop C Discretionary funding application. Enter this amount on line 6 of Section I: Project Information.

PART E. CUSTOMER SERVICE DATA

25. **Total Vehicle Miles**: Total scheduled vehicle miles, including deadhead miles, net of vehicle mile changes through redeployment. For example, if a proposed project for bus system expansion involved discontinuing a certain route and redeploying the miles on a different route, list the total vehicle miles on the new route less the miles from the discontinued route. For further discussion on vehicle miles definition, and all other definitions of terms used in part E., refer to the LACTC Transit Performance Measurement reporting forms.
26. **Total Service Miles**: Total scheduled vehicle miles, less deadhead miles, net of service vehicle mile changes through redeployment.
27. **Total Vehicle Hours**: Total scheduled vehicle hours, including deadhead hours, net of vehicle hour changes through redeployment.
28. **Total Service Hours**: Total scheduled vehicle hours, less deadhead hours, net of vehicle service changes through redeployment.
29. **Unlinked Passengers**: Total estimated unlinked passengers, or boardings, expected from the project. The estimates must incorporate the passenger impacts of any redeployment.
30. **Linked Passengers**: Total estimate unlinked passengers, less transfers, expected from the project. The estimates must reflect the passenger impacts of any redeployment.