



Metro

Interoffice Memo

Date	Click and type
To	Michael Brewer
From	Carol Silver
Subject	Response to Request for Additional Information on Bus Shelter Placement

At the July 5 meeting staff was requested to [respond to the following request for information regarding the placement of bus shelters by the City of Los Angeles](#) within the San Fernando Valley. This memo applies to non-rapid bus stops.

1. How can we use the City's program of shelter placement to maximize benefits for our customers? What resources may be needed to correct location issues by bus stop movements caused by service changes?

Response:

Local jurisdictions are responsible for the placement of bus shelters and bus benches at local transit stops. Metro staff involvement in the transit shelter location process is limited to providing bus stop locations and ridership information at those locations. In the San Fernando Valley, the City of Los Angeles has a contract with CBS-Decaux for the installation, operation and maintenance of bus shelters within the city. This contract is administered by the Department of Public Works, Bureau of Street Services (PW-BSS).

Although Metro is not involved in the placement of bus shelters, Metro Stops and Zones forwards all requests for bus shelters for consideration. In addition, Stops and Zones staff works with LADOT staff on bus stop relocations. It is the responsibility of LADOT staff to then forward appropriate bus shelter relocations to PW-BSS for investigation.

Bus shelter relocation, however, involves a complicated process and is subject to funding, as well as the type of shelter at the existing location. As Mike Brewer mentioned at the Council's June meeting, not all shelters can be relocated. In addition, the majority of new bus shelter locations within the City have already been approved and permitted. The list of locations is current up to June, 2006.

The process for determining the list of locations is as follows:

The CBS-Decaux contract calls for 2,500 bus shelters to be placed throughout the City. The shelters are distributed among the 15 Council Districts. The selection of transit shelter locations was allocated approximately as follows:

- 25% by the local City Council office
- 40% by the Bureau of Street Services and
- 35% and CBS-Decaux

The sites originated from a list of bus stop locations from Metro Stops and Zones and other transit providers within the City. From this list, sites were selected for consideration based on physical criteria, bus service and ridership data, ADA guidelines, City Council Member input and program revenue requirements.

Each Council Office must first approve each site, and then receive agreement from the abutting property owner. The approved sites are then reviewed by a Site Task Force consisting of representatives of LADOT, LAPD, LA-DWP, City Planning, Public Works (Bureau of Engineering (BOE), Bureau of Street Services (BSS), Construction Administration, and Bureau of Street Lighting (BSL)). Any of these agencies can turn down a site but must have a supportable reason for rejection. Once a site is cleared through the City departments, CBS-Decaux can move forward with obtaining permits and scheduling installation.

About 1,300 shelters have been installed and 1,200 additional shelters are scheduled to be installed within the next two years. Except for a few locations where there are issues with property owners, permits have been issued to install shelters at these remaining 1,200 approved locations throughout the City. PW-BSS also administers the contract with Norman Bench and as with shelter, receives notification from LADOT staff of bench relocations.

Metro San Fernando Valley staff works closely with Stops and Zones to notify PW-BSS of changes in bus shelters and bus benches to facilitate the process when service is restructured. Staff has also obtained a list of shelters that must still be installed and will notify PW-BSS if a shelter is no longer needed at a specific location and will suggest another location for investigation.

2. What are the details of the contract between the City (Public Works and CBS, LADOT and MTA Countywide Planning) and CBS-Decaux vis-à-vis locating shelters in the areas of need which may not have the highest advertising potential?

As mentioned above, the contract with the City is administered by the Bureau of Street Services under the Department of Public Works. The contract allows a portion of the shelter locations to be placed in locations where there is no advertising revenue potential. For example, the City Council or Public Works may identify a location where a shelter is needed based on their percentage allocation. As a consequence, CBS-Decaux must make up for the loss in revenue through the placement of their portion of the shelters in highly visible locations.

3. What is the possessory use tax and what is the status of the negotiations between the City and County?

Response:

Excerpts taken from the Los Angeles County Office of the Assessor, Guide to Taxable Possessory Interests, defines a taxable possessory interest as follows:

“When a person or entity leases, rents, or uses real estate owned by a government agency for its exclusive use, a taxable possessory interest occurs; the taxation of this interest is similar to the taxation of owners of privately owned property. However, a holder of a possessory interest frequently pays significantly less property tax than the private owner of a similar property.”

“In certain instances a property tax assessment may be levied when a person or entity uses publicly-owned real property that, with respect to its public owner, is either immune or exempt from property taxation. These uses are commonly referred to as “possessory interests” and are typically found where an individual or entity leases, rents or uses federal, state or local government property.

Revenue and taxation Code Section 107 sets for the three essential elements that must exist to find that a person’s use of publicly-owned tax-exempt property rises to a level of a taxable possessory interest. The use must be independent, durable and exclusive.

Section 107(a)(1) defines “independent” to mean “the ability to exercise authority and exert control over the management or operation of the property or improvements, separate and apart from the policies, statutes, ordinances, rules, and regulations of the public owner of the property or improvements. A possession or use is independent if the possession or operation of the property is sufficiently autonomous to constitute more than a mere agency.”

The significance of this issue comes into play because the City contract with CBS-Decaux limits the amount of taxes and fees that can be levied on the contractor. Additional possessory use fees would, of necessity, fall to the City to pay. In this case, the City is negotiating appropriate amounts owed to the County for placement of shelters with advertising. Unfortunately, until the City and the

County work out the details of the additional tax liability, no new shelters will be placed nor will the Rapid Bus station fixtures be placed.