

Agenda Report

May 19, 2014

TO: Honorable Mayor and City Council

FROM: Department of Transportation

SUBJECT: **Authorization to Execute a Memorandum of Understanding with the Los Angeles County Metropolitan Transportation Authority (Metro) for the Proposition A Growth Over Inflation Funds**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the execution of the Proposition A Growth Over Inflation Funds Memorandum of Understanding (MOU) with the Los Angeles County Metropolitan Transportation Authority (Metro) is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061 (b) (3); and
2. Authorize the City Manager to execute a MOU with Metro for the Proposition A Growth Over Inflation Funds in order to receive funding as a Tier 2 operator; this MOU shall be in effect from July 1, 2013 until June 30, 2014; the City is eligible to receive \$393,962; and
3. Authorize the City Manager to execute future anticipated MOU's with Metro for subsequent annual funding marks for the Proposition A Growth Over Inflation Funds.

BACKGROUND:

In April 2010, the Los Angeles County Metropolitan Transportation Authority (Metro) Board approved the cities of Pasadena, Glendale, and Burbank, along with the City of Los Angeles Community DASH Services (collectively known as "Tri-Cities/LADOT") as "Tier 2 Operators" to receive Proposition A Growth Over Inflation (GOI) funds. The Metro Board authorized the allocation of \$6 million per year for three years, from FY2011 through FY 2013, to the above transit operators to be included and approved through their annual Transit Funds Allocations. Subsequent to the initial three-year allocation identified in 2010, Metro is identifying the funding marks on an annual basis, based on the available funds. On June 27, 2013, the Metro Board approved an allocation of \$6 million for 2014 to all Tier 2 Operators for FY 2014. Pasadena's share of the allocation for FY 2014 is \$393,962.

The GOI funding is anticipated to be used in FY 2015 to expand service on the ARTS Route 10 by adding additional trips and service hours. Route 10 connects Old Pasadena and PCC with stops along Colorado Boulevard, Lake Avenue, Del Mar Boulevard and Allen Avenue.

It is anticipated that this funding mark will continue in future years. Until otherwise notified, on a year-to-year basis, the City will be able to confirm this annual funding mark only after Metro Board approval and will then be provided with an MOU from Metro after the fiscal year has already begun. To facilitate more timely receipt of funds, it is requested that the City Manager be authorized to execute future MOU's with Metro which establish the agreements for the receipt of the Proposition A GOI funds.

As a Tier 2 Operator with Burbank, Glendale, and LADOT, Pasadena falls under the Proposition A Local Return Guidelines which means that the City will make every effort to maintain its existing level of service and that major service changes are subject to the adopted Service Notification Policy; however, this is similar to the process the Department currently follows when implementing service changes. Proposition A GOI funds are only for operating assistance for the public fixed-route ARTS program (i.e., not Dial-A-Ride).

COUNCIL POLICY CONSIDERATION:

The proposed action is consistent with the following goal of the Strategic Plan: Maintain Fiscal Responsibility and Stability – the Memorandum of Understanding (MOU) enables the City to invoice the Los Angeles County Metropolitan Transportation Authority (Metro) for reimbursement of Proposition A Growth Over Inflation Funds; these funds will be used to operate the Pasadena Area Rapid Transit System (ARTS).

ENVIRONMENTAL ANALYSIS:

The project has been reviewed for compliance with the California Environmental Quality Act (CEQA) and is exempt per Section 15061 (b) (3). The project is covered by the general rule that CEQA only applies to projects that have the potential for causing a significant effect on the environment. The proposed action pertains to funding that will allow the continuation of existing service operated by the Pasadena Area Rapid Transit System (ARTS) and will not result in any significant change in services or physical changes in the environment.

FISCAL IMPACT:

Per this Memorandum of Understanding (MOU), the City of Pasadena will receive \$393,962 toward the operation of the Pasadena Area Rapid Transit System (ARTS). The funds are expected to be expended in FY 2015.

Respectfully submitted,

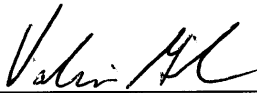


FREDERICK C. DOCK

Director

Department of Transportation

Prepared by:



Valerie Gibson
Transit Manager

Approved by:



for
MICHAEL J. BECK
City Manager

**MEMORANDUM OF UNDERSTANDING
Proposition A Growth Over Inflation Grant Funds**

This Memorandum of Understanding (the "MOU") is entered into by and between City of Pasadena (the "GRANTEE") and the Los Angeles County Metropolitan Transportation Authority ("LACMTA").

WHEREAS, on November 4, 1980, the voters of Los Angeles County approved by majority Proposition A, an ordinance establishing a one-half percent sales tax for public transit purposes; and

WHEREAS, the LACMTA is the agency responsible for administering the tax; and

WHEREAS, each year the LACMTA may, but it is not obligated to, include in its annual budget process an allocation of Proposition A Growth Over Inflation ("GOI") Funds to the GRANTEE (the "Funds"); and

WHEREAS, the LACMTA Board on June 27, 2013, authorized an allocation of \$6 million for FY 2014 to all Tier 2 operators subject to the terms and conditions set forth in the "Guidelines for Tier 2 operators to receive Proposition A Growth over Inflation Funds (the "Guidelines"); and

WHEREAS, the GRANTEE is an eligible Tier 2 operator and desires to receive its allocation of the Funds from LACMTA for public transit purposes; and

WHEREAS, LACMTA and GRANTEE desire to agree to the terms and conditions of the grant of Funds to the GRANTEE.

NOW, THEREFORE, in consideration of the mutual terms and conditions contained herein, LACMTA and GRANTEE hereby agree as follows:

ARTICLE 1. TERM

- 1.0 This MOU shall be in effect from **July 1, 2013 until June 30, 2014**, unless terminated early by either party for any reason upon twelve months prior written notice; or by the LACMTA upon its decision not to include the Funds in its annual Budget or upon GRANTEE being ineligible to receive the Funds as set forth in the Guidelines.

ARTICLE 2. PAYMENT OF FUNDS - REIMBURSEMENT TO GRANTEE

- 2.0 Each fiscal year, to the extent the Funds are available as set forth in the Guidelines, LACMTA may make to GRANTEE a grant of the Funds in an amount approved and authorized by the LACMTA Board as part of the LACMTA budget for such fiscal year. The authorized annual grant amount

for each fiscal year will be specified in the Annual Funding Marks for that fiscal year as approved by the LACMTA Board. Attached as **Exhibit A** is the applicable Annual Funding Marks for GRANTEE's Proposition A GOI Funds for FY 2014. GRANTEE shall receive three hundred and ninety-three thousand, nine hundred sixty-two dollars (\$393,962) in FY 14.

- 2.1 GRANTEE shall make requests for reimbursement annually using the Proposition A Growth Over Inflation Funds Worksheet **Exhibit B**. GRANTEE shall submit one (1) invoice to LACMTA requesting the Funds. However, the LACMTA will disburse 1/12 of the GRANTEE's maximum eligible funding mark each month, provided the Funds are available.
- 2.2 All disbursements will be considered an estimate subject to adjustment upon receipt of reporting and audit compliance requirements (see Article 5 contained herein). The financial audit must be submitted within 120 days of the close of the fiscal year.
- 2.3 If the financial audit indicates that the GRANTEE did not expend all the Funds received during the fiscal year of allocation, such unexpended Funds must be returned to LACMTA within 60 days of the completion of the financial and compliance audit(s). Such unexpended Funds will be treated as carryover Funds and held by LACMTA on behalf of GRANTEE for a period of two years.
- 2.4 GRANTEE may carryover for two years, one hundred percent (100%) of its annual funding mark minus any portion expended during the fiscal year.
- 2.5 Only carryover Program formula Funds can be used for capital projects. GRANTEE must follow the existing LACMTA approval process when applying program carryover Funds to capital projects.
- 2.6 After two years, any unused carryover Funds will be transferred to the LACMTA's general Proposition A 40% Fund and will be available for reprogramming by the LACMTA.
- 2.7 Under no circumstances will the amount of money transferred to the GRANTEE under this MOU exceed the monthly, (1/12) funding allocation of the applicable Annual Funding Marks.
- 2.8 An invoice and the Proposition A GOI Worksheet (Exhibit B) must be submitted annually to the LACMTA by GRANTEE indicating maximum annual allocation and estimated monthly payments.

ARTICLE 3. USE OF FUNDS - SERVICE ADJUSTMENTS AND STANDARDS

- 3.0 GRANTEE shall utilize the Funds in accordance with the Guidelines and with the LACMTA Proposition A 40% Discretionary Fund Guidelines (“Prop A Guidelines”). The GRANTEE agrees to comply with all applicable provisions of the Guidelines and the Prop A Guidelines.
- 3.1 GRANTEE shall use the Funds only for operating assistance of public fixed route transit and shall not use the Funds to substitute for any other Funds, service, or project not specified in this MOU. Dial-A-Ride service is not an eligible use of the Funds. Only the fixed route services included in the TPM program are eligible for the Funds. Dial-A-Ride services shall continue to be funded through the Proposition A Incentive programs.
- 3.2 GRANTEE agrees to report Transit Performance Measurement (TPM) data to LACMTA as required under the TPM Guidelines adopted pursuant to AB 103 (PUC Section 130380). The TPM data will be evaluated as needed by LACMTA.
- 3.3 In order to receive the Funds, GRANTEE warrants that it will:
 - A. Cooperate and coordinate with other operators in the development of an integrated county wide transportation system;
 - B. Make every effort to improve upon the existing span and scope of their transit service;
 - C. Ensure that service quality improvements are implemented whenever possible (e.g. added service to meet demand; routing and scheduling improvements);
 - D. Make every effort to maintain existing level of service and that major service changes are subject to the adopted Service Notification Policy;
 - E. Make every effort to ensure that the total number of linked passengers (riders) is maintained or increased;
 - F. Agree to secure a local contribution as described in Section 8.3 of the Prop A Guidelines.

ARTICLE 4. FUNDING ELIGIBILITY

- 4.0 GRANTEE shall be eligible to receive the Funds calculated by the same

methodology as used in the Formula Allocation Procedure (FAP) to allocate Transportation Development Act, State Transit Assistance and Proposition A 95% of 40% funds (capped at CPI). Calculations shall be made so as not to negatively impact the existing Included and Eligible municipal operators.

4.1 To be eligible to receive the Funds, GRANTEE will not participate in any of the following funding programs:

- Federal Section 5307
- Municipal Operators Service Improvement Program (MOSIP)
- Bus Service Improvement Program (BSIP)
- Transit Service Expansion (TSE)
- Base Restructuring
- Foothill Mitigation
- Proposition 1B Bridge Funding
- Proposition C 5% Security
- Measure R 20% Operations
- Measure R \$150 million Transit Capital
- Proposition A and Proposition C Interest

4.2 GRANTEE will be rendered ineligible to receive the Funds under the program if its services are transferred to existing Included or Eligible Operators where such services would qualify for FAP funding.

4.3 Proposition A Incentive funding for Voluntary NTD Reporting program shall be completely eliminated when the full Proposition A GOI Funds calculated by the FAP methodology becomes available and approved by the MTA Board for allocation.

4.4 If the Funds to be provided to the GRANTEE are reduced due to unavailability of funds, Voluntary NTD Reporting funding shall not be completely eliminated, but shall be reduced by the same ratio as of the actual amount of Funds made available over the full amount of the Funds calculated by the FAP methodology. Incentive Funds saved will remain in the incentive program to be allocated to the cities according to the incentive guidelines.

ARTICLE 5. MAINTENANCE OF EFFORT REQUIREMENTS

5.0 GRANTEE must maintain its individual existing local commitment of Proposition A, Proposition C and Measure R Local Return and other local Funds, for current transportation services.

5.1 GRANTEE must use the Funds to augment, not supplant, existing

local revenues being used for transportation purposes.

- 5.2 GRANTEE may use the Funds to supplement existing eligible transit services should there be a current or projected funding shortfall.
- 5.3 LACMTA reserves the right to request appropriate documentation from GRANTEE to support the existence of a funding shortfall.

ARTICLE 6. REPORTING AND AUDIT REQUIREMENTS

- 6.0 For the term of this MOU, GRANTEE shall comply with all National Transit Database (NTD) reporting requirements. GRANTEE agrees to commit all NTD operating subsidies prior to committing the Funds.
- 6.1 Each fiscal year, GRANTEE shall submit to LACMTA a Short Range Transportation Plan (SRTP). GRANTEE shall show its' service plan, fare revenue and ridership projections and how Proposition A, Proposition C and Measure R Local Return Funds will be spent.
- 6.2 By no later than 90 days after the end of each fiscal year, GRANTEE shall submit to the LACMTA a completed State Controller's Report
- 6.3 By November 1st of each year, the GRANTEE shall submit to the LACMTA a completed TPM form, which separately reports data pertaining to these Funds for the prior fiscal year.
- 6.4 Each fiscal year, LACMTA or its designee shall have the right to conduct a financial and compliance audit(s) of the Project. Audits must comply with the TDA audit requirements. GRANTEE agrees to establish and maintain proper accounting procedures and cash management records and documents in accordance with conditions defined by this MOU and the Guidelines.

ARTICLE 7. LOCAL CONTRIBUTION REQUIREMENT

- 7.0 In accordance with the Proposition A Local Return Guidelines, the GRANTEE agrees to secure continued financial support from any Funds derived from a property tax. In addition, the GRANTEE agrees to secure local financial support.
- 7.1 The actual amount of local support will be equivalent to the lesser of:
 - (i) five percent (5%) of the current fiscal year gross operating expenses,
 - or (ii) twenty-five percent (25%) of the current fiscal year Local Return Funds received by the GRANTEE or GRANTEE's sponsoring municipality, as applicable. The GRANTEE agrees that the above requirements equate to a local contribution as stated in the fiscal worksheet Exhibit B. This amount

will be adjusted upon receipt of the financial and compliance audit(s).

- 7.2 Only local contributions made to the operating budget are eligible to meet the Local Contribution Requirement.
- 7.3 Any GRANTEE not expending an amount equal to or greater than fifty percent (50%) of the annual Proposition A Local Return allocation during the year ended June 30 will have the Funds described in the Annual Funding Marks for the applicable fiscal year reduced by the amount of unexpended annual Proposition A Local Return Funds allocated which exceed fifty percent of that year's allocation.
- 7.4 If the Local Contribution Requirement is not met, the GRANTEE must Make a full refund of the Funds for the applicable fiscal year to LACMTA.

ARTICLE 8. CONDITIONS

- 8.0 This grant is subject to the terms and conditions agreed herein and in the Guidelines and the Prop A Guidelines. The LACMTA, at its discretion, may withhold all or part of the GRANTEE's discretionary grant allocation if all conditions identified in the Guidelines and the Prop A Guidelines are not met. This grant does not imply nor obligate any future funding commitment on the part of LACMTA.
- 8.1 GRANTEE agrees to comply with all applicable and federal, state, and local laws, rules and regulations as well as LACMTA Board adopted policies and procedures in the provision of public transit services.
- 8.2 GRANTEE understands and agrees that in programming these Funds and entering into this MOU, LACMTA is acting pursuant to its statutory authority and shall have no liability in connection with the use of these Funds for public transit purposes. GRANTEE agrees to indemnify, defend and hold LACMTA harmless for all claims, actions and liability arising out of GRANTEE's use of the Funds and GRANTEE's performance in the provision of public transit services paid for by these Funds.
- 8.3 GRANTEE is not a contractor, agent or employee of the LACMTA. GRANTEE shall not represent itself as a contractor, agent or employee of the LACMTA and shall have no power to bind the LACMTA in contract or otherwise.
- 8.4 No amendment or modification to this MOU shall be binding upon either party unless such amendment or modification is in writing duly executed by both parties. This MOU shall not be amended or modified by any acts or conduct of the parties.

ARTICLE 9. PENALTIES

9.0 The LACMTA reserves the right to terminate this MOU and withhold Funds if it is determined that the GRANTEE has not made every effort to adhere to all warranties and conditions identified in the Guidelines. In addition, the LACMTA reserves the right to terminate this MOU in the event of continued and/or gross violations of this MOU.

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum of Understanding to be duly executed as of the dates below with all the formalities required by law.

CITY OF PASADENA

LOS ANGELES COUNTY
METROPOLITAN
TRANSPORTATION AUTHORITY

By: _____
Michael J. Beck
City Manager

By: _____
Arthur T. Leahy
Chief Executive Officer

Date: _____

Date: _____

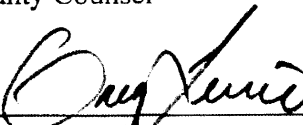
APPROVED AS TO FORM:

APPROVED AS TO FORM:

By: _____

JOHN F. KRATTLI
County Counsel

Date: _____

By: 
Deputy

LACMTA

**Proposition A Growth Over Inflation Funding Allocation
Fiscal Year 2014**

Operators	Funding Allocation
Burbank	\$89,464
Glendale	\$733,498
Pasadena	\$393,962
LADOT	\$4,783,076
TOTAL	\$6,000,000

FY 2014 Proposition A Growth Over Inflation Worksheet

Claimant:
Mode:
 (Bus, DAR, or System Total)

Date:
Contact:

SOURCE OF OPERATING FUNDS:

Maximum Annual Allocation	Estimated Monthly Payment
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FEDERAL CASH GRANTS AND REIMBURSEMENTS

FTA Sec. 5307 (Sec. 9) Operating		
CMAQ (Operating)		

STATE CASH GRANTS AND REIMBURSEMENTS

Other State (Specify)		
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LOCAL CASH GRANTS AND REIMBURSEMENTS

Passenger Fares		
Special Transit Service		
Charter Service Revenues		
Auxiliary Transportation Revenues		
Non-transportation Revenues		
Prop. A Growth Over Inflation		
Prop. A 25% Local Return		
Prop. A Incentive fund		
Prop. C 20% Local Return		
Measure R 15% Local Return		
Other Local (Specify)		

TOTAL OPERATING REVENUES		
TOTAL OPERATING EXPENSES		

Cost per VSH Calculation

Vehicle Service Hours (VSH)	
Costs per VSH	
% Change/VSH	
Maintenance of Effort	
5% Operating Expenses	
25% of Local Return Funds	