

**MEMORANDUM OF UNDERSTANDING  
TO ALLOCATE  
MEASURE M 20% TRANSIT OPERATIONS FUNDS**

This Memorandum of Understanding ("MOU") is entered into as of July 1, 2017 by and between the Los Angeles County Metropolitan Transportation Authority ("LACMTA") and City of Commerce ("GRANTEE").

WHEREAS, on November 8, 2016, the voters of the County of Los Angeles approved Measure M, an ordinance establishing a one-half of one percent sales tax (the "FUNDS") for the purpose of improving transportation and easing traffic congestion ; and

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

WHEREAS, LACMTA and GRANTEE desire to agree to the terms and conditions of the grant of FUNDS from the Measure M 20% Transit Operations Program ("Program").

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

**ARTICLE 1 - TERM**

- 1.1. This MOU will be in effect from July 1, 2017 through June 30, 2027 unless terminated earlier as provided herein.

**ARTICLE 2 – ALLOCATION OF MEASURE M FUNDS AND INVOICE PROCEDURE**

- 2.1. Each fiscal year, to the extent the FUNDS are available, LACMTA staff, in coordination with the Eligible/Included Operators, will develop funding marks for the Program to be funded that fiscal year (the "Annual Funding Marks"). The Annual Funding Marks will describe GRANTEE's share of the FUNDS for the Program that fiscal year. GRANTEE shall have the opportunity to review and comment on the applicable Annual Funding Marks prior to LACMTA staff submitting the Annual Funding Marks to the LACMTA Board for approval. Attached as Exhibit A are the FY 2018 Annual Funding Marks which includes GRANTEE's share of the Program, which have been approved by the LACMTA Board.
- 2.2. For each fiscal year covered by this MOU, GRANTEE hereby directs LACMTA to allocate to GRANTEE its share of the Program FUNDS pursuant to the applicable Annual Funding Marks for that fiscal year as approved by the LACMTA Board. If LACMTA staff, in coordination with the Eligible/Included Operators, develops a mid-year reallocation of any Annual Funding Marks for the Program that is approved by the LACMTA Board, GRANTEE hereby directs and authorizes LACMTA to make such mid-year adjustments to its Annual Funding Marks, as approved by the LACMTA Board, if applicable.

- 2.3. Each fiscal year, GRANTEE shall send LACMTA one invoice for an amount consistent with the amount shown on the applicable Annual Funding Marks. LACMTA shall not be obligated to forward the Program FUNDS to GRANTEE until it receives an invoice and the annual Improvement Plan as described in the GUIDELINES as defined in Section 3.1 below. LACMTA shall make payments to GRANTEE in equal 1/12 portion of GRANTEE's annual allocation on a monthly basis, unless otherwise agreed to in writing by the parties.

### ARTICLE 3 - USE OF FUNDS

- 3.1. GRANTEE shall utilize the Program FUNDS in accordance with the LACMTA Measure M 20% Transit Operations Guidelines (the "GUIDELINES") (as adopted by LACMTA on June 22, 2017, attached as Exhibit B).
- 3.2. GRANTEE shall not use the Program FUNDS to substitute for any other funds, service, or project except as otherwise specifically provided for herein or in the GUIDELINES.
- 3.3. GRANTEE may reserve or carry-over its allocation to the next fiscal year; however the Program FUNDS will retain their original year of allocation for the purpose of applying the lapsing requirement set forth in the GUIDELINES.

### ARTICLE 4 – REPORTING REQUIREMENTS

- 4.1. GRANTEE will provide an annual Improvement Plan to LACMTA describing how uses of the Program FUNDS are contributing to accomplishing the Program objectives. LACMTA will compile GRANTEE's annual report into a regional annual Measure M 20% Program update for the LACMTA Board. All service funded with the Program FUNDS will be included in the Formula Allocation Procedure (FAP), and reported separately on the Transportation Performance Measurement forms. The Program FUNDS may be used to supplement existing state, federal and local transit funds in order to maintain the provision of the existing transit services in the event of a current or projected funding shortfall. Program FUNDS used for expansion may only be included in the FAP if there is an overall service level increase (as evidenced in the National Transit Database Report).
- 4.2. Grantree shall provide quarterly reports to LACMTA that are consistent with the annual Improvement Plan. The quarterly reports are in addition to the annual Improvement Plans. LACMTA will compile GRANTEE's quarterly reports into a regional Measure M 20% Program update for the Measure M Independent Taxpayer Oversight Committee.
- 4.3. GRANTEE shall comply with all Federal National Transit Database reporting requirements and shall annually submit a completed copy of said report to LACMTA.
- 4.4. By November 30th of each year, the GRANTEE shall submit to the LACMTA a completed TPM form which separately reports all service funded with the Program FUNDS.
- 4.5. By December 30 of each year, the GRANTEE shall submit to the LACMTA an annual

financial audit report which identifies the use of the Program FUNDS for transit operations purposes as outlined in the GUIDELINES.

## ARTICLE 5 – AUDIT REQUIREMENTS

- 5.1 Grantee shall meet its audit obligations set forth in the GUIDELINES. Each fiscal year, LACMTA or its designee shall have the right to conduct its own financial and compliance audit(s) of the Program. GRANTEE agrees to establish and maintain proper accounting procedures and cash management records and documents in accordance with conditions defined by this MOU. GRANTEE shall maintain financial records for three (3) years after the end of the fiscal year within which the Program FUNDS were dispersed. LACMTA may audit as provided herein up to three years after the end of the fiscal year within which the Program FUNDS were dispersed.

## ARTICLE 6 - MISCELLANEOUS

- 6.1 Each grant given pursuant to an Annual Funding Mark shall be subject to the terms and conditions agreed to herein and in the GUIDELINES. Notwithstanding the term of this MOU, each grant does not imply nor obligate any future funding commitment on the part of the LACMTA.
- 6.2 GRANTEE understands and agrees that in programming the Program 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 Program FUNDS for public transit purposes. GRANTEE shall fully indemnify, defend and hold the LACMTA, its directors, officers, employees and agents harmless from and against any liability and expenses, including without limitation, defense costs, any costs or liability on account of bodily injury, death or personal injury of any person or for damage to or loss of risk of property, any environmental obligation, legal fees and any claims for damages of any nature whatsoever arising out of (i) breach of GRANTEE's obligations under this MOU; (ii) use of the Program FUNDS by GRANTEE or its officers, agents, employees or subcontractors; (iii) any act or omission of the GRANTEE or its officers, agents, employees or subcontractors in the performance and/or provision of the services funded under the Program.
- 6.3 GRANTEE agrees to comply with all applicable local, state and federal laws and regulations in the provision of public transit services and any services funded under the Program. Grantee shall comply with the GUIDELINES.
- 6.4 The LACMTA reserves the right to terminate this MOU and withhold the Program FUNDS if it is determined that the GRANTEE has not complied with all the terms and conditions contained herein or in the GUIDELINES. Any withholding of Program FUNDS or termination of the MOU is subject to the 2/3 vote of LACMTA Board.
- 6.5 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.

6.6 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.

6.7 This MOU constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior and contemporaneous agreements and understandings.

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 COMMERCE

LOS ANGELES COUNTY  
METROPOLITAN TRANSPORTATION  
AUTHORITY

BY: \_\_\_\_\_

BY: \_\_\_\_\_

Phillip A. Washington  
Chief Executive Officer

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Approved As To Form:

APPROVED AS TO FORM:

By: \_\_\_\_\_

MARY C. WICKHAM  
County Counsel

Date: \_\_\_\_\_

By:  \_\_\_\_\_

Date: 8/11/17 \_\_\_\_\_

**LACMTA**  
**MEASURE M 20% BUS OPERATIONS**  
**Fiscal Year 2018 Annual Funding Marks**

**Exhibit A**

<b>Operators</b>	<b>Funding Allocation</b>
Antelope Valley Transit Authority	\$2,268,938
City of Arcadia	\$103,062
City of Claremont	\$58,422
City of Commerce	\$160,753
City of Culver City	\$1,998,085
Foothill Transit	\$8,929,782
City of Gardena	\$1,976,360
City of La Mirada	\$43,032
City of Los Angeles	\$4,638,060
Long Beach Public Transportation Co.	\$8,653,452
City of Montebello	\$3,064,202
City of Norwalk	\$1,113,772
City of Redondo Beach	\$269,744
City of Santa Clarita	\$2,301,490
City of Santa Monica	\$7,401,889
City of Torrance	\$2,366,679
Foothill Transit BSCP	\$1,016,034

**Measure M 20% Transit Operations Guidelines  
(Metro and Included and Eligible Municipal Providers)**

**INTRODUCTION**

Measure M was approved by the voters of Los Angeles County on November 8, 2016 to improve transportation and ease traffic congestion consistent with the Measure M Ordinance. These guidelines summarize the funding policies and administrative procedures for the Measure M 20% Transit Operations program for the Los Angeles County Metropolitan Transportation Authority (Metro) and Municipal Operators.

**PROGRAM OBJECTIVES**

As defined in Section 3 of the Measure M Ordinance, Transit Operations “means countywide transit service operated by Metro and the Included and Eligible Municipal Operators receiving funds allocated through a Board-adopted Formula Allocation Procedure (FAP).” The purpose of the Measure M 20% Transit Operations program is to improve countywide transit service operations, maintenance, and expansion. The intent of Measure M is to increase revenues available for the public transit system. The program is flexible to allow each operator to determine how best to accomplish making public transportation more convenient, affordable, and improve quality of life.

**PROGRAM AMOUNT AND ALLOCATION PERIOD**

This is a program funded by the Measure M sales tax with no sunset, beginning on July 1, 2017. Every year Metro shall allocate 20% of all net revenues derived from the tax for transit operations to all existing eligible and included municipal transit operators in the County of Los Angeles and to Metro.

**ALLOCATION METHODOLOGY**

Funds will be allocated among the included and eligible municipal operators according to the shares calculated by the Formula Allocation Procedure (FAP) for the year in which funds are allocated. The allocations to the eligible and included municipal operators and Metro for this program shall be made solely from the revenues derived from the Measure M 20% funds, and not from other local discretionary sources. Measure M 20% services will not be included in the Foothill Mitigation Calculation.

**ELIGIBLE RECIPIENTS**

All included and eligible municipal operators and Metro participating in the FAP are eligible to receive these funds. Eligible recipients are those operators that were in existence when the

Measure M program was approved by the voters of Los Angeles County (California) and include the following:

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

#### **ELIGIBLE USES**

Eligible expenses include operations for transit service, maintenance, and expansion, and any other operating expenses that will contribute to meet the above program purpose and/or objectives. For Metro, these funds are also eligible to be used for Metro Rail operations, and as secondary Metro Rail State of Good Repair and pilot programs for new transit services. Metro will develop policies that will define and establish criteria for implementing pilot programs.

#### **MAINTENANCE OF EFFORT**

Senate Bill No. 767 (De Leon) states that funds allocated by Metro to eligible and included municipal operators shall be used for transit operations and shall not supplant any funds authorized by other provisions of law and allocated by Metro to the eligible and included municipal operators for public transit. In addition to implementing new transit services and programs, eligible recipients may use Measure M 20% funds to supplement existing state, federal, and local transit funds in order to maintain the provision of the existing transit services in the event of a current or projected funding shortfall. Metro staff reserves the right to request appropriate documentation from eligible recipients to support the existence of a funding shortfall.

For Metro, Senate Bill No. 767 (De Leon) states that funds allocated by Metro to itself shall be used for transit operations and shall not supplant funds from any other source allocated by Metro to itself for public transit operations (Attachment B – Senate Bill No. 767).

Measure M funds shall not supplant any local return fund contributions made toward the operations of a transit system.

#### **FUND DISBURSEMENT**

Funds will be disbursed after a Memorandum of Understanding (MOU) between the operator and Metro has been executed and the operator has submitted to Metro a Measure M 20% Improvement Plan showing the assignment of that fiscal year's funds. The Measure M 20% Improvement Plan should include a description of how these funds will be spent. The plan should explain how these services will meet the program objective and benefit transit users. The Measure M 20% Improvement Plan may be amended by the operator in coordination with Metro's Local Programming staff. Funds for operating purposes will be disbursed monthly in equal portions of an operator's allocation once an invoice for the annual allocation amount is received from that operator.

All interest accrued on the Measure M 20% transit operations fund will be reallocated annually through the FAP and according to these guidelines.

#### **RESERVE/CARRYOVER REQUIREMENTS**

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

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

#### **LAPSING REQUIREMENT**

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

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



## **REPORTING REQUIREMENTS**

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

## **AUDIT REQUIREMENTS**

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

## **MEASURE M RECOGNITION**

All operators are encouraged to recognize projects and services that are funded using Measure M funds. Examples include websites, car cards, schedules, other promotions and marketing materials. This will be left to the discretion of each operator.

## **REVISIONS TO PROGRAM GUIDELINES**

These guidelines cannot be changed without consensus from the eligible recipients, as defined in these guidelines, and upon approval of the Metro Board of Directors.