

MEMORANDUM OF UNDERSTANDING
for
Proposition A 40% Discretionary Grant Funds

This Memorandum of Understanding (the “MOU”) is entered into by and between City of Commerce (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 40% Discretionary Funds to the GRANTEE (the “Funds”); and

WHEREAS, the GRANTEE is an eligible operator and desires to receive 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 (“MOU”).

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, 2020 until June 30, 2030**, unless: (a) the Proposition A Discretionary Guidelines adopted April 24, 1991 (the “Guidelines”) are revised by LACMTA prior to the expiration date, in which case this MOU shall terminate on the effective date of the revised Guidelines; or, (b) terminated early: (i) by either party for any reason upon six months prior written notice; or (ii) by the LACMTA upon its decision not to include the Funds in its annual Budget.

ARTICLE 2. USE OF FUNDS - SERVICE ADJUSTMENTS AND STANDARDS

- 2.0 Grantee shall utilize the Funds in accordance with the LACMTA Proposition A 40% Discretionary Fund Guidelines (the “Guidelines”) adopted, and in accordance with the LACMTA Board’s action in approving this grant of Funds. The Grantee agrees to comply with all applicable provisions of the Guidelines, including without limitation, all applicable service adjustments, standards, warranties and conditions

specified in Sections 1.1. through 8.4 of the Guidelines.

- 2.1 Grantee shall use the Funds only for operating assistance of public transit and shall not use the Funds to substitute for any other funds, service, or project not specified in this MOU.
- 2.2 Grantee agrees to continue reporting 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. Only the services included in the TPM program are eligible for the Funds.
- 2.3 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 (minimum standards are detailed in Section 8.1 of the Guidelines);
 - C. Ensure that service quality improvements are implemented whenever possible (e.g. added service to meet demand; routing and scheduling improvements);
 - D. Ensure that the existing level of service is maintained 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. Certify that Grantee is not effectively precluded by any collective bargaining agreement which is in effect on or after July 1, 1988, from contracting existing, new or restructured services;
 - G. Agree to secure a local contribution as described in Section 8.3 of the Guidelines.

ARTICLE 3. PAYMENT OF FUNDS - REIMBURSEMENT TO GRANTEE

- 3.0 Each fiscal year, to the extent the Funds are available, 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 40% Discretionary funds for FY 2021. If LACMTA staff, in coordination with the Eligible/Included Operators, develops a mid-year reallocation of any Annual Funding Marks 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.

- 3.1 Requests for reimbursement to Grantee shall be made by the Grantee annually using the Proposition A Discretionary Grant Worksheet **Exhibit B**. However, the LACMTA will disburse 1/12 of the Grantee's maximum eligible funding mark each month, provided the funds are available.
- 3.2 Reconciliation will occur annually in May, based upon estimated actual expenses and revenues. All disbursements will be considered an estimate subject to adjustment upon receipt of reporting and audit compliance requirements (see Article 4 contained herein). The audit must be submitted within 120 days of the close of the fiscal year.
- 3.3 If the 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.
- 3.4 Grantee may carryover for two years, one hundred percent (100%) of its annual funding mark minus any portion expended during the fiscal year. The carryover funds will be calculated after the Discretionary Grant formula fund program's fiscal year close-out, and will be based on audited expenses.
- 3.5 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.
- 3.6 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.
- 3.7 Under no circumstances will the amount of money transferred to the Grantee under this MOU exceed the monthly, (1/12) funding allocation as listed in the applicable Annual Funding Marks.
- 3.8 Each year, GRANTEE shall submit one (1) invoice to LACMTA requesting the Funds. All invoices must include information documenting the cost

of the project for the upcoming fiscal year.

- 3.9 An invoice and the Proposition A Discretionary Grant Worksheet (Exhibit B) must be submitted annually to the LACMTA by Grantee indicating maximum annual allocation and estimated monthly payments.

ARTICLE 4. REPORTING AND AUDIT REQUIREMENTS

- 4.0 For the term of this MOU, Grantee shall comply with all Transportation Development Act (TDA), State Transit Assistance (STA) and National Transit Database (NTD) reporting requirements and shall annually submit a completed copy of said reports to LACMTA. Grantee agrees to commit all TDA, STA and NTD operating subsidies prior to committing the Funds.
- 4.1 If Grantee receives the Funds in lieu of STA and or TDA funds, the portion of Proposition A Discretionary funds received in lieu of STA funds (“In-Lieu-Funds”) are subject to the STA efficiency test; and if Grantee fails the STA efficiency test, Grantee may not use the In-Lieu-Funds for transit operating purposes. A Grantee in receipt of In-Lieu-Funds is not required to submit a TDA Article 4 claim form, and is therefore not subject to the TDA reporting requirements. However, Grantee must comply with the audit requests as prescribed by LACMTA (see Article 4.3), and comply with all other Proposition A Discretionary Guideline provisions.
- 4.2 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 and to the applicable fiscal year.
- 4.3 Each fiscal year, LACMTA or its designee shall have the right to conduct a financial and compliance audit(s) of the Project. 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 5. LOCAL CONTRIBUTION REQUIREMENT

- 5.0 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.
- 5.1 The actual amount of local support will be equivalent to the lesser of: (i) five percent (5%) of the current fiscal year operating budget, 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).

- 5.2 Only local contributions made to the operating budget are eligible to meet the Local Contribution Requirement.
- 5.3 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.
- 5.3 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 6. CONDITIONS

- 6.0 This grant is subject to the terms and conditions agreed herein and in the Guidelines. The LACMTA, at its discretion, may withhold all or part of the Grantee's discretionary grant allocation if all conditions identified in Section 8 of the Guidelines are not met. This grant does not imply nor obligate any future funding commitment on the part of LACMTA.
- 6.1 Grantee agrees to comply with all applicable local, state and federal laws, rules and regulations in the provision of public transit services.
- 6.2 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 LACMTA for all 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.
- 6.3 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.
- 6.4 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 7. PENALTIES

- 7.0 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.
- 7.1 Any withholding of Funds, termination of the MOU, or imposition of any financial penalty against Grantee under the Guidelines is subject to a two-thirds affirmative vote of the LACMTA governing board.

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: _____
Ivan Altamirano
Mayor

By: _____
Phillip A. Washington
Chief Executive Officer

Date: _____

Date: _____

APPROVED AS TO FORM:

APPROVED AS TO FORM:

By: _____
Noel Tapia
City Attorney

MARY C. WICKHAM
County Counsel

ATTEST:

By:  _____
Deputy

By: _____
Lena Shumway
City Clerk

Date: 10/16/2020

Date: _____