

CITY OF LOS ANGELES  
CALIFORNIA

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When making inquiries relative to  
this matter, please refer to the  
Council File No.

August 20, 2013

To All Interested Parties:

The City Council adopted the action(s), as attached, under Council File No.

13-0600-S106, at its meeting held August 14, 2013.

A handwritten signature in black ink, appearing to read 'Holly L. Wolcott', is written over a faint, illegible typed name.

City Clerk  
vcw

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TRANSPORTATION AND BUDGET AND FINANCE COMMITTEES REPORT relative to the status of the City's Proposition A local return fund.

Recommendation for Council action:

RECEIVE and FILE Los Angeles Department of Transportation (LADOT) report to Council dated June 17, 2013 (attached to the Council file), relative to the status of the City's Proposition A local return fund.

Fiscal Impact Statement: Not applicable.

Community Impact Statement: None submitted.

SUMMARY

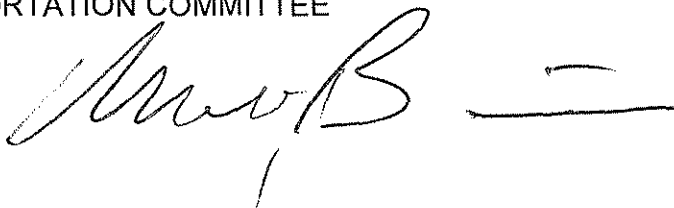
In a report to Council dated June 17, 2013, LADOT provides a status update of the City's Proposition A local return fund. LADOT projects that the City's Proposition A local return fund will maintain a positive balance through Fiscal Year (FY) 2020-21. An estimated shortfall of \$5.1 million is projected starting in FY 2021-22.

According to the Department, previously projected Proposition A funding shortfalls were eliminated due in large part to actions taken to eliminate unproductive transit services, increase transit passenger revenues, and achieve transit contracting efficiencies. Additionally, LADOT has successfully obtained a significant level of regional and federal funding subsidies for LADOT transit services. For example, LADOT expects to receive a total of \$48.6 million in annual transit operating and capital subsidies through Metro in FY 2013-14. The Department has also received a total of approximately \$62 million in federal capital grant funding over the past two fiscal years. LADOT states that additional operating efficiencies and grant funding opportunities for its transit program will continue to be aggressively pursued.

At its meeting held July 24, 2013, the Transportation Committee discussed this matter with LADOT. At that time, the Committee recommended that Council receive and file the LADOT report. At its meeting held July 29, 2013, the Budget and Finance Committee concurred with this action.

Respectfully Submitted,

TRANSPORTATION COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
BONIN:	YES
KORETZ:	YES
LABONGE:	ABSENT
PARKS:	YES

KREKORIAN: YES

BUDGET AND FINANCE COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
KREKORIAN:	YES
ENGLANDER:	YES
KORETZ:	YES
BLUEMNFIELD:	YES
BONIN:	YES

-NOT OFFICIAL UNTIL COUNCIL ACTS-

**ADOPTED**


AUG 14 2013

**LOS ANGELES CITY COUNCIL**

**CITY OF LOS ANGELES**  
INTER-DEPARTMENTAL MEMORANDUM

Date: June 17, 2013

To: Honorable City Council  
c/o City Clerk, Room 395, City Hall  
Attention: Honorable Bill Rosendahl, Chair, Transportation Committee  
Honorable Paul Krekorian, Chair, Budget & Finance Committee

From: Jaime de la Vega, General Manager  
Department of Transportation 

Subject: **STATUS OF CITY PROPOSITION A LOCAL RETURN FUND  
(C.F. 13-0600-S106)**

**SUMMARY**

This report is in response to a Council Motion, pursuant to adoption of the Mayor's 2013-14 budget on May 23, 2013, instructing the Department of Transportation (LADOT) to report to the Transportation Committee and the Budget and Finance Committee on the Proposition A shortfall, when it will occur and its magnitude.

**RECOMMENDATION**

That the Council:

RECEIVE and FILE this report as it is for informational purposes only.

**DISCUSSION**

LADOT projects that the City's Proposition A local return fund will maintain a positive balance through FY 2020-21 (see attachment). An estimated shortfall of \$5.1 million is projected starting in FY 2021-22. This projection assumes the continued operation of all existing LADOT transit services (baseline) with no new service implementation.

Previously projected Proposition A funding shortfalls were eliminated due in large part to the LADOT's actions to eliminate unproductive transit services, increase transit passenger revenues and achieve transit contracting efficiencies. In addition, the Department has been successful in obtaining a significant level of regional and federal funding subsidies for LADOT transit services. For example, LADOT expects to receive a total of \$48.6 million in annual transit operating and capital subsidies through Metro in FY 2013-14. LADOT also estimates that it has received a total of approximately \$62 million in federal capital grant funding over the past two fiscal years. LADOT will

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continue to aggressively pursue additional operating efficiencies and grant funding opportunities for its transit program.

## **BACKGROUND**

### **Proposition A**

The City's Proposition A local return program is funded by a ½ cent sales tax measure approved by the voters of Los Angeles County in 1980. Proposition A is projected to generate approximately \$708 Million for Los Angeles County in FY 2013-14. The majority of these funds are used by the Los Angeles County Metropolitan Transportation Authority (Metro) to fund regional transit-related projects. A portion of these funds (25%) is returned to the 88 cities and the County (unincorporated portions) by Metro on a per capita basis. The City is estimated to receive \$62 million in Proposition A local return funds in FY 2013-14.

Proposition A funds are similar to Proposition C and Measure R sales tax revenues in that they are to be dedicated for transportation purposes only. However, Proposition A funds are more restrictive than the other two funds and must be used for public transit purposes only. A majority of the City's Proposition A funds are used to support the City's public transit program (DASH, Commuter Express, Cityride and Charter Bus) operated by LADOT. The Department's fixed route transit services, DASH and Commuter Express, serve over 25 million passenger trips each year.

### **Comprehensive Analysis of City Transit Services**

LADOT had reported to the City's Transportation Committee since 2004 concerning projected shortfalls in the City's Proposition A transit fund. As reported by LADOT to the Transportation Committee at its March 25, 2009 meeting, the City's updated Proposition A forecast has significantly worsened due to the downturn in the economy and the resultant drop in state and local sales tax revenues. LADOT also reported that, as a result of the projected funding shortfall, the City was facing major cuts to its existing public transit programs.

In July 2009, the Department initiated a comprehensive analysis of all LADOT transit services intended to develop recommendations to reduce or eliminate underperforming services and raise fares in order to address the projected funding shortfall. Following extensive public outreach, LADOT's recommendations from this analysis were approved by the City Council at its meeting on June 30, 2010 (C.F. 10-0082). The recommended service reductions and fare increases were projected to reduce net expenditures for LADOT's transit program by approximately \$25 million per year.

**Community DASH Need Assessment Study**

The City Council, at its meeting on June 28, 2005, adopted the recommendations by LADOT concerning the Department's Community DASH Need Assessment Study (C.F. 04-0823). The primary objective of this comprehensive study was to review existing Community DASH routes operating in the City and make recommendations for the implementation of new, viable service in other areas of the City with good transit potential. The study produced a ranked list of 22 potential new Community DASH routes for implementation, subject to available funding. None of the recommended new DASH routes have been implemented so far due to concerns over projected funding shortfalls in the City's Proposition A local return fund.

JTV:jml

Attachment

PROPOSITION A 10 YEAR FORECAST -- 2013-2014

	1	2	3	4	5	6	7	8	9	10		
<b>2011-12</b>	<b>2012-13</b>											
<b>Actual</b>	<b>Estimated</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-2022</b>	<b>2022-23</b>	
<b>Revenue</b>												
Adjusted Beginning Cash Balance	\$ 145.6	\$ 137.3	\$ 64.3	\$ 57.8	\$ 40.1	\$ 31.0	\$ 20.4	\$ 17.1	\$ 18.1	\$ 17.8	\$ 0.2	\$ (5.1)
Prop A Sales Tax Receipts	\$ 59.8	\$ 62.0	\$ 62.0	\$ 63.9	\$ 65.8	\$ 67.7	\$ 69.8	\$ 71.9	\$ 74.0	\$ 76.3	\$ 78.5	\$ 80.9
Prop A, MTA/FTA reimbursements	72.4	56.2	36.3	36.3	36.3	36.3	36.3	36.3	36.3	36.3	36.3	36.3
Advertising Revenue	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Other Revenue												
Prop A, Farebox Revenue(1)	14.0	12.8	12.6	12.7	12.9	13.0	13.1	13.3	13.4	13.5	13.7	13.8
Prop A, Transit Scrip	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5
Interest	2.2	1.4	0.8	0.6	-	-	0.3	0.2	0.2	0.2	0.1	-
Other	2.4	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Total Receipts	\$ 151.8	\$ 135.2	\$ 114.6	\$ 116.4	\$ 117.9	\$ 119.9	\$ 122.4	\$ 124.6	\$ 126.8	\$ 129.2	\$ 131.5	\$ 134.0
<b>Total Revenue</b>	<b>\$ 297.4</b>	<b>\$ 272.5</b>	<b>\$ 178.9</b>	<b>\$ 174.3</b>	<b>\$ 158.0</b>	<b>\$ 151.0</b>	<b>\$ 142.8</b>	<b>\$ 141.7</b>	<b>\$ 144.9</b>	<b>\$ 147.0</b>	<b>\$ 131.7</b>	<b>\$ 129.0</b>
<b>Expenditures</b>												
City Transit Service(2)	\$ 65.5	\$ 80.5	\$ 85.4	\$ 87.5	\$ 90.0	\$ 92.6	\$ 95.3	\$ 98.1	\$ 100.9	\$ 103.8	\$ 106.8	\$ 109.9
Specialized Transit(2)(3)	7.1	7.7	7.7	7.9	8.2	8.4	8.7	8.9	9.2	9.5	9.8	10.1
Transit Capital	74.2	49.7	13.8	24.3	13.8	14.2	5.9	0.3	0.3	16.3	2.5	46.9
Support Programs	13.5	14.4	14.2	14.5	15.0	15.4	15.8	16.3	16.7	17.2	17.7	18.2
<b>Total Expenditures</b>	<b>\$ 160.3</b>	<b>\$ 152.3</b>	<b>\$ 121.1</b>	<b>\$ 134.2</b>	<b>\$ 127.0</b>	<b>\$ 130.6</b>	<b>\$ 125.7</b>	<b>\$ 123.6</b>	<b>\$ 127.1</b>	<b>\$ 146.8</b>	<b>\$ 136.8</b>	<b>\$ 185.1</b>
<b>Reserve Balance</b>	<b>\$ 137.1</b>	<b>\$ 120.2</b>	<b>\$ 57.8</b>	<b>\$ 40.1</b>	<b>\$ 31.0</b>	<b>\$ 20.4</b>	<b>\$ 17.1</b>	<b>\$ 18.1</b>	<b>\$ 17.8</b>	<b>\$ 0.2</b>	<b>\$ (5.1)</b>	<b>\$ (56.1)</b>

(1) Farebox revenue includes DASH, prepaid fare media and Commuter Express fares increase 1%

(2) Transit costs increase at 3%

13-0600-S106

**ADOPTED BUDGET RECOMMENDATION**

INSTRUCT the Department of Transportation to report to the Transportation Committee and the Budget and Finance Committee on the Proposition A shortfall, when will it occur and what is the magnitude.

(Pursuant to adoption of the Mayor's 2013-14 Budget on May 23, 2013)

**TRANSPORTATION**

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