


**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

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

