

CITY OF LOS ANGELES
INTER-DEPARTMENTAL MEMORANDUM

Date: September 30, 2015

To: Honorable City Council
c/o City Clerk, Room 395, City Hall
Attention: Honorable Felipe Fuentes, Chair,
Energy and the Environment Committee

From:  Seleta J. Reynolds, General Manager
Department of Transportation

Subject: **FISCAL YEAR 2014-15 REPORT TO THE CITY COUNCIL ON THE STATUS OF THE MOBILE SOURCE AIR POLLUTION REDUCTION TRUST FUND**

SUMMARY

The Los Angeles Department of Transportation (LADOT) is required to report all revenues and expenditures of the Mobile Source Air Pollution Reduction Trust Fund (Trust Fund) on an annual basis, as directed by Ordinance No. 181196.

RECOMMENDATION

LADOT recommends that the City Council receive and file this report of Fiscal Year 2014-15 revenues and expenditures of the Trust Fund.

DISCUSSION

The City receives State funds per Assembly Bill 2766 and those funds are deposited into the Trust Fund. In accordance with Ordinance No. 181196, the administration of the Trust Fund was transferred to LADOT on July 1, 2010 and therefore, as the Trust Fund Administrator, is required to provide an annual report to the City Council describing the amount and purpose of receipts to and expenditures from the Trust Fund following the end of each fiscal year. This report complies with that requirement provided by the Ordinance and details the Trust Fund revenues and expenditures for the period of July 1, 2014 through June 30, 2015 (FY 15).

As Trust Fund Administrator, LADOT is also required to report to the South Coast Air Quality Management District (SCAQMD) on the emission reductions achieved from programs funded through Assembly Bill 2766 Funds. In accordance with that requirement, LADOT will submit the emissions reduction report for FY 15 to the SCAQMD by February 4, 2016.

BACKGROUND

Los Angeles City Ordinance No. 167129 established the Trust Fund to receive and expend State fees allocated to the City per Assembly Bill 2766 (AB 2766, Sher, Chapter 1705 of the Statutes of 1990). Per AB 2766, air pollution districts may impose fees on motor vehicle registrations to raise revenues for programs to reduce air pollution from vehicles. The State of California Department of Motor Vehicles collects the fees by assessing an additional \$4.00 on each vehicle registered. The breakdown of each dollar is as follows:

- Participating cities and counties located within the South Coast Air Basin receive 40 cents of every dollar collected in the Basin on a prorated population share basis. In order to receive these subvention funds, the City enacted an ordinance expressing support for AB 2766 and codifying City compliance with terms set forth in AB 2766. The SCAQMD transmits funds to the City in quarterly automatic clearing house transfers. The amounts vary according to the number of vehicles registered during each quarter.
- An additional 30 cents of each dollar collected goes into a Discretionary Fund administered by the Mobile Source Air Pollution Reduction Review Committee (MSRC). The legislation identified this multi-agency committee to program and distribute these discretionary funds in the South Coast Air Basin. The MSRC was formed in 1990, when AB 2766 was signed into law. All programs implemented by the MSRC must fund work or items that reduce air pollution from mobile sources pursuant to the California Clean Air Act and the local Air Quality Management Plan. Government agencies, non-profit entities, businesses, and individuals may compete for the discretionary funds through an annual Request for Proposal process.
- SCAQMD retains the remaining 30 cents of each dollar collected for use in their mobile source air pollution reduction efforts.

Revenues and Interest

For FY 15, SCAQMD deposited a total of \$4.82 million in AB 2766 subvention revenues and approximately \$39,000 in interest, as reported on a cash basis, to the Trust Fund.

The Ordinance specifies that all interest attributable to money in the Trust Fund be credited to the Trust Fund, and that any funds remaining unexpended or uncommitted at the end of each fiscal year be reverted back to the Trust fund for reprogramming to other mobile source air pollution reduction efforts.

Transfers and Expenditures

All City programs and projects funded under the AB 2766 program aim to reduce air pollution from motor vehicles. They are consistent with provisions of the California Clean Air Act and the 1990 Federal Clean Air Act Amendments and further the City's efforts to comply with these laws. In addition, the funds contribute to the implementation of the City's air quality programs, designed to assist in achieving Federal, State, and local air quality goals and mandates, including the SCAQMD's Air Quality Management Plan. The following section describes City programs and projects funded by the Trust Fund and the related fund transfers and expenditures. The attachment to this report summarizes the Trust Fund actual expenditures for FY 15.

AB 2766 Funded Programs and Projects

The following is a synopsis of the Trust Fund programs and projects:

Office of the Mayor**1. Electric Vehicles, Bike Share, Car Share, and CicLAvia programs**

As adopted in the FY 15 budget, the Trust Fund contributed \$43,349 for direct salaries (\$30,045) and indirect salary related costs (\$13,304) for staff in the Office of Sustainability, housed in the Mayor's Office of Budget and Innovation. The Office of Sustainability works in concert with City Departments and external stakeholders on various sustainability programs to reduce energy use. The Mayor's Office is involved in the promotion of increased usage of Electric Vehicles, Bike Share, Car Share, and the CicLAvia programs. This work performed directly supports the reduction of vehicle miles traveled and the associated mobile sources of air pollution. In related work efforts, this team produced the Sustainable City pLAN which includes many elements such as Air Quality.

Personnel Department**2. Commute Options and Parking Section**

Administered by the Personnel Department, the Commute Options and Parking Program provides services that reduce vehicle mileage and emissions generated by City employees commuting to and from work. Services include: providing information on carpooling, vanpooling, and transit buses; administering the City's transit incentive program; and, conducting the annual employee ridership survey. In a given year, City employees participating in the City's Carpool and Vanpool Rideshare Program conserve over 24 million vehicle miles per year. City employees participating in the Transit Subsidy and Bicycle/Walk Subsidy Programs conserve almost 26 million vehicle miles per year.

In FY 2015, the Personnel Department expended a total of \$866,743 in Trust Funds for direct salaries (\$510,031) and related costs (\$156,694) in support of these programs. In order to cover all Commute Options and Parking Section costs, additional funding totaling over \$2.4 million was provided by the Rideshare Trust Fund for Transit Subsidy Program (\$1.4 million) and van leases (\$1 million).

- **Vanpool Program**

For FY 15, a total of 720 participants utilized the Vanpool Program which consists of 28 12-passenger vans and 65 8-passenger vans. With an average one-way daily trip length of 48 miles per van, nearly 2.5 million van miles are traveled, conserving almost 20 million vehicles miles per year.

- Carpool Program

In FY 15, a total of 380 carpool parking permits were issued, with an average of two persons per vehicle, driving an average of five days per week for 50 weeks per year.

- Transit Subsidy and Bicycle/Walk Subsidy Programs

In FY 2015, participants totaled 2,512 in the Transit Subsidy Program, 72 in the Bicycle Subsidy Program, and 26 in the Walk Subsidy Program. Participants receive \$50 per month that they are enrolled in a program.

Department of Public Works – Bureau of Engineering (BOE)

3. Alternative Fuel Infrastructure Program

BOE is involved in providing engineering services for the conversion and development of alternative fuel infrastructure (fuel storage and dispensing stations) and facilities where those vehicles are serviced and maintained. During FY 15, BOE staff helped design and prepare engineering and construction documents; create cost estimates; and, obtain approvals for the natural gas detection systems, electrical distribution, and controls for new ventilation systems. Other activities provided by BOE include the following:

- Technical support for the construction of the electrical system of the new CNG fueling station at the West LA, Bureau of Sanitation Yard located at 2027 Stoner Avenue;
- Continued design work for the upgrade of the Bureau of Sanitation West LA Truck Maintenance Facility for the safe maintenance of the LNG-CNG fueled vehicles (also located at 2027 Stoner Avenue);
- Continued design work for the upgrade of the Bureau of Street Services Sweeper Shop for LNG-CNG vehicles maintenance facility (also located at 2027 Stoner Avenue);
- Engineering support during the construction phase of the Bel Air CNG fueling station located at 11165 Missouri Road;
- Support for the bid and award process for the upgrade of the 50,000 square foot heavy duty shop located at 2201 Sherman Way, to accommodate the repairs of the newly acquired LNG fueled vehicles; and,
- Training and technical guidance to other engineers on the design of the LNG-CNG fueling stations and the upgrade of existing maintenance yards.

In support of these activities a total of \$156,613 in Trust Funds was expended for direct salary costs (\$112,996) and related costs (\$43,617), for a total of 1,780 hours worked.

LADOT

4. Automated Traffic Surveillance and Control (ATSAC) System and the Adaptive Traffic Control System (ATCS)

Within LADOT, the ATSAC/ATCS System is supported, in part, by the Trust Fund. In FY 15, a total of \$1,170,382 was expended for direct salaries (\$648,446) and related costs (\$521,936) to help support the ATSAC/ATCS operations.

Over 4,400 signalized intersections are currently under the ATSAC/ATCS System, which controls over 6,000 centerline miles of City streets. The ATSAC System enables traffic engineers to monitor traffic conditions and make real-time signal timing adjustments to handle emergencies and special events. With ATCS, the “adaptive” traffic signals automatically change timing in response to different travel volumes and patterns at different times of the day. For FY 15, an additional 125 intersections were added to the ATSAC/ATCS System and 335 intersections were designed for future construction. These future projects include: Santa Monica Freeway Corridor, ATCS Phases 1 and 2; the Westwood/West Los Angeles ATCS; and, the Wilshire East ATCS.

The ATSAC/ATCS System is consistent with the transportation control measures of the SCAQMD’s Air Quality Management Plan. Analysis by LADOT and independent third parties showed that signal synchronization on major corridors reduces traffic congestion (i.e. time delay experienced by vehicles versus free flow conditions) and air emissions.

5. Transportation Planning and Land Use Review

During FY 15, a total of \$1,029,137 in Trust Funds were expended by LADOT for direct salaries (\$570,191) and related costs (\$458,946) for approximately six positions that support transportation planning and land use review activities.

In FY 15, the Transportation Planning and Land Use group processed 123 transportation impact studies, 615 building permits and 239 site plan/driveway approvals. Along with these various projects, this staff is directly involved in the review and coordination of larger projects that require environmental impact reports and transportation mitigation plans. Additionally, the staff is directly involved in other work efforts relative to grant applications, community planning and long range transportation planning programs and initiatives, including the Mobility Plan 2035, the Expo Line Neighborhood Transit Plan, and the Crenshaw Streetscape Plan. All of these projects include efforts to reduce automobile trips and greenhouse gas emissions, and to increase transit use, walking, and biking.

6. Green Taxi Program

LADOT staff worked with taxi operators to develop the City’s Green Taxi Program and establish standards of compliance to encourage taxi operators to exchange their higher emissions vehicles to green taxis, either hybrid or alternative fueled vehicles. The accomplishments to date include the following:

- The original goal of greening a minimum of 1,703 vehicles was achieved 100% during FY 15, ahead of the original projected schedule of FY 16. Although this original goal has been exceeded, efforts to continue to expand the Green Taxi Program are ongoing.
- Representing over 76%, 1,806 green taxi vehicles are in service, out of a taxi fleet of 2,369 vehicles.
- Due to these efforts, greenhouse gas levels are estimated to be reduced to 17.6 tons/CO2 per year (compared to an average GHG level of 36.4 tons/CO2 per year in 2010).

7. Car Share

A total of \$70,987 in Trust Funds was expended for LADOT staff direct salaries (\$36,758) and related costs (\$34,229) to support the Car Share project in FY 15. Activities include project planning and control, coordination, attending meetings, contracts, coordination, design and review and other related work.

8. Project Management

A total of \$132,717 was expended for LADOT direct salaries (\$76,104) and related costs (\$56,613) to support various sustainable transportation and air quality programs, including emission reduction projects, bike share, carpool and bicycle programs, transit and light rail activities.

9. Administration

A total of \$88,554 was expended for LADOT direct salaries (\$49,819) and related costs (\$40,099) related to Trust Fund administration, including reporting, accounting, and related coordination with City departments.

General Services Department (GSD)/Department of Public Works – Bureau of Sanitation (BOS)

10. Alternate Fuel Fleet Vehicles, Trucks, and Infrastructure

For FY 15, a total of \$564,878 was budgeted and expended for the Alternate Fuel Fleet Vehicles Program. To expend the Trust Funds for this purpose, LADOT reimbursed GSD for the incremental cost of purchasing 12 Elgin CNG Broom Bear street sweepers (\$282,439) and reimbursed BOS the incremental cost of purchasing 10 LNG solid resources collection vehicles (\$282,439), in accordance with the contract after the delivery, and the vehicles had been placed into service.

Additionally, \$1,518,247 in Trust Funds budgeted in FY 14 were expended in during FY 15 for the North Hollywood Maintenance Facility Upgrade.

Los Angeles Police Department

11. Bicycle Patrol Program

During FY 15, in support of the Bicycle Patrol Program, the Los Angeles Police Department placed an order totaling of \$69,311 for a total of 35 Volcanic VX7 hard-tail mountain bike patrol bicycles at an average cost of \$1,980 each. While the actual expenditure for FY 15 was \$11,369, it is anticipated that the balance of the order will be expended in FY 16.

The current Bicycle Patrol Program has approximately 280 bicycle patrol officers. These officers are on patrol every day (excluding heavy weather days) and also support special events like demonstrations, marches, marathons and CicLAvia. The 280 bicycle patrol officers travel an average of 15 miles each day, for a total average of more than 1.5 million bicycle patrol miles per year. With each bicycle replacing one light duty passenger patrol vehicle, air emissions are reduced through the reduction of about 400 hours of car-idling per patrol car each year.

Office of the City Controller

12. Annual Audit of Mobile Source Air Pollution Reduction Trust Fund

AB 2766 Regulations require all jurisdictions receiving funds pursuant to its provisions to undergo an annual audit by an independent auditor. To meet this requirement, the City budgets \$15,000 within the Trust Fund for the annual audit. LADOT's Trust Fund Program Administrator and a portion of the LADOT Accounting and Administration staff annually coordinate the audit response and prepare the requested audit information.

Allocated funds for the FY 15 Trust Fund audit will not be expended until FY 16, after the auditors have reviewed the Fund for FY 15. Funds in the amount of \$13,842 were expended in FY 15 for the audit performed for FY 14.

FISCAL IMPACT

All revenues expended in Fiscal Year 2014-15 were in accordance with AB 2766 regulations and guidelines. There was no impact on the General Fund.

SJR:ALB:mo

Attachment

c: Barbara Romero, Deputy Mayor for City Services
Miguel Santana, City Administrative Officer
Sharon Tso, Chief Legislative Analyst

ATTACHMENT
MOBILE SOURCE AIR POLLUTION REDUCTION TRUST FUND - FUND 528 (AB 2766)
SUMMARY OF EXPENDITURES FY 15 (7/1/2014 THROUGH 6/30/2015)

DEPARTMENT	APPR ACCOUNT	FY 15 ADOPTED BUDGET	FY 15 EXPENDITURES
MAYOR	94146L	\$ 30,045	\$ 30,045
PERSONNEL	94166L	\$ 591,664	\$ 510,031
PUBLIC WORKS-BUREAU OF ENGINEERING	94178L	\$ 112,996	\$ 112,996
TRANSPORTATION	94194L	\$ 1,429,016	\$ 1,381,319
AIR QUALITY EDUCATION AND OUTREACH*	94266L	\$ 250,000	
ALTERNATE FUEL FLEET VEHICLES FY15	94261L	\$ 564,878	\$ 564,878
ALTERNATE FUEL FLEET VEHICLES FY14**	94207K		\$ 1,518,247
BICYCLE PATROL PROGRAM FY15*	94262L	\$ 70,000	
BICYCLE PATROL PROGRAM FY14**	94262K		\$ 11,369
REIMBURSEMENT TO GENERAL FUND COST (RELATED COST) FY15	94299L	\$ 2,008,237	\$ 1,212,624
REIMBURSEMENT TO GENERAL FUND COST (RELATED COST) FY14**	94299K		\$ 112,814
COMPLIANCE (AB 2766)*	94299L	\$ 180,000	\$ -
SINGLE AUDIT CONTRACT FOR FY 2015 AUDIT*	94264L	\$ 15,000	\$ -
SINGLE AUDIT CONTRACT FOR FY 2014 AUDIT**	94264K		\$ 13,842
TOTAL		\$ 5,251,836	\$ 5,468,164

* This item is budgeted in FY 15, but the expenditure will occur in FY 16.

** This item was budgeted in FY 14, but the expenditure occurred in FY 15.

Note: Total FY 15 Expenditures exceed the FY 15 Adopted Budget due to the expenditure of prior year funds. All expenditures are supported by revenue and no shortfalls are anticipated.

