



## Board Report

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### FINANCE, BUDGET, AND AUDIT COMMITTEE NOVEMBER 21, 2024

**SUBJECT: PROPOSITION A 5% OF 40% INCENTIVE GUIDELINES**

**ACTION: APPROVE RECOMMENDATION**

#### **RECOMMENDATION**

CONSIDER:

- A. ADOPTING the revised Proposition A 5% of 40% Incentive Guidelines (Attachment A); and
- B. AUTHORIZING the Chief Executive Officer to amend existing agreements between Los Angeles County Metropolitan Transportation Authority (Metro) and Local Transit Operators to incorporate guideline amendments, and execute all necessary future agreements as pertains to this program.

#### **ISSUE**

The Proposition A 5% of 40% Incentive (Prop A Incentive) Guidelines have not been updated since 2001. Due to COVID-19 pandemic impacts, in 2021 - 2024, program participants requested revisions to the criteria that govern Prop A Incentive funding distribution. This prompted Metro staff to work with program participants to update the guidelines to reflect the changing Los Angeles County transportation landscape and accommodate funding challenges that small local operators are experiencing while maintaining their transit systems.

#### **BACKGROUND**

The Prop A Incentive Program earmarks 5 percent of the Proposition A 40 Percent Discretionary funding to promote projects that encourage the development of an integrated local public transportation system that addresses the varied transportation needs of Los Angeles County residents. This includes subregional paratransit, eligible fixed-route services, locally funded community-based transportation services and other specialized transportation services. This funding program was instituted to divert demand from costlier regional paratransit services (i.e. Access Services) by partially funding more cost-effective subregional services operated by local jurisdictions in their respective communities. An additional element of the Prop A Incentive Program consists of

small Los Angeles County operators who voluntarily report to the Federal Transit Administration (FTA) National Transit Database (NTD). These agencies are incentivized to report data in exchange for federal Section 5307 Urbanized Area Formula Grant- equivalent funding. Program expenditures are audited annually and reviewed by the Independent Citizen's Advisory and Oversight Committee (ICAOC) and the Local Transit Systems Subcommittee (LTSS).

The purpose in developing the Subregional Paratransit program element was twofold: 1) to encourage coordinated paratransit systems that are subregional in nature, and 2) to institute performance standards that promote the effectiveness of participating systems as a condition of receipt of funds.

## **DISCUSSION**

In the current program, a base funding amount of 15% of operating costs is provided to participating jurisdictions. Up to an additional 10% of operating costs can be achieved by operators through meeting three standards: 1) cost per revenue hour test, 2) subsidy per passenger test, and 3) passengers per vehicle revenue hour test. If any of the three standards are not met, the agency's funding is reduced causing budgetary issues for participants. The rate of meeting all three standards before the pandemic went from 26% in FY19 to 15% in FY24. Most operators now fail at least one of these tests due to the impacts of the pandemic. This led to fluctuations in program funding to recipients which has made it more difficult to coordinate service and resulted in the loss of a half dozen program participants in the last decade.

In September 2023, LTSS formed the Prop A Incentive Guidelines Working Group to review program requirements and update the program to reflect current transit trends and address financial challenges coming out of the COVID-19 pandemic. The working group convened, along with Metro staff, on four occasions to develop the revised Guidelines contained in Attachment A, with redlined version in Attachment B. The Working Group proposed to remove the passengers per vehicle revenue hour test as this standard did not adequately measure the efficiency of ADA paratransit service and was the most difficult for agencies to meet. In keeping with the program purpose, the Working Group agreed that it was still important to maintain performance standards to ensure cost-effective service and NTD reporting that generates additional FTA Section 5307 funding for the region. LTSS approved the proposed revised Guidelines in September 2024 and the Technical Advisory Committee (TAC) approved them in October 2024. The agencies that make up these committees are not Prop A Incentive recipients that benefit from the revised guidelines and serve as objective and regional oversight. A letter of support for these revisions was provided by the Alliance of Local Transit Operators, see Attachment C.

The revised Guidelines would provide each participating agency increased base funding of 20% of operating costs for program participation and reporting ridership data to the National Transit Database (NTD). Agencies can receive an additional 5% of operating costs by meeting one of two standards:

1. Cost Per Revenue Hour Test

No changes were made in the calculation of this standard. To pass, an operator's total cost per revenue hour must increase no more than 110% of the Los Angeles County Consumer Price

Index, as compared to previous year, or a compounded previous 3-year period.

2. Subsidy Per Passenger Test

This standard calculation is simplified by removing the requirement to report passenger mile data and categorizing results by service type (ex. general public, subsidized taxi, etc.) which will reduce calculation errors. To pass the test, an agency's total subsidy per passenger cannot exceed 133% of the countywide median.

Metro staff assessed the financial impact of the proposed Prop A Incentive Program changes by using FY19 transit data to represent the most likely post-COVID operating conditions. Staff determined that if the revised guidelines are adopted as proposed, all program participants except one would receive 25% of their operating costs. This would increase the draw on this fund source by approximately \$736,000, which the funding pot has the capacity to cover.

**DETERMINATION OF SAFETY IMPACT**

Adoption of the revised Prop A Incentive Guidelines will not impact Metro's safety standards as the transit services funded by this program are operated by other agencies.

**FINANCIAL IMPACT**

The proposed changes to the Prop A Incentive Program will not impact the FY25 Budget. The program funds are budgeted under Cost Center 0443 and Project 410057. Since this is a multi-year program, the Program Manager will be responsible for budgeting the costs in future years and will ensure program reserves are not overdrawn.

Impact to Budget

This fund source is specifically earmarked for this program and is not eligible for Metro bus and rail operations.

**EQUITY PLATFORM**

Under Board-adopted guidelines, this item enables the programming of funds to recipients to support the implementation of various transportation projects throughout the county. Without this action, almost all participating jurisdictions noted in Table 1 of the proposed Guidelines would receive less funding from the program to operate their paratransit services due to the inability to meet the current program standards, and many may be forced to reduce their service operations. Approval of this item would enable more sustained funding to program recipients that provide paratransit services primarily to disabled riders and older adults, though some services provide general public community transportation as well. Of the 49 participating jurisdictions, 36 have residents residing in Equity Focus Communities.

**IMPLEMENTATION OF STRATEGIC PLAN GOALS**

This recommendation supports the following Vision 2028 Strategic Plan Goals by providing funding for essential local transit systems throughout the county:

Goal 1: Provide high-quality mobility options that enable people to spend less time traveling.

Goal 3: Enhance communities and lives through mobility and access to opportunity.

### **ALTERNATIVES CONSIDERED**

Should the Board choose not to approve the recommendations above, which staff does not recommend, small transit systems throughout Los Angeles County that take the pressure off Access Services and provide essential transit to underserved residents, could lead to operational funding deficits of these programs and the eventual termination of these transit systems. Further, the revised guidelines follow the intent for which the program was developed in the provision of funding for intra-community public transportation services for paratransit and specialized transit services. The streamlining of performance measures allows agencies to continue this valuable service but still promotes the effective use of funds by maintaining performance standards.

### **NEXT STEPS**

Upon adoption, staff will execute amendments to existing funding agreements with participating agencies and incorporate the program changes into future program funding agreements.

### **ATTACHMENTS**

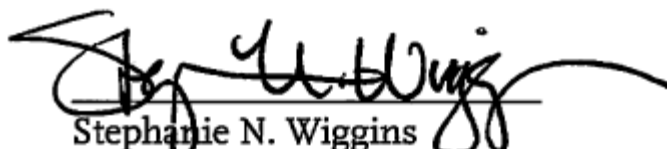
Attachment A - Proposed Proposition A Incentive Program Guidelines

Attachment B - Proposed Proposition A Incentive Program Guidelines Redlined Version

Attachment C - Alliance of Local Transit Operators - Letter of Support

Prepared by: Chelsea Meister, Manager, Transportation Planning, Local Programming (213) 922-5638  
Susan Richan, Director, Budget, (213) 922-3017  
Cosette Stark, Deputy Executive Officer, Finance, (213) 922-2822

Reviewed by: Nalini Ahuja, Chief Financial Officer, (213) 922-3088

  
Stephanie N. Wiggins  
Chief Executive Officer

**ATTACHMENT A**

**PROPOSITION A INCENTIVE  
PROGRAM GUIDELINES**

**PROPOSED**

**2024**

## **I. INTRODUCTION**

The Proposition A Incentive Program earmarks 5 percent of the 40 percent Proposition A Discretionary funds to promote projects that encourage the development of an integrated public transportation system that addresses the varied transportation needs of Los Angeles County residents. This includes subregional paratransit, eligible fixed-route services, locally funded community-based transportation services and other specialized transportation services.

## **II. PROGRAM PURPOSE**

The Incentive Program was originally created in 1985 as a replacement for Transportation Development Act (TDA) Article 4.5, which provided State transportation funds for intra-community public transportation services. The purpose in developing this program was twofold: 1) to encourage coordinated paratransit systems that are regional in nature, and 2) to institute performance standards that promote the effectiveness of participating systems as a condition of receipt of funds. Since 1985, the Incentive Program has evolved to also include and provide formula funding for additional local Los Angeles County transit operators that report to the Federal Transit Administration (FTA) National Transit Database (NTD) but do not receive 5307 funding.

## **III. PROGRAM OBJECTIVES**

The primary objectives of the Incentive Program are to provide funding to:

- Coordinate and improve services provided by cities, operators, and social services agencies to achieve more efficient and cost-effective systems.
- Improve the mobility of persons for whom regular fixed route transportation is either inadequate or inappropriate.
- Encourage the use of local transit funds for projects of regional significance and benefit, such as the provision of Americans with Disabilities Act (ADA) complementary paratransit.
- Divert demand from the more costly Access Services Incorporated (ASI) to more cost efficient locally funded subregional systems.
- Encourage locally funded public transportation systems to report NTD data, thereby enhancing data collection and the flow of Federal Section 5307 funds to the region.

## **IV. ELIGIBLE APPLICANTS**

Local Municipalities and Departments of Los Angeles County  
Joint Powers Authorities (JPAs)  
Los Angeles County Metropolitan Transportation Authority  
Public Operators

Eligible projects may be operated by any type of service provider, including public, private for profit, and private non-profit operators.

## V. FUNDING PRIORITIES

Incentive funds are disbursed according to the following funding priorities, subject to funds availability:

1. First priority is given to existing Subregional paratransit participants identified in the LACMTA-approved Annual Transit Fund Allocations. Additional participants to this program would need to apply with Metro and be approved by Local Transportation Systems Subcommittee (LTSS), Bus Operators Committee (BOS), Technical Advisory Committee (TAC), and the LACMTA Board of Directors. FY2021-22 service and funding levels will be used to determine FY2023-24 funding levels, with future fiscal year funding levels to be determined based on the most recently audited NTD report. Eligibility criteria and performance standards will be applied as outlined in Exhibit A.

2. Second priority is given to funding the four Eligible or Included operators for specific services, per Board actions in September 1991 and September 1995, as identified below:

- Santa Clarita Transit
- Antelope Valley Transit Authority
- City of Los Angeles – DASH Routes A, B and E, Harbor Shuttle and Bus Service Continuation Project (BSCP)
- Foothill Transit’s Bus Service Continuation Project (BSCP)

These four services will receive funding from the Incentive program if growth over inflation in the Proposition A Discretionary Program is inadequate to fully fund these systems. Per Senate Bill 1755 as enacted in 1996, if the funds in the Proposition A Incentive program are not enough to fund the affected fixed route operators, LACMTA will identify other funding sources to assure full funding.

An assessment of available funds in the Discretionary category will be conducted annually to determine whether any funding from the Incentive program is needed to backfill the Discretionary program for the purposes of the aforementioned systems only. Only the four operators and their specific programs listed above are eligible for this funding source. All other recipients of the Formula Allocation Process (FAP) are ineligible to receive funds for their fixed route systems under this category.

3. Third priority will be given to existing subregional paratransit participants, identified in Table 1, which are known to have expanded their service areas after the subregional paratransit program was closed to new and/or expanded projects in the early 1990s.

4. Fourth priority will be given to approved applications for expanded and/or new subregional paratransit systems.

5. Until the region develops a methodology to return to source the funds generated from NTD reporting by locally funded public transportation systems, fifth priority will be given to locally funded public transportation systems which voluntarily report NTD data.

In order to increase the amount of Federal Revenues to the region and support increased mobility, Proposition A Incentive Funds will be used to offset costs for locally funded public transportation systems participating in the voluntary NTD reporting program. Subject to availability of Proposition A Incentive funds, LACMTA will disburse funds to each participating agency in an amount equal to the Federal funds generated for the region by each agency's reported data (determined by the unit values set annually by the FTA for revenue miles and passenger miles), after the FTA has allocated the funds to the region.

Voluntary NTD reporters should notify the LACMTA at the beginning of the NTD reporting year of their program participation status. Participation in the Prop A Incentive Priority V Program is subject to LACMTA approval. Funding allocations are subject to fund availability and may be calculated differently on a case-by-case basis. Specific public transportation services funded through the Formula Allocation Process and the subregional paratransit program are required to report through NTD and therefore are not considered voluntary reporters.

6. Sixth priority will be given to Special Demonstration projects that maximize the efficiency of transit/paratransit services. Emphasis will be placed on funding programs that provide innovative, cost saving measures for delivery of transit/paratransit services.

## **VI. GENERAL AND ADMINISTRATIVE CONDITIONS**

### **Documentation of Coordination and Consolidation**

Proposed projects are required to document coordination and/or consolidation with existing public transportation services and with participating local governments, as evidenced by executed agreements, joint resolutions and approved implementation plans.

### **Duration of Incentive Projects**

Each approved Incentive project will be funded for no less than one year. Ongoing project funding is subject to funds availability and will be predicated upon a formal annual evaluation that will determine each participant's ability to achieve program objectives.

### **Reimbursement of Other Fund Sources**

After all projects in the first and second priority categories have been funded, any unallocated balances will initially be used to reimburse funding sources that have, in the past, supplemented Incentive funds. Additional unallocated balances will be used on programs in the manner stipulated in the Funding Priorities section.

### **Governing Body Authorization**

Completed Incentive applications must include authorization and approval of the project from the participating agencies' governing body(ies) in order to be considered for funding.



## **Memorandum of Understanding**

Each incentive program lead agency and/or recipient must execute a Memorandum of Understanding (MOU) with the LACMTA which delineates the type of project funded, grant amount, the coordinating agencies and the service standards that must be met on an annual basis.

## **Funding Disbursement**

Funding for Incentive recipients may be disbursed on a quarterly basis subject to timely submittal of invoices. In the case of the Subregional participants, no program can receive funds in excess of 25% of their net operating cost.

All operating projects, with the exception of those who directly report to FTA, must report auditable National Transit Database (NTD) data to the LACMTA. Failure to submit auditable NTD data by the Subregional systems by August 31 of each year may result in cancellation of funding. All other Incentive Program recipients must submit a report detailing expenditures to date and project status on a quarterly basis. All quarterly reports will be due on the last day of the months of October, January, April, and July.

## **Audits**

The LACMTA will audit all Incentive participants on an annual basis. The audits are designed to confirm fiscal compliance.

## EXHIBIT A

### Subregional Paratransit Objectives, Eligibility and Application of Performance Standards

Subregional systems are intended to encourage coordinated multi-agency, multi-jurisdictional projects specifically through improved delivery of paratransit services. Coordination is defined as the sharing of resources and expansion of service areas beyond single jurisdiction boundaries to enhance access to goods and services and potentially decrease project cost.

Proposers in this category must meet the following criteria to be eligible for the program:

- Operate new or consolidate existing paratransit services that serve two jurisdictions with a combined population of at least 25,000 residents or any three or more nearby jurisdictions. Unincorporated County areas in a two-jurisdiction project must be at least one fifth of the population or size of the coordinating agency's service area to be eligible.<sup>1</sup> At a minimum, subregional paratransit systems offer curb-to-curb transportation throughout the contiguous jurisdictions during all service operating hours to all elderly and people with disabilities who meet eligibility requirements.
- Use all LACMTA allocated funds to increase the number and mobility of the passengers carried. Incentive funds may not be used to reduce a city's contribution of Local Return or other funding sources.
- Coordinate proposed services nearby systems, social services agencies, and the regional operators. Coordination may occur at many levels, from simple information sharing to total consolidation of services. Examples of coordination include execution of transfer agreements, sharing of resources, coordination of services with social service agencies, regional operators and/or other transportation service providers. Coordination efforts shall be subject to review by LACMTA staff or consultants.
- Where applicable, coordinate Americans with Disabilities Act (ADA) trips with Access Services, Inc. (ASI) to assure cost-effective service provision.

Upon meeting the program eligibility criteria delineated above, participants are eligible to receive up to 25% of their net operating cost, subject to the following performance standards:

- ❑ 20% of the project's net operating cost will be allocated based on annual submittal of a timely and accurate NTD report subject to certification by an independent auditor.
- ❑ 5% of the project's net operating costs will be allocated based on attainment of one of the two following performance standards:

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<sup>1</sup> Due to the size (both in terms of population and area) of the City of Los Angeles and the unincorporated County of Los Angeles, LACMTA will assess, on a project-by-project basis, whether and how this requirement will be imposed on their projects.

- 1) Total cost per revenue hour increasing by less than 110% of the Los Angeles County Consumer Price Index (CPI), as measured either to the previous year, or to the compounded CPI for the previous three-year period.
- 2) Total subsidy per passenger does not exceed 133% of the countywide mean

To calculate net operating costs, LACMTA will use the operating costs less fare revenues as reported to the NTD annually for each program participant. LACMTA will exclude from the calculation any subsidies provided by ASI.

REVISED

**TABLE 1**

<b>Los Angeles County Subregional Paratransit Projects as of September 1, 2024</b>		
	Project Title/Sponsor	Participating Municipalities
1	Agoura Hills Dial-a-Ride	Agoura Hills, LA County
2	Antelope Valley Dial-a-Ride	Palmdale, Lancaster, LA County
3	Culver City Community Transit	Culver City, LA County
4	Gardena Special Transit	Gardena, Hawthorne, LA County
5	Glendale Paratransit	Glendale, La Canada Flintridge, LA County
6	LA County Whittier et al Dial-a-Ride	Los Angeles County (multiregional)
7	LA County Willowbrook Dial-a-Ride	Los Angeles County (multiregional)
8	Los Angeles CITYRIDE – Taxi Lift Van	Los Angeles, LA County
9	Los Angeles CITYRIDE – Dial-a-Ride	Los Angeles, LA County
10	Monrovia Dial-a-Ride	Monrovia, LA County
11	Palos Verdes Peninsula Transit Authority Dial-a-Ride	Palos Verdes Estates, Rolling Hills Estates, Rancho Palos Verdes, LA County
12	Palos Verdes Peninsula Transit Authority PV Transit	Palos Verdes Estates, Rolling Hills Estates, Rancho Palos Verdes, LA County
13	Pasadena Community Transit	Pasadena, San Marino, LA County
14	Pomona Valley Transit Authority -- Get About	San Dimas, La Verne, Pomona
15	Pomona Valley Transit Authority -- General Public	San Dimas, La Verne, Pomona
16	Santa Clarita Dial-a-Ride	Santa Clarita, LA County
17	West Hollywood Dial-a-Ride	West Hollywood, LA County
18	Whittier Dial-a-Ride	Whittier, La Habra

**ATTACHMENT B**

**PROPOSITION A INCENTIVE  
PROGRAM GUIDELINES  
Redlined Version**

**2024  
~~September 2001~~**

## **I. INTRODUCTION**

The Proposition A Incentive Program earmarks 5 percent of the 40 percent Proposition A Discretionary funds to promote projects that encourage the development of an integrated public transportation system that addresses the varied transportation needs of Los Angeles County residents. This includes subregional paratransit, eligible fixed-route services, locally funded community based transportation services and other specialized transportation services.

## **II. PROGRAM PURPOSE**

The Incentive Program was originally created in 1985 as a replacement for Transportation Development Act (TDA) Article 4.5, which provides State transportation fund for intra-community public transportation services. The purpose in developing this program was twofold: 1) to encourage coordinated paratransit systems that are regional in nature, and 2) to institute performance standards that promote the effectiveness of participating systems as a condition of receipt of funds. Since 1985, the Incentive Program has evolved to also include and provide formula funding for additional local Los Angeles County transit operators that report to the Federal Transit Administration (FTA) National Transit Database (NTD) but do not receive 5307 funding.

## **III. PROGRAM OBJECTIVES**

The primary objectives of the Incentive Program are to provide funding to:

- Coordinate and improve services provided by cities, operators, and social services agencies to achieve more efficient and cost effective systems.
- Improve the mobility of persons for whom regular fixed route transportation is either inadequate or inappropriate.
- Encourage the use of local transit funds for projects of regional significance and benefit, such as the provision of Americans with Disabilities Act (ADA) complementary paratransit.
- Divert demand from the more costly Access Services Incorporated (ASI) to more cost efficient locally funded subregional systems.
- Encourage locally funded public transportation systems to report NTD data, thereby enhancing data collection and the flow of Federal Section 5307 funds to the region.

## **IV. ELIGIBLE APPLICANTS**

Local Municipalities and Departments of Los Angeles County  
Joint Powers Authorities (JPAs)  
~~California Department of Transportation (Caltrans) and other State transportation agencies~~  
Los Angeles County Metropolitan Transportation Authority  
Public Operators

Eligible projects may be operated by any type of service provider, including public, private for profit, and private non-profit operators.

## V. FUNDING PRIORITIES

Incentive funds are disbursed according to the following funding priorities, subject to funds availability:

1. First priority is given to existing Subregional paratransit participants as ~~identified of June 30, 2001, and~~ in the LACMTA-approved Annual Transit Fund Allocations ~~Table 1. Additional participants to this program would need to apply with Metro and be approved by Local Transportation Systems Subcommittee (LTSS), Bus Operators Committee (BOS), Technical Advisory Committee (TAC), and the LACMTA Board of Directors. FY2021-22 1999-2000~~ service and funding levels will be used to determine FY2023-24 ~~2001-2002~~ funding levels, with future fiscal year funding levels to be determined based on the most recently audited NTD report. Eligibility criteria and performance standards will be applied as outlined in Exhibit A.
2. Second priority is given to funding the four Eligible or Included operators for specific services, per Board actions in September 1991 and September 1995, as identified below:
  - Santa Clarita Transit
  - Antelope Valley Transit Authority
  - City of Los Angeles – DASH Routes A, B and E, Harbor Shuttle and Bus Service Continuation Project (BSCP)
  - Foothill Transit’s Bus Service Continuation Project (BSCP)

These four services will receive funding from the Incentive program if growth over inflation in the Proposition A Discretionary Program is inadequate to fully fund these systems. Per Senate Bill 1755 as enacted in 1996, if the funds in the Proposition A Incentive program are not enough to fund the affected fixed route operators, LACMTA will identify other funding sources to assure full funding.

An assessment of available funds in the Discretionary category will be conducted annually to determine whether any funding from the Incentive program is needed to backfill the Discretionary program for the purposes of the aforementioned systems only. Only the four operators and their specific programs listed above are eligible for this funding source. All other recipients of the Formula Allocation Process (FAP) are ineligible to receive funds for their fixed route systems under this category.

3. Third priority will be given to existing subregional paratransit participants, identified in Table 1, which are known to have expanded their service areas after the subregional paratransit program was closed to new and/or expanded projects in the early 1990s.
4. Fourth priority will be given to approved applications for expanded and/or new subregional paratransit systems.

5. Until the region develops a methodology to return to source the funds generated from NTD reporting by locally funded public transportation systems, fifth priority will be given to locally funded public transportation systems which voluntarily report NTD data.

In order to increase the amount of Federal Revenues to the region and support increased mobility, Proposition A Incentive Funds will be used to offset costs for locally funded public transportation systems participating in the voluntary NTD reporting program. Subject to availability of Proposition A Incentive funds, LACMTA will disburse funds to each participating agency in an amount equal to the Federal funds generated for the region by each agency's reported data (determined by the unit values set annually by the FTA Federal Transit Administration for revenue miles and passenger miles), after ~~an independent auditor certifies the data and~~ the FTA has allocated the funds to the region.

Voluntary NTD reporters should notify the LACMTA at the beginning of the NTD reporting year of their program participation status. Participation in the Prop A Incentive Priority V Program is subject to LACMTA approval. Funding allocations are subject to fund availability and may be calculated differently on a case by case basis. ~~This allows the MTA to administer consolidated passenger mile sampling and to schedule an audit after the reporting year. If the MTA pays for the audit, the MTA may deduct the cost of the audit, and other MTA administrative fees associated with oversight of NTD reporting, from the payments made to the voluntary reporters.~~ Specific public transportation services funded through the Formula Allocation Process and the subregional paratransit program are required to report through NTD and therefore are not considered voluntary reporters.

6. Sixth priority will be given to Special Demonstration projects that maximize the efficiency of transit/paratransit services. Emphasis will be placed on funding programs that provide innovative, cost saving measures for delivery of transit/paratransit services.

## **VI. GENERAL AND ADMINISTRATIVE CONDITIONS**

### **Documentation of Coordination and Consolidation**

Proposed projects are required to document coordination and/or consolidation with existing public transportation services and with participating local governments, as evidenced by executed agreements, joint resolutions and approved implementation plans.

### **Duration of Incentive Projects**

Each approved Incentive project will be funded for no less than one year. Ongoing project funding is subject to funds availability and will be predicated upon a formal annual evaluation that will determine each participant's ability to achieve program objectives.

### **Reimbursement of Other Fund Sources**

After all projects in the first and second priority categories have been funded, any unallocated balances will initially be used to reimburse funding sources that have, in the past, supplemented



Incentive funds. Additional unallocated balances will be used on programs in the manner stipulated in the Funding Priorities section.

### **Maintenance of Effort**

~~All applicants must commit, among all Proposition A and C projects, an amount greater than or equal to 1/2 of the cities' annual allocation of Proposition A and C Local Return. If cities do not commit adequate Local Return funding, they will have their Proposition A Discretionary Incentive grant reduced by the amount of uncommitted annual allocation over 50%.~~

### **Governing Body Authorization**

Completed Incentive applications must include authorization and approval of the project from the participating agencies' governing body(ies) in order to be considered for funding.

### **Memorandum of Understanding**

Each incentive program lead agency and/or recipient must execute a Memorandum of Understanding (MOU) with the LACMTA which delineates the type of project funded, grant amount, the coordinating agencies and the service standards that must be met on an annual basis.

### **Funding Disbursement/~~Quarterly Reports~~**

Funding for Incentive recipients ~~may~~ will be disbursed on a quarterly basis subject to timely submittal of invoices ~~the appropriate quarterly report~~. In the case of the Subregional participants, no program can receive funds in excess of 25% of their net operating cost.

All operating projects, with the exception of those who directly report to FTA, must report auditable National Transit Database (NTD) data to the LACMTA. Failure to submit auditable NTD data by the Subregional systems by August 31 of each year may result in cancellation of funding. All other Incentive Program recipients must submit a report detailing expenditures to date and project status on a quarterly basis. All quarterly reports will be due on the last day of the months of October, January, April, and July. ~~Funds may also be withheld from approved recipients if quarterly reports are not completed and submitted on schedule.~~

### **Audits**

The LACMTA will audit all Incentive participants on an annual basis. The audits are designed to confirm fiscal compliance ~~and verify operating statistics reported as part of the quarterly and NTD reports submittals.~~

## EXHIBIT A

### Subregional Paratransit Objectives, Eligibility and Application of Performance Standards

Subregional systems are intended to encourage coordinated multi-agency, multi-jurisdictional projects specifically through improved delivery of paratransit services. Coordination is defined as the sharing of resources and expansion of service areas beyond single jurisdiction boundaries to enhance access to goods and services and potentially decrease project cost.

Proposers in this category must meet the following criteria ~~in order~~ to be eligible for the program:

- Operate new or consolidate existing paratransit services that serve two jurisdictions with a combined population of at least 25,000 residents or any three or more nearby jurisdictions. Unincorporated County areas in a two-jurisdiction project must be at least one fifth of the population or size of the coordinating agency's service area to be eligible.<sup>1</sup> At a minimum, subregional paratransit systems offer curb-to-curb transportation throughout the contiguous jurisdictions during all service operating hours to all elderly and people with disabilities who meet eligibility requirements.
- Use all LACMTA allocated funds to increase the number and mobility of the passengers carried. Incentive funds may not be used to reduce a city's contribution of ~~Proposition A and/or C~~ Local Return or other funding sources.
- Coordinate proposed services nearby systems, social services agencies, and the regional operators. Coordination may occur at many levels, from simple information sharing to total consolidation of services. Examples of coordination include execution of transfer agreements, sharing of resources, coordination of services with social service agencies, regional operators and/or other transportation service providers. Coordination efforts shall be subject to review by LACMTA staff or consultants.
- Where applicable, coordinate Americans with Disabilities Act (ADA) trips with Access Services, Inc. (ASI) to assure cost-effective service provision.

Upon meeting the program eligibility criteria delineated above, participants are eligible to receive up to 25% of their net operating cost, subject to the following performance standards:

- ~~20~~5% of the project's net operating cost will be allocated based on annual submittal of a timely and accurate NTD report subject to certification by an independent auditor.
- ~~54~~0% of the project's net operating costs will be allocated based on attainment of one of the two following ~~three~~ performance standards:

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<sup>1</sup> Due to the size (both in terms of population and area) of the City of Los Angeles and the unincorporated County of Los Angeles, LACMTA will assess, on a project-by-project basis, whether and how this requirement will be imposed on their projects.

- 1) Total cost per revenue hour increasing by less than 110% of the Los Angeles County Consumer Price Index (CPI), as measured either to the previous year, or to the compounded CPI for the previous three-year period.
- 2) Total subsidy per passenger does not exceed 133% of the countywide mean. ~~for the mode of service. Modes are defined as follows:~~
  - ~~☐ **General Public** — Paratransit systems available to all service area residents with no eligibility restrictions.~~
  - ~~☐ **User Side Subsidy** — User choice voucher programs, typically taxis and/or lift vans.~~
  - ~~☐ **Elderly and Disabled** — Systems restricted to elderly riders and people with disabilities. User Side Subsidy programs are not included in this category.~~
  - ~~☐ **Geographically Constrained** — Geographically large service areas which result in a system wide average trip length greater than six miles per boarding.~~
  - ~~☐ **Transportation Disabled** — Systems restricted to medically certified frail elderly and people with disabilities who are unable to use traditional fixed-route public transportation services.~~
- 3) ~~Attainment of the Passengers per Revenue Vehicle Hour standard for each service mode:~~

<u>Mode</u>	<u>Standard</u>
General Public	5.0
User Side Subsidy	4.0
Elderly and Disabled	3.5
Geographically Constrained	2.5
Transportation Disabled	2.5

~~NOTE: MTA funding for attainment of the above three performance standards will be allocated as a percentage of net operating costs as follows:~~

<del>_____ meet one performance standard</del>	<del>_____ 4%</del>
<del>_____ meet two performance standards</del>	<del>_____ 7%</del>
<del>_____ meet three performance standards</del>	<del>_____ 10%</del>

To calculate net operating costs, LACMTA will use the operating costs less fare revenues as reported ~~in the annual to the NTD annually report (Modal Expense Form 301 and Operating Funding Form 203)~~ for each program participant. LACMTA will exclude from the calculation any subsidies provided by ASI.

~~New projects will be funded at 20% of their net operating cost for the first two years, or until there is sufficient audited data to apply the three performance standards referenced above.~~

REVISED

TABLE 1

<b>Los Angeles County Subregional Paratransit Projects as of <del>June 30, 2001</del> September 1, 2024</b>		
	Project Title/Sponsor	Participating Municipalities
1	<b><u>Agoura Hills Dial-a-Ride</u></b>	<b><u>Agoura Hills, LA County</u></b>
2	Antelope Valley Dial-a-Ride	Palmdale, Lancaster, LA County
	<del>Beverly Hills Taxi and Lift Van</del>	<del>Beverly Hills, West Hollywood-</del>
3	Culver City Community Transit	Culver City, LA County
4	Gardena Special Transit	Gardena, Hawthorne, LA County
5	Glendale Paratransit	Glendale, La Canada Flintridge, LA County
6	<b><u>LA County Whittier et al Dial-a-Ride</u></b>	<b><u>Los Angeles County, Los Angeles City</u></b>
7	<b><u>LA County Willowbrook Dial-a-Ride</u></b>	<b><u>Los Angeles County, Los Angeles City</u></b>
	<del>Huntington Park Dial-a-Ride</del>	<del>Huntington Park, South Gate, LA County</del>
	<del>Inglewood Paratransit</del>	<del>Inglewood, LA County</del>
8	Los Angeles CITYRIDE – Taxi Lift Van	Los Angeles, LA County
9	Los Angeles CITYRIDE – Dial-a-Ride	Los Angeles, LA County
10	Monrovia Dial-a-Ride	Monrovia, LA County
11	Palos Verdes Peninsula Transit Authority Dial-a-Ride	Palos Verdes Estates, Rolling Hills Estates, Rancho Palos Verdes, LA County
12	Palos Verdes Peninsula Transit Authority PV Transit	Palos Verdes Estates, Rolling Hills Estates, Rancho Palos Verdes, LA County
13	Pasadena Community Transit	Pasadena, San Marino, LA County
14	Pomona Valley Transit Authority -- Get About	San Dimas, La Verne, Pomona
15	Pomona Valley Transit Authority -- General Public	San Dimas, La Verne, Pomona
	<del>Redondo Beach Community Transit</del>	<del>Redondo Beach, Hermosa Beach</del>
16	Santa Clarita Dial-a-Ride	Santa Clarita, LA County
	<del>Westco Dial-a-Ride</del>	<del>West Covina, LA County</del>
	<del>West Hollywood Taxi and Lift Van Program</del>	<del>West Hollywood, Beverly Hills-</del>
17	<b><u>West Hollywood Dial-a-Ride</u></b>	<b><u>West Hollywood, LA County</u></b>
18	<b><u>Whittier Paratransit</u></b>	<b><u>Whittier, LA County</u></b>



# ALLIANCE OF LOCAL TRANSIT OPERATORS

City of Agoura Hills  
 City of Alhambra  
 City of Artesia  
 City of Avalon  
 City of Azusa  
 City of Baldwin Park  
 City of Bell Gardens  
 City of Beverly Hills  
 City of Burbank  
 City of Calabasas  
 City of Carson  
 City of Cerritos  
 City of Covina  
 City of Culver City  
 City of Downey  
 City of Duarte  
 City of El Monte  
 City of El Segundo  
 City of Gardena  
 City of Glendale  
 City of Glendora  
 City of Inglewood  
 City of La Canada Flintridge  
 City of Lakewood  
 City of Lawndale  
 City of Lynwood  
 City of Manhattan Beach  
 City of Monrovia  
 City of Monterey Park City  
 of Norwalk  
 City of Paramount  
 City of Pasadena  
 City of Pico Rivera  
 City of Redondo Beach City  
 of Rosemead  
 City of San Fernando  
 City of Santa Clarita  
 City of Santa Fe Springs City  
 of Santa Monica  
 City of South Gate  
 City of South Pasadena City  
 of West Covina  
 City of West Hollywood City  
 of Whittier  
 Los Angeles County DPW  
 Palos Verdes Peninsula  
 Transit Authority  
 Pomona Valley  
  
 Transportation Authority

November 14, 2024

Stephanie N. Wiggins, Chief Executive Officer  
 Los Angeles County Metropolitan Transportation Authority  
 One Gateway Plaza  
 Mail Stop: 99-25-1  
 Los Angeles, CA 90012

Subject: Revised Proposition A Incentive Guidelines for the Subregional Paratransit Program

Dear Ms. Wiggins:

On behalf of The Alliance of Local Transit Operators (The Alliance), a group representing over forty Los Angeles County Local Operators, we would like to take this opportunity to affirm our support for the revised Proposition A Incentive Guidelines for the Subregional Paratransit program being brought before the Board for approval.

As noted in our February 5, 2024, letter to you, due to the post-pandemic effects on ridership and the continued vulnerability of the older adult and disabled community, the primary population served by subregional paratransit, the Fiscal Year 2023 data demonstrated that the Local Transit Operators are still struggling to meet Proposition A subregional paratransit program standards which were last updated in 2001.

Since the last adoption of the Proposition A Incentive Guidelines over twenty-three years ago, 26% of participating agencies have had to discontinue providing subregional paratransit transportation due to challenges in being able to meet outdated standards that were established in a very different demand and technology environment. This reduction of agencies participating in the Proposition A Incentive program has further limited subregional paratransit options in the region for the most vulnerable in our communities.

The Alliance members worked extensively with Metro staff through the Local Transit Systems Subcommittee Working Group to reach consensus on updates to the Proposition A Incentive Guidelines. These proposed guidelines streamline the subregional paratransit performance measures used to determine fund allocation, make the standards more relevant per the shift in the demand conditions and the technologies available today, and provide more reliable and predictable annual funding levels.

We appreciate your support in the ongoing effort to build consensus and regional collaboration between LA Metro and The Alliance members to provide intra-community public transportation services for paratransit and specialized transit services.

Sincerely,

Sebastián Andrés Hernández, City of Pasadena  
 On behalf of The Alliance of Local Transit Operators

cc: Nalini Ahuja, LA Metro  
 Michelle Navarro, LA Metro  
 Chelsea Meister, LA Metro

# Proposition A 5% of 40% Incentive Guidelines



Item # 2024-0998



Finance, Budget, and Audit Committee  
November 21, 2024

# Prop A Incentive Program Background



- Earmarks 5% of Prop A Discretionary revenues to fund:
  - ❑ coordinated subregional paratransit
  - ❑ eligible fixed-route services
  - ❑ locally funded community-based transportation services and
  - ❑ other specialized transportation services
- Developed to:
  - ❑ promote system effectiveness by meeting standards to receive funds
  - ❑ divert demand from costlier Access Services by operating cost-effective local services
- Guidelines govern this program

# Amendment Purpose and Proposed Revisions

## Purpose

- ❑ Guidelines last updated in 2001
- ❑ Local operators requested criteria be amended last 4 years due to pandemic
- ❑ Permanent changes needed to adjust to new conditions & maintain services

## Current Program

- ❑ Receive 15% of operating costs if report to National Transit Database (NTD)
- ❑ Up to 25% of operating costs if pass 3 standards

## Proposed Program

- ❑ Receive 20% of operating costs if report to NTD
- ❑ Additional 5% attained if pass 1 of 2 performance standards



# Collaboration and Benefits



- Collaboration
  - Local Transit Systems Subcommittee (LTSS) formed Working Group to review guidelines
  - Worked with Metro staff to propose guideline amendments
  - LTSS & Technical Advisory Committee (TAC) both approved proposed guidelines
- Benefits
  - Operators prefer streamlined two-standard approach
  - Better aligns with NTD data currently submitted by operators
  - Increased base funding provides more consistent & reliable funding stream

# Recommended Board Action

## CONSIDER:



- ADOPTING the revised Proposition A 5% of 40% Incentive Guidelines (Attachment A)
- AUTHORIZING the Chief Executive Officer to amend existing agreements between Los Angeles County Metropolitan Transportation Authority (Metro) and Local Transit Operators to incorporate guideline amendments and execute all necessary future agreements as pertains to this program.