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**Agenda - Final**

**Wednesday, March 1, 2023**

**10:00 AM**

To give written or live public comment, please see the top of page 4

**Measure M Independent Taxpayer Oversight  
Committee**

*Virginia Tanzmann – Chair*

*Ryan Campbell – Vice Chair*

*Linda Briskman*

*Paul Rajmaira*

*Richard Stanger*

## **METROPOLITAN TRANSPORTATION AUTHORITY BOARD AGENDA RULES**

**(ALSO APPLIES TO BOARD COMMITTEES)**

### **PUBLIC INPUT**

A member of the public may address the Board on agenda items, before or during the Board or Committee's consideration of the item for one (1) minute per item, or at the discretion of the Chair. A request to address the Board must be submitted electronically using the tablets available in the Board Room lobby. Individuals requesting to speak will be allowed to speak for a total of three (3) minutes per meeting on agenda items in one minute increments per item. For individuals requiring translation service, time allowed will be doubled. The Board shall reserve the right to limit redundant or repetitive comment.

The public may also address the Board on non-agenda items within the subject matter jurisdiction of the Board during the public comment period, which will be held at the beginning and/or end of each meeting. Each person will be allowed to speak for one (1) minute during this Public Comment period or at the discretion of the Chair. Speakers will be called according to the order in which their requests are submitted. Elected officials, not their staff or deputies, may be called out of order and prior to the Board's consideration of the relevant item.

Notwithstanding the foregoing, and in accordance with the Brown Act, this agenda does not provide an opportunity for members of the public to address the Board on any Consent Calendar agenda item that has already been considered by a Committee, composed exclusively of members of the Board, at a public meeting wherein all interested members of the public were afforded the opportunity to address the Committee on the item, before or during the Committee's consideration of the item, and which has not been substantially changed since the Committee heard the item.

In accordance with State Law (Brown Act), all matters to be acted on by the MTA Board must be posted at least 72 hours prior to the Board meeting. In case of emergency, or when a subject matter arises subsequent to the posting of the agenda, upon making certain findings, the Board may act on an item that is not on the posted agenda.

**CONDUCT IN THE BOARD ROOM** - The following rules pertain to conduct at Metropolitan Transportation Authority meetings:

**REMOVAL FROM THE BOARD ROOM** - The Chair shall order removed from the Board Room any person who commits the following acts with respect to any meeting of the MTA Board:

- a. Disorderly behavior toward the Board or any member of the staff thereof, tending to interrupt the due and orderly course of said meeting.
- b. A breach of the peace, boisterous conduct or violent disturbance, tending to interrupt the due and orderly course of said meeting.
- c. Disobedience of any lawful order of the Chair, which shall include an order to be seated or to refrain from addressing the Board; and
- d. Any other unlawful interference with the due and orderly course of said meeting.

### **INFORMATION RELATING TO AGENDAS AND ACTIONS OF THE BOARD**

Agendas for the Regular MTA Board meetings are prepared by the Board Clerk and are available prior to the meeting in the MTA Records Management Department and on the Internet. Every meeting of the MTA Board of Directors is recorded and is available at <https://www.metro.net> or on CD's and as MP3's for a nominal charge.

## DISCLOSURE OF CONTRIBUTIONS

The State Political Reform Act (Government Code Section 84308) requires that a party to a proceeding before an agency involving a license, permit, or other entitlement for use, including all contracts (other than competitively bid, labor, or personal employment contracts), shall disclose on the record of the proceeding any contributions in an amount of more than \$250 made within the preceding 12 months by the party, or his or her agent, to any officer of the agency, additionally PUC Code Sec. 130051.20 requires that no member accept a contribution of over ten dollars (\$10) in value or amount from a construction company, engineering firm, consultant, legal firm, or any company, vendor, or business entity that has contracted with the authority in the preceding four years. Persons required to make this disclosure shall do so by filling out a "Disclosure of Contribution" form which is available at the LACMTA Board and Committee Meetings. Failure to comply with this requirement may result in the assessment of civil or criminal penalties.

## ADA REQUIREMENTS

Upon request, sign language interpretation, materials in alternative formats and other accommodations are available to the public for MTA-sponsored meetings and events. All requests for reasonable accommodations must be made at least three working days (72 working hours) in advance of the scheduled meeting date. Please telephone (213) 364-2837 or (213) 922-4600 between 8 a.m. and 5 p.m., Monday through Friday. Our TDD line is (800) 252-9040.

Requests can also be sent to [boardclerk@metro.net](mailto:boardclerk@metro.net).

## LIMITED ENGLISH PROFICIENCY

A Spanish language interpreter is available at all Committee and Board Meetings. All other languages must be requested 72 hours in advance of the meeting by calling (213) 364-2837 or (213) 922-4600. Live Public Comment Instructions can also be translated if requested 72 hours in advance.

Requests can also be sent to [boardclerk@metro.net](mailto:boardclerk@metro.net).



**323.466.3876**

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x3 *中文 (Chinese)*

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**NOTE: ACTION MAY BE TAKEN ON ANY ITEM IDENTIFIED ON THE AGENDA**

### Live Public Comment Instructions:

Live public comment can be given by telephone or in-person.

The Measure M Meeting begins at 10:00 AM Pacific Time on March 1, 2023; you may join the call 5 minutes prior to the start of the meeting.

Dial-in: 888-251-2949 and enter  
English Access Code: 8231160#  
Spanish Access Code: 4544724#

***Public comment will be taken as the Board takes up each item. To give public comment on an item, enter #2 (pound-two) when prompted. Please note that the live video feed lags about 30 seconds behind the actual meeting. There is no lag on the public comment dial-in line.***

### Instrucciones para comentarios publicos en vivo:

Los comentarios publicos en vivo se pueden dar por telefono o en persona.

La Measure M Junta comienza a las 10:00 AM, hora del Pacifico, el 1 de Marzo de 2023. Puedes unirse a la llamada 5 minutos antes del comienzo de la junta.

Marque: 888-251-2949 y ingrese el codigo  
Codigo de acceso en ingles: 8231160#  
Codigo de acceso en espanol: 4544724#

***Los comentarios del público se tomaran cuando se toma cada tema. Para dar un comentario público sobre una tema ingrese # 2 (Tecla de numero y dos) cuando se le solicite. Tenga en cuenta que la transmisión de video en vivo se retrasa unos 30 segundos con respecto a la reunión real. No hay retraso en la línea de acceso telefónico para comentarios públicos.***

### Written Public Comment Instruction:

Written public comments must be received by 5PM the day before the meeting. Please include the Item # in your comment and your position of "FOR," "AGAINST," "GENERAL COMMENT," or "ITEM NEEDS MORE CONSIDERATION."  
Email: BoardClerk@metro.net  
Post Office Mail:  
Board Administration  
One Gateway Plaza  
MS: 99-3-1  
Los Angeles, CA 90012

## CALL TO ORDER

### ROLL CALL

1. **SUBJECT: REMARKS BY THE CHAIR** [2023-0037](#)

**RECOMMENDATION**

RECEIVE remarks by the Chair.

2. **SUBJECT: MINUTES** [2023-0084](#)

**RECOMMENDATION**

APPROVE Minutes of the Measure M Independent Taxpayer Oversight Committee Meetings held December 15, 2022 and January 10, 2023.

**Attachments:** [MINUTES - Measure M December 15, 2022](#)  
[MINUTES - Special Measure M January 10, 2023](#)

3. **SUBJECT: MEASURE M INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE BYLAWS** [2023-0081](#)

**RECOMMENDATION**

APPROVE the proposed Measure M Independent Taxpayer Oversight Committee Bylaws (Attachment A).

**Attachments:** [Attachment A - Proposed Measure M Committee Bylaws](#)

4. **SUBJECT: MEASURE M AUDITS OF FISCAL YEAR 2022** [2023-0057](#)

**RECOMMENDATION**

RECEIVE AND FILE the Independent Auditor's Report on:

- A. Schedule of Revenues and Expenditures for Measure M Special Revenue Fund for the Fiscal Year ended June 30, 2022, completed by BCA Watson Rice, LLP (BCA);
- B. Compliance with Requirements Applicable to Measure M Ordinance and Measure M Local Return Guidelines for the Fiscal Year ended June 30, 2022, completed by Vasquez & Company, LLP (Vasquez); and
- C. Compliance with Requirements Applicable to Measure M Ordinance and Measure M Local Return Guidelines for the Fiscal Year ended June 30, 2022, completed by Simpson & Simpson, CPAs (Simpson).

- 
- Attachments:**      [Attachment A - FY22 Measure M Audit BCA](#)  
[Attachment B - FY22 Measure M Audit Vasquez](#)  
[Attachment C - FY22 Measure M Audit Simpson](#)  
[Presentation - BCA Watson Rice](#)  
[Presentation - Vasquez](#)  
[Presentation - Simpson](#)

5.    **SUBJECT:    ORAL REPORT ON BUDGET** [2023-0058](#)

**RECOMMENDATION**

RECEIVE oral report on Budget.

- Attachments:**      [Presentation - Budget](#)

6.    **SUBJECT:    ORAL REPORT ON LOCAL RETURN** [2023-0059](#)

**RECOMMENDATION**

RECEIVE oral report on Local Return.

- Attachments:**      [Presentation - Local Return](#)

7.    **SUBJECT:    ORAL REPORT ON STATE OF GOOD REPAIR** [2023-0085](#)

**RECOMMENDATION**

RECEIVE oral report on State of Good Repair.

- Attachments:**      [Presentation - SOGR](#)

8.    **SUBJECT:    ORAL REPORT ON TRANSIT AND HIGHWAY PROJECTS** [2023-0062](#)

RECEIVE oral report on Transit and Highway Projects.

- Attachments:**      [Attachment A - Program Management Update](#)  
[Attachment B - Transit Planning Update](#)  
[Attachment C - Complete Streets & Highway Update](#)

9.    **SUBJECT:    ORAL REPORT ON MEASURE M ACTIVE  
TRANSPORTATION UPDATES** [2023-0052](#)

RECEIVE oral Report on Measure M Active Transportation Updates.

- Attachments:**      [Presentation](#)

**SUBJECT: GENERAL PUBLIC COMMENT**

[2023-0086](#)

RECEIVE General Public Comment

Consideration of items not on the posted agenda, including: items to be presented and (if requested) referred to staff; items to be placed on the agenda for action at a future meeting of the Committee or Board; and/or items requiring immediate action because of an emergency situation or where the need to take immediate action came to the attention of the Committee subsequent to the posting of the agenda.

COMMENTS FROM THE PUBLIC ON ITEMS OF PUBLIC INTEREST WITHIN COMMITTEE'S  
SUBJECT MATTER JURISDICTION

**Adjournment**



Metro

Los Angeles County  
Metropolitan Transportation  
Authority  
One Gateway Plaza  
3rd Floor Board Room  
Los Angeles, CA

## Board Report

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**File #:** 2023-0084, **File Type:** Minutes

**Agenda Number:** 2.

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### MEASURE M INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE MARCH 1, 2023

**SUBJECT: MINUTES**

**RECOMMENDATION**

APPROVE Minutes of the Measure M Independent Taxpayer Oversight Committee Meetings held December 15, 2022 and January 10, 2023.



**CORRECTED MINUTES**

**Thursday, December 15, 2022**

**10:30 AM**

**Measure M Independent Taxpayer Oversight**

**Committee**

**DIRECTORS PRESENT:**

**Virginia Tanzmann – Chair**

**Ryan Campbell – Vice Chair**

**Linda Briskman**

**Paul Rajmaira**

**Richard Stanger**

**CALLED TO ORDER: ~~10:02 A.M.~~ 10:31 A.M.**

**ROLL CALL**

**1. SUBJECT: REMARKS BY THE CHAIR 2022-0782**

RECEIVED remarks by the Chair.

Chair Tanzmann welcomed new member Paul Rajmaira to the Committee. She looks forward to the Committee filling the final two positions.

RC	LB	PR	RS	VT (Chair)
A	P	P	P	P

**2. SUBJECT: REMARKS BY THE CHIEF EXECUTIVE OFFICER 2022-0823**

RECEIVED remarks by the Chief Executive Officer.

RC	LB	PR	RS	VT (Chair)
A	P	P	P	P

**3. SUBJECT: MINUTES 2022-0783**

APPROVED Minutes of the Measure M Independent Taxpayer Oversight Committee Meeting held September 7, 2022.

RC	LB	PR	RS	VT (Chair)
A	Y	Y	Y	Y

**4. SUBJECT: MEASURE M INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE BYLAWS 2022-0797**

ADOPTED AS AMENDED the proposed Measure M Independent Taxpayer Oversight Committee Bylaws.

AMENDMENT: Add to the presented bylaws a section that specifies which internal Metro department the Committee works with administratively. Additionally, clarify that the Committee reports directly to the public and to the Metro Board. Circulate the revised bylaws prior to the next quarterly meeting for concurrence prior to final adoption.

RC	LB	PR	RS	VT (Chair)
Y	Y	Y	Y	Y

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VT = V. Tanzmann	RC = R. Campbell	LB = L. Briskman	PR = P. Rajmaira	RS = R. Stanger
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LEGEND: Y = YES, N = NO, C = CONFLICT, ABS = ABSTAIN, A = ABSENT, P = PRESENT

**5. SUBJECT: MEASURE M FIVE YEAR ASSESSMENT**

**2022-0798**

RECEIVED oral update on Measure M Five Year Assessment.

Chair Tanzmann asked that some of the subjects that were presented are also included in updates at future quarterly meetings. She asked that there is alignment with this assessment and the reports that are presented to the Committee. After a bit of discussion with staff after a public comment asking where the final 5-year assessment was, clarification was reached that the assessment is just beginning and what was presented today was for input from the Committee.

RC	LB	PR	RS	VT (Chair)
P	P	P	P	P

**6. SUBJECT: ORAL REPORT ON BUDGET**

**2022-0815**

RECEIVED oral report on Budget.

Chair Tanzmann asked how many people have utilized the online tool and staff responded that to date approximately 800.

Director Stanger mentioned that although other modes were represented in the slide deck, it appeared that heavy rail was missing. Staff responded that they are included with the light rail lines. Director Stanger followed up that a standalone slide for subway would be appropriate.

RC	LB	PR	RS	VT (Chair)
P	P	P	P	P

**7. SUBJECT: ORAL REPORT ON LOCAL RETURN**

**2022-0816**

RECEIVED oral report on Local Return.

RC	LB	PR	RS	VT (Chair)
P	P	P	P	P

**8. SUBJECT: ORAL REPORT ON STATE OF GOOD REPAIR 2022-0817**

There was discussion between Chair Tanzmann, Director Rajmaira, and staff regarding reporting requirements for the FTA. Chair Tanzmann mentioned that a separate report from the aggregate report could be helpful for the Committee.

RECEIVED oral report on State of Good Repair.

RC	LB	PR	RS	VT (Chair)
P	P	P	A	P

**9. SUBJECT: ORAL REPORT ON TRANSIT AND HIGHWAY PROJECTS 2022-0818**

Chair Tanzmann pointed out the equity bullet point on the project specific slides and said that the Committee would benefit from a report to bring the Committee up to speed on how Metro is doing with equity.

Director Stanger asked for clarification regarding a written public comment that was received to which staff responded that the comment is asking for an update on the Green Line and at this point, there is no update to give. With other projects in the area in progress, the connector cannot be completed. There is a request from the FAA to cover a trench in the area but before that can occur, the Metro Airport Connector and the southern end of the K Line must be completed.

RECEIVED oral report on Transit and Highway Projects.

RC	LB	PR	RS	VT (Chair)
P	P	P	P	P

**10. SUBJECT: ORAL REPORT ON ACTIVE TRANSPORTATION 2022-0819**

Director Stanger asked about the most heavily traveled beach bike path and whether there were plans to add to the bikeway and staff responded that there were no specific plans to add to that bikeway.

Director Rajmaira said that it looks like a great program and wanted to know what to expect in terms of reporting in the future. Staff responded the team is currently working on First/Last Mile plans and the schedule would be forwarded to the Committee.

RECEIVED oral report on Active Transportation.

RC	LB	PR	RS	VT (Chair)
P	P	P	P	P

Next meeting is tentatively scheduled for March 8, 2023.

**ADJOURNED AT: 12:24 P.M.**

Prepared by: Mandy Cheung  
Administrative Analyst, Board Administration

A handwritten signature in black ink, appearing to read 'CL', is positioned above a horizontal line.

Collette Langston, Board Clerk



**MINUTES**

**Tuesday, January 10, 2023**

**4:00 PM**

**Special Measure M Independent Taxpayer Oversight  
Committee**

**DIRECTORS PRESENT:  
Virginia Tanzmann – Chair  
Linda Briskman  
Paul Rajmaira  
Richard Stanger**

**CALLED TO ORDER: 4:00 P.M.**

**1. SUBJECT: BROWN ACT GUIDELINES**

**2023-0008**

RECEIVED oral update on Brown Act guidelines.

An extensive discussion occurred among the Committee members regarding the Brown Act. Director Rajmaira asked if communication protocol can be established in order to prevent violation of the Brown Act. Multiple Committee members suggested having additional meetings per year.

Chair Tanzmann asked that each Director submit to Metro staff information, questions, suggestions, and/or opinions for agenda items. She asked that staff organize what is received and those become the subjects of the next meeting.

RC	LB	PR	RS	VT (Chair)
A	P	P	P	P

**2. SUBJECT: MEASURE M FIVE YEAR ASSESSMENT**

**2023-0007**

RECEIVED oral update on Measure M Five Year Assessment objectives.

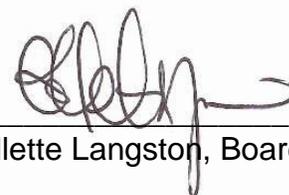
Director Stanger asked for clarification regarding whether the project costs will be updated from 2015 dollars during the 5-year assessment. Staff responded that will occur during the 10-year assessment. He followed up with additional questions regarding the scope of work and which Metro department is the project manager. Staff responded that the scope of work will be adjusted based on comments made by this committee and the Board of Directors with the Offices of the CEO and Equity and Race jointly acting as project managers.

Director Briskman suggested including the Committee’s comments as a separate comment sheet, so it is clear to the Board what comments were made by the Committee.

RC	LB	PR	RS	VT (Chair)
A	P	P	P	P

**ADJOURNED AT: 5:32 P.M.**

Prepared by: Mandy Cheung  
Administrative Analyst, Board Administration



Collette Langston, Board Clerk

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VT = V. Tanzmann	RC = R. Campbell	LB = L. Briskman	PR = P. Rajmaira	RS = R. Stanger
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LEGEND: Y = YES, N = NO, C = CONFLICT, ABS = ABSTAIN, A = ABSENT, P = PRESENT



**Board Report**

**File #:** 2023-0081, **File Type:** Agreement

**Agenda Number:** 3.

**MEASURE M INDEPENDENT TAXPAYER  
OVERSIGHT COMMITTEE  
MARCH 1, 2023**

**SUBJECT: MEASURE M INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE BYLAWS**

**ACTION: APPROVE BYLAWS FOR MEASURE M INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE**

**RECOMMENDATION**

APPROVE the proposed Measure M Independent Taxpayer Oversight Committee Bylaws (Attachment A).

**ISSUE**

The Measure M Ordinance established an Independent Oversight Committee (MMITOC) to monitor and review Metro's compliance with the terms of the Ordinance. Subsequently, Selection Panel Guidelines were developed to establish MMITOC procedures related to member assignments, such as selection, compensation, resignation. Those guidelines also state that the MMITOC may adopt bylaws that establish rules for rotation of MMITOC Officers. During its initial meeting in March of 2018, the MMITOC verbally agreed on a process and schedule for rotation of Officers. This action seeks to formalize the agreements and clarify certain MMITOC procedures that are stated generally in the Ordinance.

**DISCUSSION**

During the June 2022 meeting, the Chair recommended that the MMITOC formalize rules for the establishment of officers and their rotation. Staff took the action to develop bylaws in response to this recommendation. Subsequently, staff drafted the bylaws and sought feedback from the MMITOC.

During the December 2022 meeting, staff presented the bylaws to the MMITOC. At that time, the MMITOC requested staff add language to clarify the reporting relationship of the MMITOC. Additional comments from the MMITOC members were also received following the December Board meeting to clarify the reporting to the Board and public. Staff has updated the proposed bylaws to incorporate comments received by the MMITOC within the attached proposed bylaws.

**NEXT STEPS**

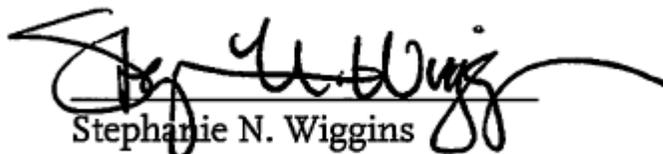
Once approved, staff will ensure that the Bylaws are available on the MMITOC webpage on Metro.net.

**ATTACHMENT(S)**

A. Proposed Measure M Independent Taxpayer Oversight Committee Bylaws

Prepared by: Lauren Choi, DEO, Administration (Interim), (213) 922-3926  
Monica Del Toro, Senior Manager, Audit, (213) 922-7494

Reviewed by: Sharon Gookin, Deputy Chief Executive Officer, (213) 418-3101



Stephanie N. Wiggins  
Chief Executive Officer

**MEASURE M INDEPENDENT  
TAXPAYER OVERSIGHT COMMITTEE  
BYLAWS**

**SECTION 1: PURPOSE**

On November 8, 2016, Los Angeles County voters approved Measure M, which imposed a one-half of one percent (.5%) transactions and use tax to fund traffic improvements in the County. The rate of this tax shall increase to one percent (1.0%) on July 1, 2039, immediately upon the expiration of the .5% tax imposed by Ordinance No. 08-01 of the Los Angeles County Metropolitan Transportation Authority (Measure R). Measure M, also known as the Los Angeles County Traffic Improvement Plan (“Ordinance”) establishes an Independent Taxpayer Oversight Committee (“Committee”) and an oversight process to ensure that the Los Angeles County Metropolitan Transportation Authority (Metro) complies with the terms of the Ordinance.

The purpose of these bylaws is to clarify certain Committee procedures that are stated generally in the Ordinance, specifically: how the Committee Selection Panel handles vacancies due to term limits, resignations and the removal of Committee members; who specifically on Metro’s staff the Committee reports to; how Committee officers are selected; how additional Committee meetings are set; and the timeliness of Committee minutes.

**SECTION 2: MEMBERSHIP**

**2.1 MEMBERS.** The Committee shall consist of seven (7) members who have met the requirements stipulated in the Ordinance. A Selection Panel, consisting of Metro’s Board Chair, Vice Chair, and second Vice Chair or designees, shall recommend potential candidates for the Independent Taxpayer Oversight Committee membership to the Metro Board for approval.

**2.2 TERM.** Each member of the Independent Taxpayer Oversight Committee shall serve for a term of five (5) years, and until a successor is appointed, except that initial appointments may be staggered with terms of three (3) years. A Committee member may be removed at any time by the appointing authority. Term limits for Committee members will be staggered to prevent significant turnover at any one time. There is no

limit as to the number of terms that a Committee member may serve.

**2.3 RESIGNATION.** Any member may, at any time, resign from the Committee upon written notice delivered to the Chairperson and the Board Clerk, and through them to the Selection Panel (Metro Board). Automatic resignation is required upon a Member's accepting or filing for public office or by entering into a conflict of interest, both as defined further in the Ordinance. Changing of residence to outside the County shall constitute a Member's automatic resignation.

**2.4 REPORTING STRUCTURE.** The Committee reports directly to the Metro Board and the public. The Committee shall be supported administratively by Management Audit Services, which reports to the Deputy Chief Executive Officer.

**2.5 REPORTING TO THE BOARD AND PUBLIC.** The Committee shall fulfill its responsibilities as prescribed in Section 8.h. of the Ordinance, shall make required findings via resolution, which will be included in subsequent reporting to the Metro Board of Directors. Resolutions and corresponding reports will be made available to the public on the Committee's dedicated website.

**2.6 MEETINGS.** The Committee shall, at a minimum, meet on a quarterly basis to carry out its responsibilities. Meetings other than the quarterly meetings can be set by either Metro staff or majority vote of the Committee. Reasons for the additional meetings shall be for purposes of furthering Committee responsibilities as outlined in the Ordinance and shall be explained in the meeting minutes.

**2.7 MINUTES.** Draft minutes of every Committee meeting shall be made available to the Committee within two weeks of the meeting. Any suggested changes shall be made by Committee members within a week of receiving the draft minutes. The draft minutes will be presented for approval at the next Committee meeting.

**2.8 ATTENDANCE.** Committee members are expected to attend all meetings. Failure to attend three consecutive meetings without explanation acceptable to the Committee Chairperson constitutes grounds for removal. Removal itself will be recommended by the Chairperson and Metro's Management Audit Services, to the Selection Panel. The Selection Panel will rule by the next quarterly meeting, and if necessary initiate a search for a replacement Committee member.

**2.9 OFFICERS.** The officers of the Committee shall consist of the Chairperson and Vice-Chairperson.

A. Duties of the Chairperson: The Chairperson shall preside at all meetings of the Committee and shall exercise and perform such other powers and duties as may be assigned by the Committee so long as these conform with the general responsibilities stated in the Ordinance.

B. Duties of the Vice-Chairperson: The Vice-Chairperson shall perform the duties of the Chairperson in his or her absence, and when so acting shall have all the powers of and be subject to all restrictions of the Chairperson.

**2.10 OFFICER SELECTION AND ROTATION.** Committee officers shall rotate based on seniority and then alphabetically by last name. The Committee, annually, or at its June meeting shall confirm its officers. Should there be a vacancy of the Chairperson or Vice-Chairperson, the Committee shall confirm the new officer at its next meeting. The term of office shall be one year.



Board Report

File #: 2023-0057, File Type: Informational Report

Agenda Number: 4.

**MEASURE M INDEPENDENT TAXPAYER  
OVERSIGHT COMMITTEE  
MARCH 1, 2023**

**SUBJECT: MEASURE M AUDITS OF FISCAL YEAR 2022**

**ACTION: RECEIVE AND FILE**

**RECOMMENDATION**

RECEIVE AND FILE the Independent Auditor’s Report on:

- A. Schedule of Revenues and Expenditures for Measure M Special Revenue Fund for the Fiscal Year ended June 30, 2022, completed by BCA Watson Rice, LLP (BCA);
- B. Compliance with Requirements Applicable to Measure M Ordinance and Measure M Local Return Guidelines for the Fiscal Year ended June 30, 2022, completed by Vasquez & Company, LLP (Vasquez); and
- C. Compliance with Requirements Applicable to Measure M Ordinance and Measure M Local Return Guidelines for the Fiscal Year ended June 30, 2022, completed by Simpson & Simpson, CPAs (Simpson).

**ISSUE**

On November 9, 2016, Los Angeles County voters approved Measure M that imposed a half-cent transaction and use tax for transportation and the indefinite extension of an existing half-cent sales tax (Measure R) also dedicated to transportation and originally set to expire in 2039. Measure M, also known as the Los Angeles County Traffic Improvement Plan Ordinance (Ordinance) establishes an Independent Taxpayer Oversight Committee and an oversight process to ensure that the Los Angeles County Metropolitan Transportation Authority (LACMTA) complies with the terms of the Ordinance. The oversight process requires that an annual audit be completed within six months after the end of the fiscal year to determine compliance with the provisions of the Ordinance related to the receipt and expenditure of sales tax revenues during the fiscal year. The audit must be provided to the Oversight Committee so that the Oversight Committee can determine whether LACMTA and local subrecipients have complied with the Measure M requirements.

## **DISCUSSION**

The following summarizes the independent auditor's report on Schedule of Revenues and Expenditures for Measure M Special Revenue Fund:

Management Audit Services contracted with BCA to perform the independent audit of the LACMTA, as required by the Ordinance. BCA conducted the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that BCA plan and perform the audit to obtain reasonable assurance about whether the Schedule of Measure M Revenues and Expenditures (Schedule) is free of material misstatement.

The auditors found that the Schedule referred to above present fairly, in all material respects, the Measure M Revenues and Expenditures of LACMTA for the fiscal year ended June 30, 2022, in accordance with accounting principles generally accepted in the United States of America. The auditors also found that LACMTA complied, in all material respects, with the requirements of the Ordinance for the fiscal year ended June 30, 2022.

The following summarizes the independent auditor's report on Compliance with Requirements Applicable to Measure M Ordinance and Measure M Local Return Guidelines:

Management Audit Services contracted with two firms, Vasquez and Simpson, to conduct the audits of Measure M sales tax revenues used by the County of Los Angeles (County) as well as the 88 cities (Cities). The firms conducted the audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that the independent auditors plan and perform the audit to obtain reasonable assurance about whether noncompliance with the requirements in the Ordinance which could have a direct and material effect on the Measure M Local Return program occurred.

Vasquez concluded that the County and the 39 Cities, complied in all material respects, with the requirements in the Ordinance that are applicable to the Measure M Local Return program for the fiscal year ended June 30, 2022. Vasquez found seven (7) instances of noncompliance, which are summarized in Schedule 2 of Attachment B.

Simpson concluded that the 49 Cities complied, in all material respects, with the requirements in the Ordinance that are applicable to the Measure M Local Return program for the fiscal year ended June 30, 2022. Simpson found eleven (11) instances of noncompliance, which are summarized in Schedule 2 of Attachment C.

## **NEXT STEPS**

A public hearing will be scheduled.

## **ATTACHMENT(S)**

- A. Independent Auditor's Report on Schedule of Revenues and Expenditures for Measure M Special Revenue Fund for the Fiscal Year Ended June 30, 2022 (BCA)
- B. Report on Compliance with Requirements Applicable to Measure M Ordinance and Measure M Local Return Guidelines (Vasquez)
- C. Report on Compliance with Requirements Applicable to Measure M Ordinance and Measure M Local Return Guidelines (Simpson and Simpson)

Prepared by: Lauren Choi, Deputy Executive Officer, Administration (Interim),  
(213) 922-3926  
Monica Del Toro, Senior Manager, Audit, (213) 922-7494

Reviewed by: Sharon Gookin, Deputy Chief Executive Officer, (213) 418-3101

*Los Angeles County*  
**Metropolitan Transportation Authority**

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**Independent Auditor's Report  
On Schedule of Revenues and Expenditures  
For  
Measure M Special Revenue Fund**

**For the Fiscal Year Ended June 30, 2022  
(With Comparative Totals For 2021)**



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**Los Angeles County Metropolitan Transportation Authority**  
Measure M Special Revenue Fund  
For the Year Ended June 30, 2022

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Table of Contents

	<u>Page</u>
Independent Auditor’s Report .....	1
<b>Schedule of Revenues and Expenditures:</b>	
Measure M Special Revenue Fund Schedule of Revenues and Expenditures .....	4
Notes to the Schedule of Revenues and Expenditures for Measure M Special Revenue Fund.....	5
<b>Required Supplemental Information (Unaudited):</b>	
Schedule of Revenues and Expenditures - Budget and Actual  For the fiscal year ended June 30, 2022 .....	9
<b>Other Reports:</b>	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	10
Independent Auditor’s Report on Compliance with Requirements Applicable to Measure M Revenues and Expenditures in Accordance with the <i>Los Angeles County Traffic Improvement Plan</i> .....	12
Summary of Current Year Audit Findings.....	15
Status of Prior Year Audit Findings .....	16

## **Independent Auditor's Report**

Measure M Independent Taxpayer Oversight Committee  
Los Angeles County Metropolitan Transportation Authority

### **Report on the Audit of the Schedule of Measure M Revenues and Expenditures**

#### ***Opinion***

We have audited the accompanying Schedule of Measure M Revenues and Expenditures (the Schedule) of the Los Angeles County Metropolitan Transportation Authority (LACMTA) for the fiscal year ended June 30, 2022, and the related notes to the Schedule, which collectively comprise LACMTA's basic Schedule as listed in the table of contents.

In our opinion, the Schedule referred to above present fairly, in all material respects, the Measure M Revenues and Expenditures of LACMTA for the fiscal year ended June 30, 2022, in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedule section of our report. We are required to be independent of the LACMTA and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Emphasis of Matter***

As discussed in Note 3 to the Schedule, the accompanying Schedule of Revenues and Expenditures of the Measure M Fund is intended to present the revenues and expenditures attributable to the Measure M Fund. They do not purport to, and do not, present fairly the financial position of the LACMTA, as of June 30, 2022, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our report is not modified with respect to this matter.

#### ***Responsibilities of Management for the Schedule of Measure M Revenues and Expenditures***

Management is responsible for the preparation and fair presentation of the Schedule in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the LACMTA's ability to continue as a going concern for twelve months beyond the Schedule date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Schedule of Measure M Revenues and Expenditures***

Our objectives are to obtain reasonable assurance about whether the Schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from a fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Schedule.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the LACMTA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the LACMTA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information be presented to supplement the basic Schedule. Such information is the responsibility of management and, although not a part of the basic Schedule, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic Schedule in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic Schedule, and other knowledge we obtained during our audit of the basic Schedule. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Prior-Year Comparative Information***

We have previously audited the Schedule of Measure M Revenues and Expenditures of LACMTA, and we expressed an unmodified audit opinion in our report dated November 8, 2021. In our opinion, the summarized comparative information presented herein for the fiscal year ended June 30, 2022, is consistent, in all material respects, with the audited Schedule from which it has been derived.

*BCA Watson Rice, LLP*

Torrance, CA  
November 17, 2022

**Los Angeles County Metropolitan Transportation Authority**  
**Measure M Special Revenue Fund**  
**Schedule of Revenues and Expenditures**  
**For the Fiscal Year Ended June 30, 2022**  
**(With Comparative Totals for 2021)**  
**(Amounts expressed in thousands)**

---

	<b>2022</b>	<b>2021</b>
Revenues		
Sales tax	\$ 1,089,933	\$ 911,235
Intergovernmental	-	7,005
Investment income	5,900	6,004
Net decline in fair value of investments	(15,666)	(5,420)
Total revenues	1,080,167	918,824
Expenditures		
Administration and other	57,292	31,881
Transportation subsidies	327,855	223,876
Total expenditures	385,147	255,757
Excess of revenues over expenditures	695,020	663,067
Other financing sources (uses)		
Transfers out	(256,030)	(624,082)
Proceeds from long term debt	-	1,500
Total other financing sources (uses)	(256,030)	(622,582)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 438,990	\$ 40,485

The Notes to the Schedule of Revenues and Expenditures are an integral part of this Schedule.

**Los Angeles County Metropolitan Transportation Authority**  
Measure M Special Revenue Fund  
Notes to the Schedule of Revenues and Expenditures  
For the Fiscal Year Ended June 30, 2022

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The Notes to the Schedule of Revenues and Expenditures are summaries of significant accounting policies and other disclosures considered necessary for a clear understanding of the accompanying schedule of revenues and expenditures.

Unless otherwise stated, all dollar amounts are expressed in thousands.

**1. Organization**

**General**

The Los Angeles County Metropolitan Transportation Authority (LACMTA) is governed by a Board of Directors composed of the five members of the County Board of Supervisors, the Mayor of the City of Los Angeles, three members appointed by the Mayor, and four members who are either mayors or members of a city council and have been appointed by the Los Angeles County City Selection Committee to represent the other cities in the County, and a non-voting member appointed by the Governor of the State of California.

LACMTA is unique among the nation's transportation agencies. It serves as transportation planner and coordinator, designer, builder and operator for one of the country's largest and most populous counties. More than 10 million people, about one third of California's residents, live, work, and play within its 1,433-square-mile service area.

**Measure M**

Measure M, also known as Ordinance No. 16-01, the Los Angeles County Traffic Improvement Plan, is a special revenue fund used to account for the proceeds of the voter-approved one-half percent sales tax that became effective on November 8, 2016 and the rate of the tax shall increase to one percent on July 1, 2039, immediately upon expiration of the one-half percent sales tax imposed by Traffic Relief and Rail Expansion Ordinance (Measure M).

Revenues collected are required to be allocated in the following manner: 1) 5% for Metro rail operations; 2) 20% for transit operations (Metro and Municipal Providers); 3) 2% for ADA Paratransit for the disabled and Metro discounts for seniors and students; 4) 35% for transit construction; 5) 2% for Metro State of Good Repair projects; 6) 17% for highway construction; 7) 2% for Metro active transportation program; 8) 16% for local return - base for local projects and transit services; and 9) 1% for local return for regional rail.

**2. Summary of Significant Accounting Policies**

The Schedule of Revenues and Expenditures for the Measure M Special Revenue Fund was prepared in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles for governments.

**Los Angeles County Metropolitan Transportation Authority**  
Measure M Special Revenue Fund  
Notes to the Schedule of Revenues and Expenditures  
For the Fiscal Year Ended June 30, 2022

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**2. Summary of Significant Accounting Policies (Continued)**

The most significant of LACMTA's accounting policies with regard to the special revenue fund type are described below:

**Fund Accounting**

LACMTA utilizes fund accounting to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary, and fiduciary. Governmental Funds are used to account for most of LACMTA's governmental activities. The measurement focus is a determination of changes in financial position, rather than a net income determination. LACMTA uses governmental fund type Special Revenue Fund to account for Measure M sales tax revenues and expenditures. Special Revenue Funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Basis of Accounting**

The modified accrual basis of accounting is used for the special revenue fund type. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, which means measurable (amount can be determined) and available (collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period).

**Budgetary Accounting**

The established legislation and adopted policies and procedures provide that the LACMTA's Board approves an annual budget. Annual budgets are adopted on a basis consistent with Generally Accepted Accounting Principles in the United States of America for all governmental funds.

Prior to the adoption of the budget, the Board conducts public hearings for discussion of the proposed annual budget and at the conclusion of the hearings, but no later than June 30, adopts the final budget. All appropriations lapse at fiscal year-end. The budget is prepared by fund, project, expense type, and department. The legal level of control is at the fund level and the Board must approve additional appropriations. By policy, the Board has provided procedures for management to make revisions within operational or project budgets only when there is no net dollar impact to the total appropriations at the fund level. Budget amendments are made when needed.

Annual budgets are adopted by LACMTA on the modified accrual basis of accounting for the special revenue fund types, on a basis consistent with GAAP as reflected in the Schedule.

**Los Angeles County Metropolitan Transportation Authority**  
Measure M Special Revenue Fund  
Notes to the Schedule of Revenues and Expenditures  
For the Fiscal Year Ended June 30, 2022

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**2. Summary of Significant Accounting Policies (Continued)**

**Investment Income and Net Decline in Fair Value of Investments**

Investment income and net decline in fair value of investments are shown on the Schedule of Revenues and Expenditures. LACMTA maintains a pooled cash and investments account that is available for use by all funds, except those restricted by State statutes. For the fiscal year ended June 30, 2022, the Measure M fund had investment income of \$5,900 and net decline in fair value of investments of \$15,666. The net decline in investments was mainly due to a decrease in fair market value of the investment portfolios mostly invested in bonds, which are sensitive to changes in interest rates.

**Use of Estimates**

The preparation of the Schedule in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Comparative Financial Data**

The amounts shown for 2021 in the accompanying Schedule are included only to provide a basis for comparison with 2022 and are not intended to present all information necessary for a fair presentation in accordance with Generally Accepted Accounting Principles.

**3. Schedule of Revenues and Expenditures for Measure M Special Revenue Fund**

The Schedule is intended to reflect the revenues and expenditures of the Measure M fund only. Accordingly, the Schedule does not purport to, and does not, present fairly the financial position of the LACMTA and changes in financial position thereof for the year then ended in conformity with Generally Accepted Accounting Principles in the United States of America.

**4. Intergovernmental Transactions**

Any transaction conducted with a governmental agency outside the complete jurisdiction of LACMTA will be recorded in an account designated as Intergovernmental.

**5. Operating Transfers**

Amounts reflected as operating transfers represent permanent, legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended. All operating transfers in/out of the Measure M Special Revenue Fund have been made in accordance with all expenditure requirements of the Measure M Ordinance.

**Los Angeles County Metropolitan Transportation Authority**  
**Measure M Special Revenue Fund**  
**Notes to the Schedule of Revenues and Expenditures**  
**For the Fiscal Year Ended June 30, 2022**

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**6. Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses**

The Measure M fund at June 30, 2022 had an excess of revenues over expenditures and other financing uses of \$438,990 due to 1) higher sales tax revenues resulting from an increase in consumer spending as the economy recovered from the pandemic recession, and 2) decrease in transfers out on bus and rail operating projects as a result of one-time federal funding provided by the stimulus grants. The foregoing factors contributed to the increase in Measure M Fund balance from \$672,442 to \$1,111,432 at June 30, 2022.

**8. Audited Financial Statements**

The audited financial statements for the Measure M Special Revenue Fund for the fiscal year ended June 30, 2022 are included in LACMTA's Audited Annual Comprehensive Financial Report (ACFR).

**9. Contingent Liabilities**

LACMTA is aware of potential claims that may be filed against them. The outcome of these matters is not presently determinable, but the resolution of these matters is not expected to have a significant impact on the financial condition of LACMTA.

**10. COVID-19 Impact and Considerations**

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. LACMTA expects this matter to negatively impact its operating environment; however, the related financial impact and duration cannot be reasonably estimated at this time.

**11. Subsequent Events**

In preparing the Schedule of Measure M Revenues and Expenditures, LACMTA has evaluated events and transactions for potential recognition or disclosure through November 17, 2022, the date the schedule was available to be issued. Based on this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the Schedule.

**Los Angeles County Metropolitan Transportation Authority**  
Measure M Special Revenue Fund  
Schedule of Revenues and Expenditures – Budget and Actual  
For the Fiscal Year Ended June 30, 2022  
(Amounts expressed in thousands)

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	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Revenues				
Sales tax	\$ 865,000	\$ 865,000	\$ 1,089,933	\$ 224,933
Intergovernmental	10,494	10,494	-	(10,494)
Investment income	-	-	5,900	5,900
Net decline in fair value of investments	-	-	(15,666)	(15,666)
<b>Total revenues</b>	<b>875,494</b>	<b>875,494</b>	<b>1,080,167</b>	<b>204,673</b>
Expenditures				
Administration and other	65,474	71,610	57,292	14,318
Transportation subsidies	318,391	316,136	327,855	(11,719)
<b>Total expenditures</b>	<b>383,865</b>	<b>387,746</b>	<b>385,147</b>	<b>2,599</b>
<b>Excess of revenues over expenditures</b>	<b>491,629</b>	<b>487,748</b>	<b>695,020</b>	<b>207,272</b>
Other financing sources (uses)				
Transfers in	13,367	13,367	-	(13,367)
Transfers out	(649,370)	(649,370)	(256,030)	393,340
<b>Total other financing sources (uses)</b>	<b>(636,003)</b>	<b>(636,003)</b>	<b>(256,030)</b>	<b>379,973</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<b>\$ (144,374)</b>	<b>\$ (148,255)</b>	<b>\$ 438,990</b>	<b>\$ 587,245</b>

**Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Measure M Independent Taxpayer Oversight Committee  
Los Angeles County Metropolitan Transportation Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Schedule of Revenues and Expenditures (the Schedule) for Measure M Special Revenue Fund of the Los Angeles County Metropolitan Transportation Authority (LACMTA) for the fiscal year ended June 30, 2022, and the related notes to the Schedule, which collectively comprised LACMTA's basic Schedule, and have issued our report thereon dated November 17, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the Schedule, we considered the LACMTA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the Schedule, but not for the purpose of expressing an opinion on the effectiveness of the LACMTA's internal control. Accordingly, we do not express an opinion on the effectiveness of the LACMTA's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the LACMTA's Schedule will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the LACMTA's Schedule is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the Schedule. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*BCA Watson Rice, LLP*

Torrance, California  
November 17, 2022

**Independent Auditor’s Report on Compliance with Requirements Applicable to  
Measure M Revenues and Expenditures in Accordance with the  
*Los Angeles County Traffic Improvement Plan Ordinance No. 16-01***

Measure M Independent Taxpayer Oversight Committee  
Los Angeles County Metropolitan Transportation Authority

**Report on Compliance**

***Opinion on Measure M Revenues and Expenditures***

We have audited the Los Angeles County Metropolitan Transportation Authority (LACMTA) compliance with the *Los Angeles County Traffic Improvement Plan Ordinance No. 16-01* (the Ordinance) applicable to LACMTA’s Measure M revenues and expenditures for the fiscal year ended June 30, 2022.

In our opinion, LACMTA complied, in all material respects, with the requirements referred to above that are applicable to the Measure M revenues and expenditures for the fiscal year ended June 30, 2022.

***Basis for Opinion***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of LACMTA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of LACMTA’s compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Measure M revenues and expenditures.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on LACMTA's compliance with Measure M revenues and expenditures based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about LACMTA's compliance with the requirements of the Measure M revenues and expenditures as a whole.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding LACMTA's compliance with the compliance requirements referred to above and performing other procedures as necessary in the circumstances.
- Obtain an understanding of LACMTA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Measure M revenues and expenditures, but not for the purpose of expressing an opinion on the effectiveness of the LACMTA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Report on Internal Control over Compliance***

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the “Auditor’s Responsibilities for the Audit of Compliance” section above and was not designed to identify all deficiencies in internal control over compliance that might be material weakness or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the compliance requirements of the Measure M revenues and expenditures. Accordingly, this report is not suitable for any other purpose.

*BCA Watson Rice, LLP*

Torrance, California  
November 17, 2022

**Los Angeles County Metropolitan Transportation Authority**  
Measure M Special Revenue Fund  
Summary of Current Year Audit Findings  
For the Fiscal Year Ended June 30, 2022

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None noted.

**Los Angeles County Metropolitan Transportation Authority**  
Measure M Special Revenue Fund  
Status of Prior Year Audit Findings

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None noted.



**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO MEASURE M ORDINANCE AND  
MEASURE M LOCAL RETURN GUIDELINES**

**TO THE LOS ANGELES COUNTY  
METROPOLITAN TRANSPORTATION AUTHORITY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**



**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO MEASURE M ORDINANCE AND  
MEASURE M LOCAL RETURN GUIDELINES**

**TO THE LOS ANGELES COUNTY  
METROPOLITAN TRANSPORTATION AUTHORITY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Los Angeles County Metropolitan Transportation Authority  
Measure M Local Return Fund  
Consolidated Audit Report  
Fiscal Year Ended June 30, 2022**

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
<b>INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MEASURE M ORDINANCE AND MEASURE M LOCAL RETURN GUIDELINES</b>	1
List of Package A Jurisdictions	5
Compliance Area Tested	6
Summary of Audit Results	
Schedule 1 – Summary of Compliance Findings	7
Schedule 2 – Schedule of Findings and Questioned Costs	8



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SAN DIEGO  
IRVINE  
SACRAMENTO  
FRESNO  
PHOENIX  
LAS VEGAS  
MANILA, PH

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MEASURE M ORDINANCE AND MEASURE M LOCAL RETURN GUIDELINES

**To: Board of Directors of the Los Angeles County Metropolitan Transportation Authority  
and Measure M Independent Taxpayer Oversight Committee**

### Report on Compliance

#### *Opinion*

We have audited the compliance of the County of Los Angeles (County) and the thirty-nine (39) Cities identified in the List of Package A Jurisdictions, with the types of compliance requirements described in the Measure M Ordinance enacted through a Los Angeles County voter-approved law in November 2016; Measure M Local Return Guidelines, issued by the Los Angeles County Metropolitan Transportation Authority (Metro), approved by its Board of Directors on June 22, 2017 (collectively, the Guidelines); and the respective Assurances and Understandings Regarding Receipt and Use of Measure M Local Return Funds, executed by Metro, the County and the respective Cities for the year ended June 30, 2022 (collectively, the Requirements). Compliance with the above-noted Guidelines and Requirements by the County and the Cities are identified in the accompanying Summary of Audit Results, Schedule 1 and Schedule 2.

In our opinion, the County and the Cities complied, in all material respects, with the Guidelines and Requirements referred to above that could have a direct and material effect on the Measure M Local Return program for the year ended June 30, 2022.

#### *Basis for Opinion*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the Guidelines. Our responsibilities under those standards and the Guidelines are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and the Cities and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance with the Guidelines. Our audit does not provide a legal determination of the County's and the Cities' compliance with the compliance requirements referred to above.



### ***Responsibilities of Management for Compliance***

Management is responsible for the County's and the Cities' compliance with the Guidelines and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or program agreements applicable to the County and each City's Measure M Local Return program.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's and the Cities' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guidelines will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's and the Cities' compliance with the requirements of the Guidelines as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guidelines, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's and the Cities' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's and the Cities' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guidelines, but not for the purpose of expressing an opinion on the effectiveness of the County's and the Cities' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guidelines and which are described in the accompanying Summary of Compliance Findings (Schedule 1) and Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2022-001 through #2022-007. Our opinion is not modified with respect to these matters.



*Government Auditing Standards* requires the auditor to perform limited procedures on the Cities' responses to the noncompliance findings identified in our compliance audits described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2). The Cities' responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the Guidelines on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with the Guidelines will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2) as Finding #2022-003, that we consider to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the Guidelines that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2022-004 and #2022-005, that we consider to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Cities' responses to the internal control over compliance findings identified in our audits are described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2). The Cities' responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.



The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guidelines. Accordingly, this report is not suitable for any other purpose.

*Vasquez & Company LLP*

**Glendale, California**

**December 30, 2022**

**Los Angeles County Metropolitan Transportation Authority  
Measure M Local Return Fund  
List of Package A Jurisdictions  
Fiscal Year Ended June 30, 2022**

1. COUNTY OF LOS ANGELES
2. CITY OF AGOURA HILLS
3. CITY OF AZUSA
4. CITY OF BALDWIN PARK
5. CITY OF BELL
6. CITY OF BELL GARDENS
7. CITY OF BEVERLY HILLS
8. CITY OF CALABASAS
9. CITY OF CARSON
10. CITY OF COMMERCE
11. CITY OF COMPTON
12. CITY OF CUDAHY
13. CITY OF CULVER CITY
14. CITY OF EL MONTE
15. CITY OF GARDENA
16. CITY OF HAWTHORNE
17. CITY OF HIDDEN HILLS
18. CITY OF HUNTINGTON PARK
19. CITY OF INDUSTRY
20. CITY OF INGLEWOOD
21. CITY OF IRWINDALE
22. CITY OF LA PUENTE
23. CITY OF LAWNSDALE
24. CITY OF LYNWOOD
25. CITY OF MALIBU
26. CITY OF MAYWOOD
27. CITY OF MONTEBELLO
28. CITY OF MONTEREY PARK
29. CITY OF PICO RIVERA
30. CITY OF POMONA
31. CITY OF ROSEMEAD
32. CITY OF SAN FERNANDO
33. CITY OF SANTA FE SPRINGS
34. CITY OF SANTA MONICA
35. CITY OF SOUTH EL MONTE
36. CITY OF SOUTH GATE
37. CITY OF VERNON
38. CITY OF WALNUT
39. CITY OF WEST HOLLYWOOD
40. CITY OF WESTLAKE VILLAGE

**Los Angeles County Metropolitan Transportation Authority**  
**Measure M Local Return Fund**  
**Compliance Area Tested**  
**Fiscal Year Ended June 30, 2022**

1. Funds were expended for transportation purposes.
2. Separate Measure M Local Return Account was established.
3. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.
4. Funds were expended with Metro's approval.
5. Funds were not substituted for property tax and are in compliance with the Maintenance of Effort.
6. Timely use of funds.
7. Administrative expenses are within the 20% cap.
8. Expenditure Plan (Form M-One or electronic equivalent) was submitted on time.
9. Expenditure Report (Form M-Two or electronic equivalent) was submitted on time.
10. Where funds expended were reimbursable by other grants or fund sources, the reimbursement was credited to the Local Return Account upon receipt of the reimbursement.
11. Where Measure M funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.
12. A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.
13. Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.
14. Recreational transit form was submitted on time.
15. Fund exchanges (trades, loans, or gifts) were approved by Metro.
16. Accounting procedures, record keeping and documentation are adequate.

## **SUMMARY OF AUDIT RESULTS**

**Los Angeles County Metropolitan Transportation Authority  
Measure M Local Return Fund  
Summary of Compliance Findings  
Fiscal Year Ended June 30, 2022**

The audits of the County of Los Angeles and 39 cities have resulted in 7 findings. The table below summarizes those findings:

<b>Finding</b>	<b># of Findings</b>	<b>Responsible Cities/ Finding No. Reference</b>	<b>Questioned Costs</b>	<b>Resolved During the Audit</b>
Funds were expended with Metro's approval.	4	Bell (See Finding #2022-001)	\$ 30,428	\$ 30,428
		Calabasas (See Finding #2022-003)	41,656	41,656
		Compton (See Finding #2022-004)	813,333	813,333
		Montebello (See Finding #2022-005)	52,957	52,957
Expenditure Plan (Form M-One or electronic equivalent) was submitted on time.	3	Bell Gardens (See Finding #2022-002)	None	None
		South Gate (See Finding #2022-006)	None	None
		Vernon (See Finding #2022-007)	None	None
<b>Total Findings and Questioned Costs</b>	<b>7</b>		<b>\$ 938,374</b>	<b>\$ 938,374</b>

Details of the findings are in Schedule 2.

**Los Angeles County Metropolitan Transportation Authority  
Measure M Local Return Fund  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2022**

<b>Finding #2022-001</b>	<b>City of Bell</b>
<b>Compliance Reference</b>	<p>Section XXV Administrative, Reporting Requirements, Expenditure Plan (8/1 Table) of the Measure M Local Return Guidelines states that, "To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdiction shall submit to Metro an Expenditure Plan (8/1 Table), annually, by August 1st of each year".</p> <p>"Expenditure Plan (Form M-One) provides a listing of projects funded with Measure M LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. Part II is to be filled out for capital projects (projects over \$250,000). Metro will provide LR funds to a capital project or program sponsor who submits the required expenditure plan".</p>
<b>Condition</b>	<p>The City claimed expenditures under MMLRF Project Code 170, Maintenance and Operation, totaling \$30,428 prior to approval by Metro.</p> <p>Although we found the expenditures to be eligible for Local Return funding, the projects had no prior approval from Metro.</p>
<b>Cause</b>	Due to staffing constraints, the budget request was not properly allocated and reviewed when it was submitted online.
<b>Effect</b>	The City claimed expenditures totaling \$30,428 prior to approval by Metro. The City did not comply with the Guidelines.
<b>Recommendation</b>	We recommend the City establish procedures and internal controls to ensure that approval is obtained from Metro prior to spending on Measure M-funded projects.
<b>Management's Response</b>	The \$30,428 request was submitted on time, but due to staffing shortage, there was an oversight, and it was not properly allocated/broken down between the Administration and Operating Costs.
<b>Finding Corrected During the Audit</b>	Metro Program Manager granted a retroactive approval for the said project on September 21, 2022. No follow up is required.

**Los Angeles County Metropolitan Transportation Authority**  
**Measure M Local Return Fund**  
**Schedule of Findings and Questioned Costs**  
**Fiscal Year Ended June 30, 2022**  
**(Continued)**

<b>Finding #2022-002</b>	<b>City of Bell Gardens</b>
<b>Compliance Reference</b>	<p>Section XXV Administrative Section, Expenditure Plan (8/1 Table) of the Measure M Local Return Guidelines state that, "To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdiction shall submit to Metro an Expenditure Plan (8/1 Table), annually, by August 1st of each year".</p> <p>"Expenditures Plan (8/1 Table) provides a listing of projects funded with Measure M LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. Part II is to be filled out for capital projects (projects over \$ 250,000). Metro will provide LR funds to a capital project or program sponsor who submits the required expenditure plan."</p>
<b>Condition</b>	The City submitted its Expenditure Plan (8/1 Table) on August 10, 2021, 9 days after the due date of August 1, 2021.
<b>Cause</b>	The City inadvertently missed the filing deadline.
<b>Effect</b>	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
<b>Recommendation</b>	We recommend the City establish procedures and internal controls to ensure that the Expenditure Plan (8/1 Table) is submitted by August 1 <sup>st</sup> as required by the Guidelines.
<b>Management's Response</b>	Management will ensure that the Expenditure Plan (8/1 Table) is submitted in a timely manner by the due date of August 1 <sup>st</sup> of each fiscal year.
<b>Finding Corrected During the Audit</b>	The City subsequently submitted the Expenditure Plan (8/1 Table). No follow up is required.

**Los Angeles County Metropolitan Transportation Authority  
Measure M Local Return Fund  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2022  
(Continued)**

<b>Finding #2022-003</b>	<b>City of Calabasas</b>
<b>Compliance Reference</b>	<p>Section XXV Administrative, Reporting Requirements, Expenditure Plan (8/1 Table) of the Measure M Local Return Guidelines states that, "To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdiction shall submit to Metro an Expenditure Plan (8/1 Table), annually, by August 1st of each year".</p> <p>"Expenditure Plan (Form M-One) provides a listing of projects funded with Measure M LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. Part II is to be filled out for capital projects (projects over \$250,000). Metro will provide LR funds to a capital project or program sponsor who submits the required expenditure plan".</p>
<b>Condition</b>	<p>The City claimed expenditures under MMLRF Project Code 640, Direct Administration, totaling \$41,656 prior to approval by Metro.</p> <p>Although we found the expenditures to be eligible for Local Return funding, the project had no prior approval from Metro.</p> <p>This is a repeat finding from prior years' audits.</p>
<b>Cause</b>	The City was in transition staff wise. Information was not properly communicated.
<b>Effect</b>	The City claimed MMLRF expenditures totaling \$41,656 prior to approval by Metro. The City did not comply with the Guidelines.
<b>Recommendation</b>	We recommend the City establish procedures and internal controls to ensure that approval is obtained from Metro prior to spending on Measure M-funded projects.

**Los Angeles County Metropolitan Transportation Authority**  
**Measure M Local Return Fund**  
**Schedule of Findings and Questioned Costs**  
**Fiscal Year Ended June 30, 2022**  
**(Continued)**

<b>Finding #2022-003 (Continued)</b>	<b>City of Calabasas</b>
<b>Management's Response</b>	The City agrees with the findings and will continue to work diligently to establish procedures and internal controls to ensure that approval is obtained from Metro prior to spending on any Measure M-funded projects. The City submitted a Budget Request to Metro Program Manager and obtained a retroactive approval of the budgets for said projects on November 22, 2022.
<b>Finding Corrected During the Audit</b>	Metro Program Manager granted a retroactive approval of the said projects. No additional follow up is required.

**Los Angeles County Metropolitan Transportation Authority**  
**Measure M Local Return Fund**  
**Schedule of Findings and Questioned Costs**  
**Fiscal Year Ended June 30, 2022**  
**(Continued)**

<b>Finding #2022-004</b>	<b>City of Compton</b>
<b>Compliance Reference</b>	<p>Section XXV Administrative, Expenditure Plan (Form M-One or 8/1 Table) of the Measure M Local Return Guidelines states that, "To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdiction shall submit to Metro an Expenditure Plan (Form M-One or 8/1 Table) or its electronic equivalent, annually, by August 1st of each year".</p> <p>"Expenditure Plan (Form M-One or 8/1 Table) provides a listing of projects funded with Measure M LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. Part II is to be filled out for capital projects (projects over \$250,000). Metro will provide LR funds to a capital project or program sponsor who submits the required expenditure plan".</p>
<b>Condition</b>	<p>The City's issuance of the PCLRF, MRLRF and MMLRF Limited Tax Bonds and the use of the proceeds of the bonds for Street Improvement Projects was approved by Metro before the issuance of the bonds in March 2021. Accordingly, the debt service payments were also approved as an eligible expense under MMLRF. However, to comply with Metro's annual budget approval process and reporting requirement, the City is required to submit a Budget Request or "8/1" Table and include the annual budgets for both bond proceeds project expenditures and debt service payment for approval by Metro. Debt service payments of \$813,333 were not included in the Budget Request or "8/1" Table.</p> <p>This is a repeat finding from prior year's audit in relation to the MMLRF's prior period adjustment to recognize the FY2020/21 debt service payment of \$207,115.</p>
<b>Cause</b>	<p>The City had received approval for the bond issuance from Metro, but was not aware that separate approvals were required for underlying annual project expenditures including debt service payments through the Budget Request or "8/1" Table.</p>
<b>Effect</b>	<p>The City claimed debt service payments totaling \$813,333 prior to approval by Metro. The City did not comply with the Local Return Guidelines.</p>

**Los Angeles County Metropolitan Transportation Authority  
Measure M Local Return Fund  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2022  
(Continued)**

<b>Finding #2022-004 (Continued)</b>	<b>City of Compton</b>
<b>Recommendation</b>	We recommend the City establish procedures and internal controls to ensure that approval is obtained from Metro prior to spending on Measure M-funded projects.
<b>Management's Response</b>	The City submitted a Budget Request to Metro Program Manager and obtained a retroactive approval of the said project on December 1, 2022.
<b>Finding Corrected During the Audit</b>	Metro Program Manager granted a retroactive approval of the budgets for said project. No additional follow up is required.

**Los Angeles County Metropolitan Transportation Authority**  
**Measure M Local Return Fund**  
**Schedule of Findings and Questioned Costs**  
**Fiscal Year Ended June 30, 2022**  
**(Continued)**

<b>Finding #2022-005</b>	<b>City of Montebello</b>
<b>Compliance Reference</b>	<p>Section XXV Administrative, Expenditure Plan (Form M-One) of the Measure M Local Return Program Guidelines state that, "To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdiction shall submit to Metro an Expenditure Plan (Form M-One) or its electronic equivalent, annually, by August 1<sup>st</sup> of each year".</p> <p>"Expenditure Plan (Form M-One) provides a listing of projects funded with Measure M LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. Part II is to be filled out for capital projects (projects over \$250,000). Metro will provide LR funds to a capital project or program sponsor who submits the required expenditure plan".</p>
<b>Condition</b>	<p>The City claimed expenditures for the following MMLRF projects prior to approval by Metro:</p> <ul style="list-style-type: none"> <li>a. Project code 490, Sales Tax Revenue Bonds, totaling \$1,605; and</li> <li>b. Project code 640, Administrative Overhead, totaling \$51,352.</li> </ul> <p>Although we found the expenditures to be eligible for Local Return funding, these projects had no prior approval from Metro.</p> <p>This is a repeat finding from prior year's audit.</p>
<b>Cause</b>	<p>The City did not anticipate incurring eligible expenditures for these projects. The City was not able to submit a budget request for Metro's approval until after June 30, 2022.</p>
<b>Effect</b>	<p>The City claimed expenditures totaling \$52,957 prior to approval by Metro. The City did not comply with the Guidelines.</p>
<b>Recommendation</b>	<p>We recommend the City establish procedures and internal controls to ensure that approval is obtained from Metro prior to spending on Measure M-funded projects.</p>

**Los Angeles County Metropolitan Transportation Authority  
Measure M Local Return Fund  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2022  
(Continued)**

<b>Finding #2022-005 (Continued)</b>	<b>City of Montebello</b>
<b>Management's Response</b>	The City submitted a Budget Request to Metro Program Manager and obtained a retroactive approval of the said projects on July 5, 2022 and August 18, 2022.
<b>Finding Corrected During the Audit</b>	Metro Program Manager granted a retroactive approval of the budgets for said projects. No additional follow up is required.

**Los Angeles County Metropolitan Transportation Authority  
Measure M Local Return Fund  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2022  
(Continued)**

<b>Finding #2022-006</b>	<b>City of South Gate</b>
<b>Compliance Reference</b>	<p>Section XXV Administrative Section, Expenditure Plan (8/1 Table) of the Measure M Local Return Guidelines states that, "To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdiction shall submit to Metro an Expenditure Plan (8/1 Table), annually, by August 1<sup>st</sup> of each year".</p> <p>"Expenditures Plan (8/1 Table) provides a listing of projects funded with Measure M LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. Part II is to be filled out for capital projects (projects over \$ 250,000). Metro will provide LR funds to a capital project or program sponsor who submits the required expenditure plan."</p>
<b>Condition</b>	The City submitted its Expenditure Plan (8/1 Table) on August 10, 2021, 9 days after the due date of August 1, 2021.
<b>Cause</b>	The City inadvertently missed the filing deadline.
<b>Effect</b>	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
<b>Recommendation</b>	We recommend the City establish procedures and internal controls to ensure that the Expenditure Plan (8/1 Table) is submitted by August 1 <sup>st</sup> as required by the Guidelines.
<b>Management's Response</b>	Management will ensure that the Expenditure Plan (8/1 Table) is submitted in a timely manner by the due date of August 1 <sup>st</sup> of each fiscal year.
<b>Finding Corrected During the Audit</b>	The City subsequently submitted the Expenditure Plan (8/1 Table). No follow up is required.

**Los Angeles County Metropolitan Transportation Authority  
Measure M Local Return Fund  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2022  
(Continued)**

<b>Finding #2022-007</b>	<b>City of Vernon</b>
<b>Compliance Reference</b>	<p>Section XXV Administrative Section, Expenditure Plan (8/1 Table) of the Measure M Local Return Guidelines states that, "To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdiction shall submit to Metro an Expenditure Plan (8/1 Table), annually, by August 1st of each year".</p> <p>"Expenditures Plan (8/1 Table) provides a listing of projects funded with Measure M LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. Part II is to be filled out for capital projects (projects over \$ 250,000). Metro will provide LR funds to a capital project or program sponsor who submits the required expenditure plan."</p>
<b>Condition</b>	The City submitted its Expenditure Plan (8/1 Table) on August 10, 2021, 9 days after the due date of August 1, 2021.
<b>Cause</b>	The City inadvertently missed the filing deadline.
<b>Effect</b>	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
<b>Recommendation</b>	We recommend the City establish procedures and internal controls to ensure that the Expenditure Plan (8/1 Table) is submitted by August 1 <sup>st</sup> as required by the Guidelines.
<b>Management's Response</b>	Management will ensure that the Expenditure Plan (8/1 Table) is submitted in a timely manner by the due date of August 1.
<b>Finding Corrected During the Audit</b>	The City subsequently submitted the Expenditure Plan (8/1 Table). No follow up is required.



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**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO MEASURE M ORDINANCE AND  
MEASURE M LOCAL RETURN GUIDELINES**

**TO THE LOS ANGELES COUNTY  
METROPOLITAN TRANSPORTATION AUTHORITY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**



Simpson & Simpson, LLP  
Certified Public Accountants

**Los Angeles County Metropolitan Transportation Authority  
Measure M Local Return Fund  
Consolidated Audit Report  
Fiscal Year Ended June 30, 2022**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MEASURE M ORDINANCE AND MEASURE M LOCAL RETURN GUIDELINES</b>	1
List of Package B Jurisdictions	5
Compliance Area Tested	6
Summary of Audit Results	
Schedule 1 – Summary of Compliance Findings	7
Schedule 2 - Schedule of Findings and Questioned Costs	8



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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MEASURE M ORDINANCE AND MEASURE M LOCAL RETURN GUIDELINES

To: Board of Directors of the Los Angeles County Metropolitan Transportation Authority  
and Measure M Independent Taxpayer Oversight Committee

### Report on Compliance

#### *Opinion*

We have audited the compliance of the forty-nine (49) Cities (the Cities) identified in the List of Package B Jurisdictions, with the types of compliance requirements described in the Measure M Ordinance enacted through a Los Angeles County voter-approved law in November 2016; Measure M Local Return Guidelines, issued by the Los Angeles County Metropolitan Transportation Authority (Metro), approved by its Board of Directors on June 22, 2017 (collectively, the Guidelines); and the respective Assurance and Understanding Regarding Receipt and Use of Measure M Local Return Funds, executed by Metro and the Cities for the year ended June 30, 2022 (collectively, the Requirements). Compliance with the above-noted Guidelines and Requirements by the Cities are identified in the accompanying Summary of Audit Results, Schedule 1 and Schedule 2.

In our opinion, the Cities complied, in all material respects, with the Guidelines and Requirements referred to above that could have a direct and material effect on the Measure M Local Return program for the year ended June 30, 2022.

#### *Basis for Opinion*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the Guidelines. Our responsibilities under those standards and the Guidelines are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Cities and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance with the Guidelines. Our audit does not provide a legal determination of the Cities' compliance with the compliance requirements referred to above.



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### ***Responsibilities of Management for Compliance***

The Cities' management is responsible for each respective City's compliance with the Guidelines and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or program agreements applicable to the Cities' Measure M Local Return Program.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Cities' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guidelines will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Cities' compliance with the requirements of the Guidelines as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guidelines, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Cities' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Cities' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guidelines, but not for the purpose of expressing an opinion on the effectiveness of the Cities' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



## **Other Matters**

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Guidelines and which are described in the accompanying Summary of Compliance Findings (Schedule 1) and Schedule of Findings and Questioned Costs (Schedule 2) as Findings # 2022-001 through #2022-011. Our opinion is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Cities' responses to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2). The Cities' responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

## **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the Guidelines on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with the Guidelines will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with the Guidelines that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2) as Finding # 2022-004 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.



*Government Auditing Standards* requires the auditor to perform limited procedures on the Cities' responses to the internal control over compliance findings identified in our audit are described in the accompanying Summary of Audit Results (Schedule 1 and Schedule 2). The Cities' responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guidelines. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Simpson &amp; Simpson". The signature is written in a cursive, flowing style.

Los Angeles, California  
December 30, 2022

**Los Angeles County Metropolitan Transportation Authority**  
**Measure M Local Return Fund**  
**List of Package B Jurisdictions**  
**Fiscal Year Ended June 30, 2022**

- |                                  |                                   |
|----------------------------------|-----------------------------------|
| 1. CITY OF ALHAMBRA              | 31. CITY OF PALMDALE              |
| 2. CITY OF ARCADIA               | 32. CITY OF PALOS VERDES ESTATES  |
| 3. CITY OF ARTESIA               | 33. CITY OF PARAMOUNT             |
| 4. CITY OF AVALON                | 34. CITY OF PASADENA              |
| 5. CITY OF BELLFLOWER            | 35. CITY OF RANCHO PALOS VERDES   |
| 6. CITY OF BRADBURY              | 36. CITY OF REDONDO BEACH         |
| 7. CITY OF BURBANK               | 37. CITY OF ROLLING HILLS         |
| 8. CITY OF CERRITOS              | 38. CITY OF ROLLING HILLS ESTATES |
| 9. CITY OF CLAREMONT             | 39. CITY OF SAN DIMAS             |
| 10. CITY OF COVINA               | 40. CITY OF SAN GABRIEL           |
| 11. CITY OF DIAMOND BAR          | 41. CITY OF SAN MARINO            |
| 12. CITY OF DOWNEY               | 42. CITY OF SANTA CLARITA         |
| 13. CITY OF DUARTE               | 43. CITY OF SIERRA MADRE          |
| 14. CITY OF EL SEGUNDO           | 44. CITY OF SIGNAL HILL           |
| 15. CITY OF GLENDALE             | 45. CITY OF SOUTH PASADENA        |
| 16. CITY OF GLENDORA             | 46. CITY OF TEMPLE CITY           |
| 17. CITY OF HAWAIIAN GARDENS     | 47. CITY OF TORRANCE              |
| 18. CITY OF HERMOSA BEACH        | 48. CITY OF WEST COVINA           |
| 19. CITY OF LA CANADA FLINTRIDGE | 49. CITY OF WHITTIER              |
| 20. CITY OF LA HABRA HEIGHTS     |                                   |
| 21. CITY OF LA MIRADA            |                                   |
| 22. CITY OF LA VERNE             |                                   |
| 23. CITY OF LAKEWOOD             |                                   |
| 24. CITY OF LANCASTER            |                                   |
| 25. CITY OF LOMITA               |                                   |
| 26. CITY OF LONG BEACH           |                                   |
| 27. CITY OF LOS ANGELES          |                                   |
| 28. CITY OF MANHATTAN BEACH      |                                   |
| 29. CITY OF MONROVIA             |                                   |
| 30. CITY OF NORWALK              |                                   |

**Los Angeles County Metropolitan Transportation Authority**  
**Measure M Local Return Fund**  
**Compliance Area Tested**  
**Fiscal Year Ended June 30, 2022**

1. Funds were expended for transportation purposes.
2. Separate Measure M Local Return Account was established.
3. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.
4. Funds were expended with Metro's approval.
5. Funds were not substituted for property tax and are in compliance with the Maintenance of Effort.
6. Timely use of funds.
7. Administrative expenses are within the 20% cap.
8. Expenditure Plan (Form M-One or electronic equivalent) was submitted on time.
9. Expenditure Report (Form M-Two or electronic equivalent) was submitted on time.
10. Where funds expended were reimbursable by other grants or fund sources, the reimbursement was credited to the Local Return Account upon receipt of the reimbursement.
11. Where Measure M funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.
12. A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.
13. Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.
14. Recreational transit form was submitted on time.
15. Fund exchanges (trades, loans, or gifts) were approved by Metro.
16. Accounting procedures, record keeping and documentation are adequate.

## **SUMMARY OF AUDIT RESULTS**

**Los Angeles County Metropolitan Transportation Authority  
Measure M Local Return Fund  
Summary of Compliance Findings  
Fiscal Year Ended June 30, 2022**

The audit of the 49 cities identified in the List of Package B Jurisdictions have resulted in 11 findings. The table below shows a summary of the findings:

<b>Finding</b>	<b># of Findings</b>	<b>Responsible Cities/ Finding Reference</b>	<b>Questioned Costs</b>	<b>Resolved During the Audit</b>
Funds were expended with Metro's approval.	3	Alhambra (#2022-001) Covina (#2022-005) Redondo Beach (#2022-011)	\$ 569,942 252,260 67,264	\$ 569,942 252,260 67,264
Expenditure Plan (Form M-One or electronic equivalent) was submitted on time.	2	Artesia (#2022-002) Glendale (#2022-007)	None None	None None
Expenditure Report (Form M-Two or electronic equivalent) was submitted on time.	6	Artesia (#2022-003) Bradbury (#2022-004) Covina (#2022-006) La Habra Heights (#2022-008) Palmdale (#2022-009) Pasadena (#2022-010)	None None None None None None	None None None None None None
<b>Total Findings and Questioned Costs</b>	<b>11</b>		<b>\$ 889,466</b>	<b>\$ 889,466</b>

Details of the findings are in Schedule 2

**Los Angeles County Metropolitan Transportation Authority  
Measure M Local Return Fund  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2022**

Finding #2022-001	City of Alhambra
Compliance Reference	According to Measure M Local Return Guidelines, Section XXV Administrative, Form Submission Timeline, “New, amended, ongoing and carryover projects must file an Expenditure Plan Form M-One by August 1st. In addition, the Audit Requirements, Financial and Compliance Provisions of the section states, “The Measure M LR Audits shall include, but not limited to, verification of adherence to the following financial and compliance provisions of this guidelines:... Verification that funds were expended with Metro’s approval.”
Condition	<p>The expenditures for the following MMLRF projects were incurred prior to Metro’s approval:</p> <ul style="list-style-type: none"> <li>a. Project Code 780, Professional Engineering Consulting Services to Advance the 710 N Arterial and I-10 Interchange Improvement Concepts, in the amount of \$559,246.</li> <li>b. Project Code 780, Professional Stakeholder Outreach Consulting Services for 710 North Terminus, in the amount of \$10,696.</li> </ul> <p>However, the City received retroactive project approvals from Metro on November 2, 2022.</p>
Cause	The City's mistakenly made an assumption that the projects were already approved by Metro prior to expenditures being incurred.
Effect	The City did not comply with the Guidelines as expenditures for the MMLRF projects were incurred prior to Metro’s approval.
Recommendation	We recommend that the City establish procedures to ensure that it obtains approval from Metro prior to implementing any Measure M Local Return projects, and properly enter the budgeted amount for each project in the Local Return Management System (LRMS) and submit before the requested due date so that the City’s expenditures of Measure M Local Return Funds are in accordance with Metro’s approval and the Guidelines.
Management’s Response	The City agrees with this finding. The City will closely monitor that all of the projects are approved and ensure that the expenditures are not incurred prior to Metro's approval.
Corrected During the Audit	Metro Program Manager granted retroactive budget approval of the said projects on November 2, 2022. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority**  
**Measure M Local Return Fund**  
**Schedule of Findings and Questioned Costs**  
**Fiscal Year Ended June 30, 2022**  
**(Continued)**

<b>Finding #2022-002</b>	<b>City of Artesia</b>
Compliance Reference	According to Measure M Local Return Guidelines, Section XXV Administrative: Reporting Requirements - Expenditure Plan (Form M-One), "To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdictions shall submit to Metro an Expenditure Plan (Form M-One), annually, by August 1 of each year."
Condition	The City did not meet the August 1, 2021 deadline for submitting the Expenditure Plan in the LRMS. However, the City updated the information in the LRMS on August 9, 2021.
Cause	This was due to an oversight on the part of the City.
Effect	The City did not comply with the Measure M Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Expenditure Plan is entered in the LRMS before the due date so that the City is in compliant with Metro's Guidelines.
Management's Response	In the future, management will ensure the Expenditure Plan is submitted before the deadline.
Corrected During the Audit	The City subsequently entered the required information in the LRMS on August 9, 2021. No follow up is required.

**Los Angeles County Metropolitan Transportation Authority**  
**Measure M Local Return Fund**  
**Schedule of Findings and Questioned Costs**  
**Fiscal Year Ended June 30, 2022**  
**(Continued)**

<b>Finding #2022-003</b>	<b>City of Artesia</b>
Compliance Reference	According to Measure M Local Return Guidelines, Section XXV, Administrative, "The submittal of an Expenditure Report (Form M-Two) is also required to maintain legal eligibility and meet Measure M LR program compliance requirements. Jurisdictions shall submit a Form M-Two, to Metro annually, by October 15th (following the conclusion of the fiscal year)."
Condition	The City did not meet the October 15, 2022 deadline for submitting the Annual Expenditure Report in the LRMS. Instead, the City submitted the information in the LRMS on December 2, 2022.
Cause	This was an oversight on the part of the City.
Effect	The City did not comply with the Measure M Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the annual actual expenditures are entered in the LRMS before the due date so that the City is in compliance with Metro's Guidelines.
Management's Response	In the future management will ensure the Expenditure Report is submitted before the deadline.
Corrected During the Audit	The City subsequently entered the required information in the LRMS on December 2, 2022. No follow up is required.

**Los Angeles County Metropolitan Transportation Authority  
Measure M Local Return Fund  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2022  
(Continued)**

<b>Finding #2022-004</b>	<b>City of Bradbury</b>
Compliance Reference	According to Measure M Local Return Guidelines, Section XXV, Administrative, "The submittal of an Expenditure Report (Form M-Two) is also required to maintain legal eligibility and meet Measure M LR program compliance requirements. Jurisdictions shall submit a Form M-Two, to Metro annually, by October 15th (following the conclusion of the fiscal year)."
Condition	The City did not meet the October 15, 2022 deadline for submitting the Annual Expenditure Report in the Local Return Management System (LRMS). Instead, the City submitted the information in the LRMS on November 4, 2022.  This is a repeat finding from fiscal year 2021.
Cause	It was due to an oversight by the City's finance department.
Effect	The City did not comply with the Measure M Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the annual actual expenditures are entered in the LRMS before the due date so that the City is in compliance with Metro's Guidelines.
Management's Response	The City has a new Finance Director during fiscal year 2022 and was unaware of the compliance requirement of Local Return Funds.
Corrected During the Audit	The City subsequently entered the required information in the LRMS on November 4, 2022. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority**  
**Measure M Local Return Fund**  
**Schedule of Findings and Questioned Costs**  
**Fiscal Year Ended June 30, 2022**  
**(Continued)**

<b>Finding #2022-005</b>	<b>City of Covina</b>
Compliance Reference	According to Measure M Local Return Guidelines, Section XXV Administrative, Form Submission Timeline, “New, amended, ongoing and carryover projects must file an Expenditure Plan Form M-One by August 1st. In addition, the Audit Requirements, Financial and Compliance Provisions of the section states, “The Measure M LR Audits shall include, but not limited to, verification of adherence to the following financial and compliance provisions of this guidelines:... Verification that funds were expended with Metro’s approval.”
Condition	<p>The expenditures for the following MMLRF projects were incurred prior to Metro’s approval:</p> <ul style="list-style-type: none"> <li>a. Project Code 302, Azusa Avenue Traffic Signal Rehabilitation, in the amount of \$42,260.</li> <li>b. Project Code 304, Traffic Signal Maintenance, in the amount of \$210,000.</li> </ul> <p>However, the City received retroactive project approvals from Metro on October 13, 2022.</p>
Cause	Expenditures were reallocated to MMLRF to make better use of available transportation funding. Changes were made during the mid-year budget process that were not reported to Metro until October 13, 2022.
Effect	The City did not comply with the Guidelines as expenditures for the MMLRF projects were incurred prior to Metro’s approval.
Recommendation	We recommend that the City establish procedures to ensure that it obtains approval from Metro prior to implementing any Measure M Local Return projects, and properly enter the budgeted amount for each project in the LRMS and submit before the requested due date so that the City’s expenditures of Measure M Local Return Funds are in accordance with Metro’s approval and the Guidelines.
Management’s Response	The City’s Finance and Public Works departments will work together to ensure that any budget changes are communicated to Metro immediately so that all projects have the necessary budget approvals.
Corrected During the Audit	Metro Program Manager granted retroactive budget approval of the said projects on October 13, 2022. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority**  
**Measure M Local Return Fund**  
**Schedule of Findings and Questioned Costs**  
**Fiscal Year Ended June 30, 2022**  
**(Continued)**

<b>Finding #2022-006</b>	<b>City of Covina</b>
Compliance Reference	According to Measure M Local Return Guidelines, Section XXV, Administrative, "The submittal of an Expenditure Report (Form M-Two) is also required to maintain legal eligibility and meet Measure M LR program compliance requirements. Jurisdictions shall submit a Form M-Two, to Metro annually, by October 15th (following the conclusion of the fiscal year)."
Condition	The City did not meet the October 15, 2022 deadline for submitting the Annual Expenditure Report to Metro by entering the expenditures in the LRMS. The City subsequently reported the MMLRF expenditures in the LRMS on October 20, 2022.
Cause	The City inadvertently missed the filing deadline.
Effect	The City did not comply with the Measure M Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Expenditure Report is properly prepared and submitted before the due date of October 15th by reporting the annual expenditures in the LRMS so that the City's expenditures of the MMLRF will be in accordance with Metro's approval and the Guidelines.
Management's Response	The City's Finance and Public Works departments will work together to ensure that the Expenditure Report will be submitted to Metro in a timely manner.
Corrected During the Audit	The City subsequently reported the annual expenditures on October 20, 2022. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority**  
**Measure M Local Return Fund**  
**Schedule of Findings and Questioned Costs**  
**Fiscal Year Ended June 30, 2022**  
**(Continued)**

<b>Finding #2022-007</b>	<b>City of Glendale</b>
Compliance Reference	According to Measure M Local Return Guidelines, Section XXV Administrative: Reporting Requirements - Expenditure Plan (Form M-One), "To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdictions shall submit to Metro an Expenditure Plan (Form M-One), annually, by August 1 of each year."
Condition	The City did not meet the August 1, 2021 deadline for submitting the Expenditure Plan in the LRMS. However, the City updated the information in the LRMS on August 10, 2021.
Cause	This was due to an oversight on the part of the City.
Effect	The City did not comply with the Measure M Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Expenditure Plan is entered in the LRMS before the due date so that the City is in compliant with Metro's Guidelines.
Management's Response	In the future management will ensure the Expenditure Plan is submitted before the deadline.
Corrected During the Audit	The City subsequently entered the required information in the LRMS on August 10, 2021. No follow up is required.

**Los Angeles County Metropolitan Transportation Authority**  
**Measure M Local Return Fund**  
**Schedule of Findings and Questioned Costs**  
**Fiscal Year Ended June 30, 2022**  
**(Continued)**

<b>Finding #2022-008</b>	<b>City of La Habra Heights</b>
Compliance Reference	According to Measure M Local Return Guidelines, Section XXV, Administrative, "The submittal of an Expenditure Report (Form M-Two) is also required to maintain legal eligibility and meet Measure M LR program compliance requirements. Jurisdictions shall submit a Form M-Two, to Metro annually, by October 15th (following the conclusion of the fiscal year)."
Condition	The City did not meet the October 15, 2022 deadline for submitting the Annual Expenditure Report in the Local Return Management System (LRMS). Instead, the City submitted the information in the LRMS on October 19, 2022.
Cause	This was an oversight on the part of the City.
Effect	The City did not comply with the Measure M Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the annual actual expenditures are entered in the LRMS before the due date so that the City is in compliance with Metro's Guidelines.
Management's Response	In the future, management will ensure the Annual Expenditure Report is submitted before the deadline.
Corrected During the Audit	The City subsequently entered the required information in the LRMS on October 19, 2022. No follow up is required.

**Los Angeles County Metropolitan Transportation Authority  
Measure M Local Return Fund  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2022  
(Continued)**

<b>Finding #2022-009</b>	<b>City of Palmdale</b>
Compliance Reference	According to Measure M Local Return Guidelines, Section XXV, Administrative, "The submittal of an Expenditure Report (Form M-Two) is also required to maintain legal eligibility and meet Measure M LR program compliance requirements. Jurisdictions shall submit a Form M-Two, to Metro annually, by October 15th (following the conclusion of the fiscal year)."
Condition	The City did not meet the October 15, 2022 deadline for submitting the Annual Expenditure Report in the Local Return Management System (LRMS). Instead, the City submitted the information in the LRMS on October 20, 2022.
Cause	This was an oversight on the part of the City.
Effect	The City did not comply with the Measure M Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the annual actual expenditures are entered in the LRMS before the due date so that the City is in compliance with Metro's Guidelines.
Management's Response	The City concurred with the finding.
Corrected During the Audit	The City subsequently entered the required information in the LRMS on October 20, 2022. No follow up is required.

**Los Angeles County Metropolitan Transportation Authority  
Measure M Local Return Fund  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2022  
(Continued)**

<b>Finding #2022-010</b>	<b>City of Pasadena</b>
Compliance Reference	According to Measure M Local Return Guidelines, Section XXV, Administrative, "The submittal of an Expenditure Report (Form M-Two) is also required to maintain legal eligibility and meet Measure M LR program compliance requirements. Jurisdictions shall submit a Form M-Two, to Metro annually, by October 15th (following the conclusion of the fiscal year)."
Condition	The City did not meet the October 15, 2022 deadline for submitting the Annual Expenditure Report in the LRMS. Instead, the City submitted the information in the LRMS on October 20, 2022.
Cause	This was an oversight on the part of the City.
Effect	The City did not comply with the Measure M Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the annual actual expenditures are entered in the LRMS before the due date so that the City is in compliance with Metro's Guidelines.
Management's Response	In the future, management will ensure the Expenditure Report is submitted before the deadline.
Corrected During the Audit	The City subsequently entered the required information in the LRMS on October 20, 2022. No follow up is required.

**Los Angeles County Metropolitan Transportation Authority  
Measure M Local Return Fund  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2022  
(Continued)**

<b>Finding #2022-011</b>	<b>City of Redondo Beach</b>
Compliance Reference	According to Measure M Local Return Guidelines, Section XXV Administrative, Form Submission Timeline, “New, amended, ongoing and carryover projects must file an Expenditure Plan Form M-One by August 1st.” In addition, the Audit Requirements, Financial and Compliance Provisions of the section states, “The Measure M LR Audits shall include, but not limited to, verification of adherence to the following financial and compliance provisions of this guidelines:...Verification that funds were expended with Metro’s approval.”
Condition	The expenditures for MMLRF’s Project Code 725, Citywide Curb Ramp Improvements, in the amount of \$67,264 were incurred prior to Metro’s approval. However, the City subsequently received an approved budget amount of \$85,000 from Metro for the MMLRF project on October 14, 2022.
Cause	This was an oversight on the part of the City.
Effect	The City did not comply with the Guidelines as expenditures for the MMLRF project were incurred prior to Metro’s approval.
Recommendation	We recommend that the City establish procedures to ensure that the City obtains approval from Metro prior to implementing any MMLRF projects, and properly enter the budgeted amount for each project in the LRMS and submit before the requested due date so that the City’s expenditures of MMLRF funds are in accordance with Metro’s approval and the Guidelines.
Management’s Response	The City instructed the employees who are involved in obtaining budget approvals to ensure that the proper approvals are received from Metro before expenditures are incurred on MMLRF projects.
Corrected During the Audit	On October 14, 2022, the City received a retroactive approved budget amount of \$85,000 from Metro for the MMLRF project. No follow-up is required.

**FISCAL YEAR 2022  
MEASURE M  
REVENUES AND EXPENDITURES AUDIT  
WITH  
INTERNAL CONTROLS AND COMPLIANCE REPORT**

**P R E S E N T A T I O N T O**

**MEASURE M INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE**

**MARCH 1, 2023**



*2355 Crenshaw Blvd., Suite 150  
Torrance, CA 90501  
PH 310.792.4640*

# Contents

- Auditor and LACMTA Management Responsibilities
- Summary of Audit Results
- Financial Highlights
- Required Communications
- Management Letter Comments

# Responsibilities

## ❑ LACMTA Management Responsibilities

- Preparation of the Schedule of Measure M Revenues and Expenditures.
- Design, implementation and maintenance of internal control – free from material misstatement, whether due to fraud or error.

## ❑ Auditor's Responsibilities

- To express an opinion on the fair presentation on the Schedule of Measure M Revenues and Expenditures based on our audit.
- To express an opinion on compliance with the *Los Angeles County Traffic Improvement Plan* (Measure M Ordinance).

# Summary of Audit Results

- Schedule of Measure M Revenues and Expenditures Audit
  - Unmodified opinion or clean opinion.
- No internal control material weaknesses over financial reporting identified.
- No significant internal control deficiencies over compliance identified.
- LACMTA complied with the *Los Angeles County Traffic Improvement Plan (Measure M Ordinance)*

# Financial Highlights

- Sales tax revenue increased by \$178.7 million compared to prior year (19.6% change from prior year).
- Actual expenditures increased by \$129.4 million compared to prior year (50.6% change from prior year) due primarily to an increase in bus transportation subsidies.
- Transfers out decreased by \$368.1 million compared to prior year (-59.0% change from prior year). Decrease was mainly attributed to lower operating subsidy transfers to Enterprise Fund for bus and rail operations and decrease in transfers to Transportation System and Mobility Improvement Program.
- Actual sales tax revenue was more than budgeted by \$224.9 million.
- Actual expenditures was more than budgeted by \$2.6 million mainly due to more allocations requested by cities/agencies on local return subsidies.
- Actual transfers out was less than budgeted by \$393.3 million mainly due to capital project costs coming in less than budgeted amounts.
- Measure M fund at June 30, 2022 had an excess of revenues over expenditures and other financing uses of \$439.0 million, increasing Measure M fund balance from \$672.4 million to \$1.11 billion at June 30, 2022.

# Required Communications

## Items to be Communicated

### Auditor's Responsibilities Under Generally Accepted Auditing Standards

- To express an opinion on the Schedule of Measure M Revenues and Expenditures.
- To provide reasonable, not absolute, assurance of detecting material misstatements.
- To gain a basic understanding of the internal control policies and procedures to design an effective and efficient audit approach.
- To inform LACMTA of any illegal acts that we become aware of.
  - None

# Required Communications (Continued)

- Adoption/Change in accounting
  - None
- Significant or unusual transactions
  - None
- Alternative treatments discussed with management
  - None
- Significant issues discussed with management
  - None
- Difficulties encountered in performing the audit
  - We encountered no difficulties in dealing with management in performing or conducting the audit.

# Required Communications (Continued)

- Consultations with other accountants
  - To our knowledge, no such consultation has occurred.
- Discussions held prior to retention
  - No major issues were discussed as a condition to our retention.
- Disagreements with management
  - Professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the Schedule of Measure M Revenues and Expenditures or the auditor's report.
    - No such disagreements occurred.
- Management representation
  - We requested certain representations from management which are included in the management representation letter.

## 2023 Management Letter Comments

- There are no management letter comments.

## Audited Financial Statements for Measure M Special Revenue Fund

- Included in LACMTA's June 30, 2022 Annual Comprehensive Financial Report (ACFR)

# BCA Watson Rice LLP

## Audit Engagement Team

- Rustico Cabilin, Engagement Partner ([rcabilin@bcawr.com](mailto:rcabilin@bcawr.com))
- Helen Chu, Quality Control Partner ([hcu@bcawr.com](mailto:hcu@bcawr.com))
- Lisa Reason, Senior Auditor ([lreason@bcawr.com](mailto:lreason@bcawr.com))
- Kristen Reyes, Staff Auditor ([kreyes@bcawr.com](mailto:kreyes@bcawr.com))

# QUESTIONS AND ANSWERS

**Measure M Local Return Fund Audit Results  
For the Fiscal Year Ended June 30, 2022  
(Package B)**

**Simpson & Simpson, LLP**



Measure M Independent Taxpayer Oversight Committee Meeting  
Date: March 1, 2023

# Agenda

- ❖ Presenter: Etta Hur, CPA, Partner
  - Background
  - Summary of Findings
  - Analysis of Measure M Audit Results
  - S&S Contact Information
  - Questions



# Background



# Simpson and Simpson, LLP

- We have audited the compliance of the 49 cities (49 Jurisdictions under Package B).

1. CITY OF ALHAMBRA	31. CITY OF PALMDALE
2. CITY OF ARCADIA	32. CITY OF PALOS VERDES ESTATES
3. CITY OF ARTESIA	33. CITY OF PARAMOUNT
4. CITY OF AVALON	34. CITY OF PASADENA
5. CITY OF BELLFLOWER	35. CITY OF RANCHO PALOS VERDES
6. CITY OF BRADBURY	36. CITY OF REDONDO BEACH
7. CITY OF BURBANK	37. CITY OF ROLLING HILLS
8. CITY OF CERRITOS	38. CITY OF ROLLING HILLS ESTATES
9. CITY OF CLAREMONT	39. CITY OF SAN DIMAS
10. CITY OF COVINA	40. CITY OF SAN GABRIEL
11. CITY OF DIAMOND BAR	41. CITY OF SAN MARINO
12. CITY OF DOWNEY	42. CITY OF SANTA CLARITA
13. CITY OF DUARTE	43. CITY OF SIERRA MADRE
14. CITY OF EL SEGUNDO	44. CITY OF SIGNAL HILL
15. CITY OF GLENDALE	45. CITY OF SOUTH PASADENA
16. CITY OF GLENDORA	46. CITY OF TEMPLE CITY
17. CITY OF HAWAIIAN GARDENS	47. CITY OF TORRANCE
18. CITY OF HERMOSA BEACH	48. CITY OF WEST COVINA
19. CITY OF LA CANADA FLINTRIDGE	49. CITY OF WHITTIER
20. CITY OF LA HABRA HEIGHTS	
21. CITY OF LA MIRADA	
22. CITY OF LA VERNE	
23. CITY OF LAKEWOOD	
24. CITY OF LANCASTER	
25. CITY OF LOMITA	
26. CITY OF LONG BEACH	
27. CITY OF LOS ANGELES	
28. CITY OF MANHATTAN BEACH	
29. CITY OF MONROVIA	
30. CITY OF NORWALK	



# Simpson and Simpson, LLP

- We conducted our audits of compliance in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in government auditing standards, and the compliance requirements described in the Measure M Ordinance, the Measure M Local Return Guidelines and the respective Assurances and Understandings Regarding Receipt and Use of Measure M Local Return Funds.



# Summary of Findings



# Summary of Findings

- ❖ We performed all 49 jurisdictions' audits.
  - Total dollar amounts associated with the findings have increased from \$675,503 in FY2021 to \$889,466 in the FY2022 compliance audit.
  - Total questioned costs of \$889,466 is about 0.7% of the FY2022 Measure M allocations of \$129,001,382 to jurisdictions under Package B.
  - \$889,466 of the questioned cost relates to funds expended on Measure M eligible projects prior approval from Metro and was resolved during the audit.
  - We identified 11 non-compliance findings which includes the following:
    - 1 significant deficiency (City of Bradbury)

We will explain the specific conditions for the significant deficiency in internal control over Compliance as we present each finding.



# Summary of Findings (Cont.)

Finding	# of Findings	Responsible Cities/ Finding Reference	Questioned Costs	Resolved During the Audit
Funds were expended with Metro's approval.	3	Alhambra (#2022-001) Covina (#2022-005) Redondo Beach (#2022-011)	\$ 569,942 252,260 67,264	\$ 569,942 252,260 67,264
Expenditure Plan (Form M-One or electronic equivalent) was submitted on time.	2	Artesia (#2022-002) Glendale (#2022-007)	None None	None None



# Summary of Findings (Cont.)

Finding	# of Findings	Responsible Cities/ Finding Reference	Questioned Costs	Resolved During the Audit
Expenditure Report (Form M-Two or electronic equivalent) was submitted on time.	6	Artesia (#2022-003) Bradbury (#2022-004) Covina (#2022-006) La Habrá Heights (#2022-008) Palmdale (#2022-009) Pasadena (#2022-010)	None None None None None None	None None None None None None
<b>Total Findings and Questioned Cost</b>	<b>11</b>		<b>\$ 889,466</b>	<b>\$ 889,466</b>



# Analysis of Measure M Audit Results



# Material Weakness and Significant Deficiency In Internal Controls over Compliance

➤ **One (1) significant deficiency:**

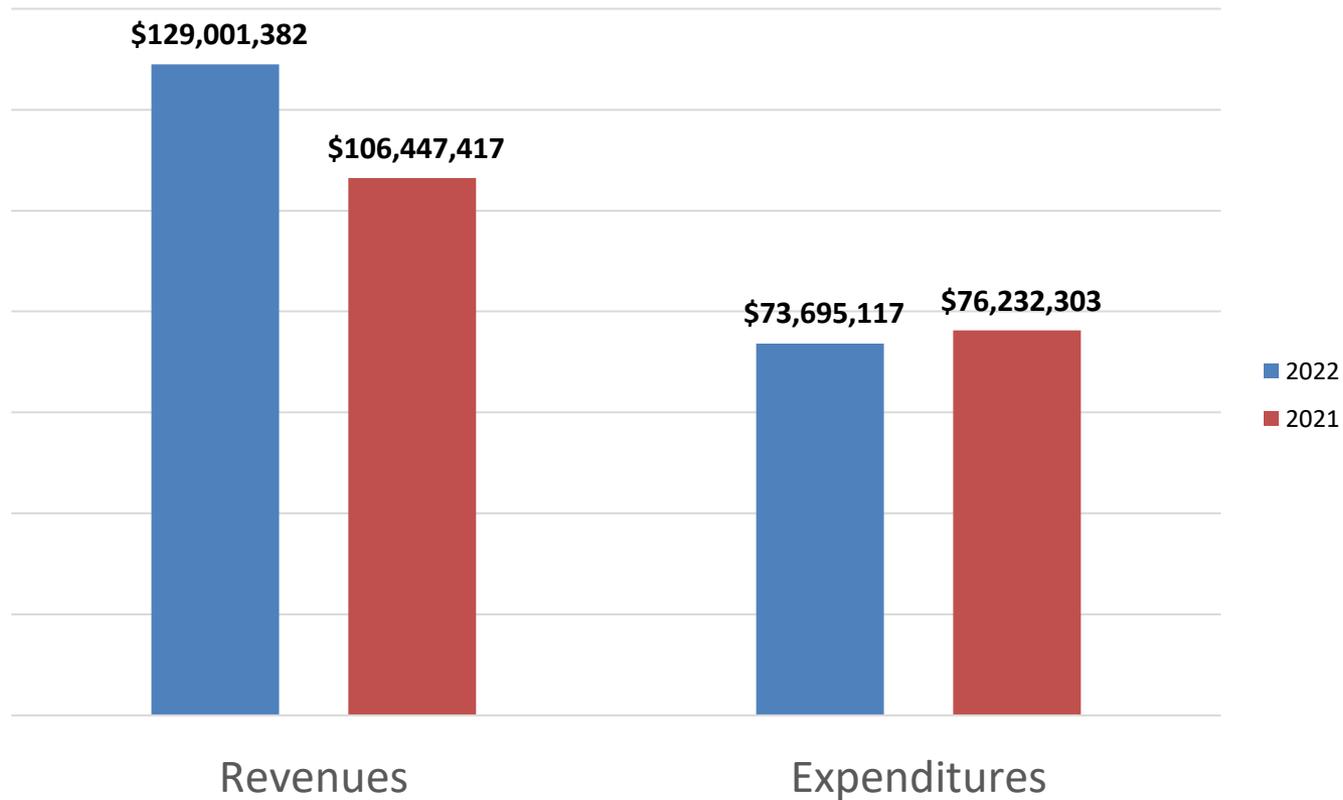
**City of Bradbury (Finding #2022-004):**

- The City did not meet the October 15, 2022 deadline for submitting the Annual Expenditure Report in the Local Return Management System (LRMS).
- This is a repeat finding from the prior fiscal year.
- The City has a new Finance Director during fiscal year 2022 and was unaware of the compliance requirement of Local Return Funds.
- Resolved During the Audit: The City subsequently entered the required information in the LRMS on November 4, 2022.



# Revenue and Expenditures of 49 Jurisdictions

FY 2022 & FY 2021 Revenues and Expenditures



# Simpson & Simpson CPAs

## Contact information

Team member	Contact information
<b>Grace Yuen</b> Lead Engagement Partner	Email: <a href="mailto:gyuen@simpsonllp.com">gyuen@simpsonllp.com</a>
<b>Etta Hur</b> Engagement Partner	Email: <a href="mailto:ehur@simpsonllp.com">ehur@simpsonllp.com</a>
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<b>Austine Cho</b> Audit Senior Manager	Email: <a href="mailto:acho@simpsonllp.com">acho@simpsonllp.com</a>
<b>Samuel Qiu</b> Managing Partner (SBE)	Email: <a href="mailto:samq@qiuaccountancy.com">samq@qiuaccountancy.com</a>
<b>Dulce Kapuno</b> Audit Manager (SBE)	Email: <a href="mailto:dulcek@qiuaccountancy.com">dulcek@qiuaccountancy.com</a>



# Questions





**Metro<sup>®</sup>**

**PRESENTATION TO THE MEASURE M  
INDEPENDENT TAXPAYER  
OVERSIGHT COMMITTEE  
MEASURE M LOCAL RETURN FUNDS  
March 1, 2023**

# / AGENDA

- Scope of the Audits
- Levels of Assurance, Compliance Criteria and Auditing Standards Utilized
- Revenue and Expenditures of the County of Los Angeles and 39 Cities
- Overview of the Audit Results
- Details of Audit Results
- Material Weaknesses and Significant Deficiencies in Internal Control over Compliance
- Required Communications to the Measure M Oversight Committee
- Q&A
- Contact Information

# SCOPE OF THE AUDITS

# / SCOPE OF THE AUDITS

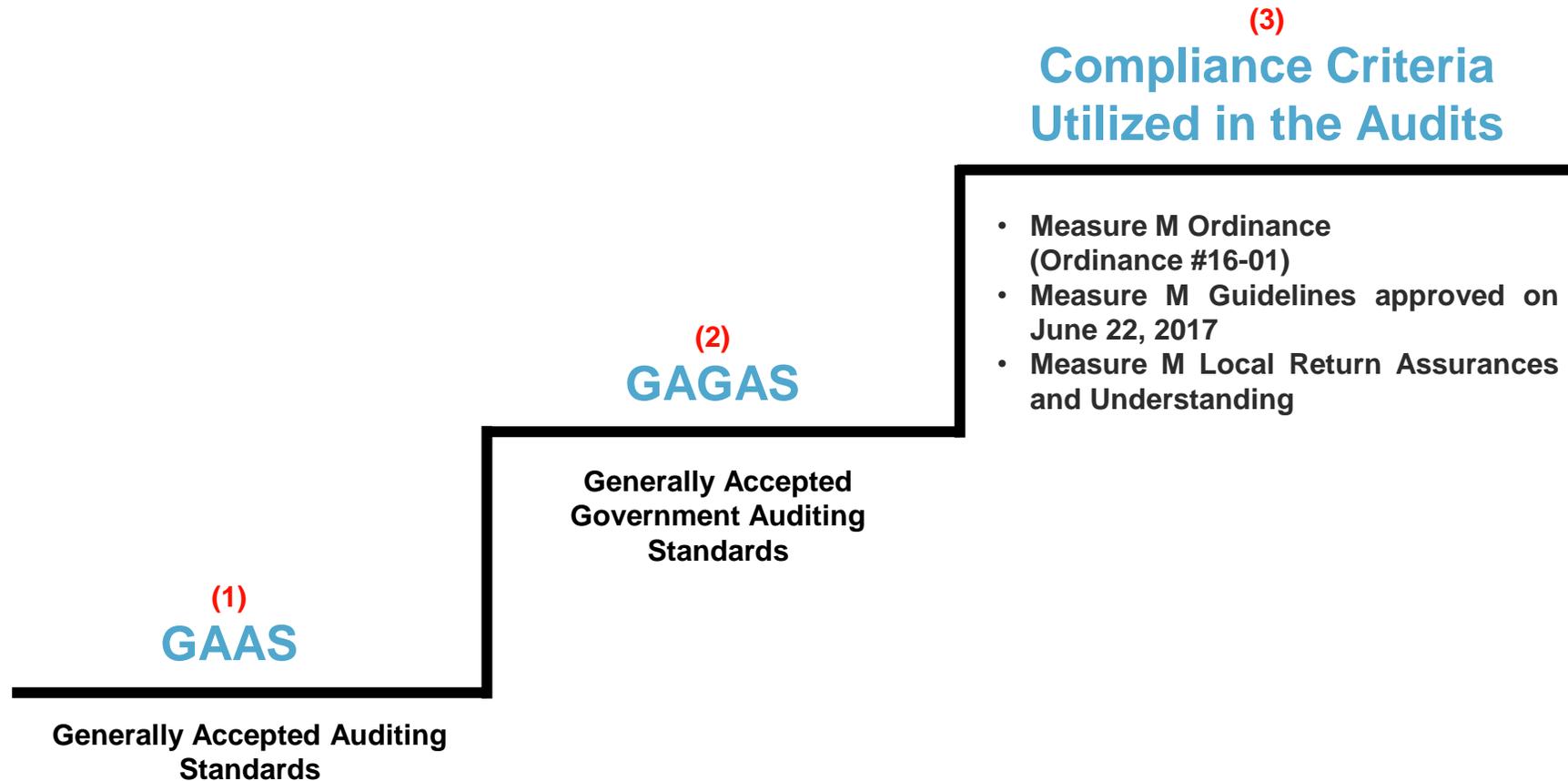
Financial and Compliance Audits of Measure M Local Return Funds held by the County of Los Angeles and 39 Cities under Package A

1. County of Los Angeles
2. Agoura Hills
3. Azusa
4. Baldwin Park
5. Bell
6. Bell Gardens
7. Beverly Hills
8. Calabasas
9. Carson
10. Commerce
11. Compton
12. Cudahy
13. Culver City
14. El Monte
15. Gardena
16. Hawthorne
17. Hidden Hills
18. Huntington Park
19. Industry
20. Inglewood
21. Irwindale
22. La Puente
23. Lawndale
24. Lynwood
25. Malibu
26. Maywood
27. Montebello
28. Monterey Park
29. Pico Rivera
30. Pomona
31. Rosemead
32. San Fernando
33. Santa Fe Springs
34. Santa Monica
35. South El Monte
36. South Gate
37. Vernon
38. Walnut
39. West Hollywood
40. Westlake Village



# LEVELS OF ASSURANCE, COMPLIANCE CRITERIA AND AUDITING STANDARDS UTILIZED

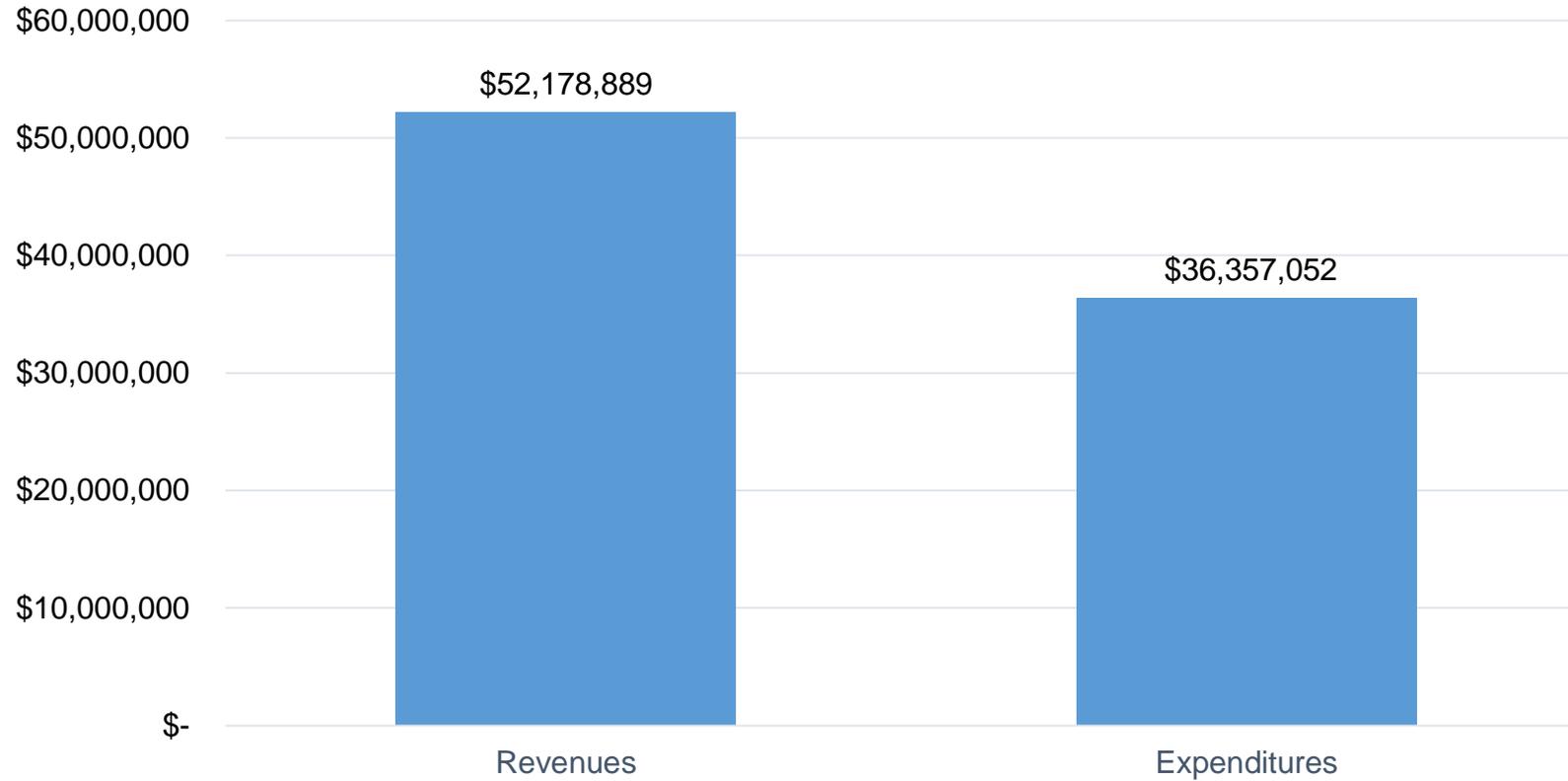
# / LEVELS OF ASSURANCE, COMPLIANCE CRITERIA AND AUDITING STANDARDS UTILIZED



# REVENUE AND EXPENDITURES OF THE COUNTY OF LOS ANGELES AND 39 CITIES

# REVENUE AND EXPENDITURES OF THE COUNTY OF LOS ANGELES AND 39 CITIES

## FY 2022 Revenues and Expenditures



# OVERVIEW OF THE AUDIT RESULTS

# / OVERVIEW OF THE AUDIT RESULTS

## FY 2022 Summary of Audit Results

- Dollars associated with the findings have increased from \$397,549 in FY2021 to \$938,374 in FY2022 audit.
- **This represents** about 2.6% of the total Measure M FY2022 allocations of \$36,357,052 to the County of Los Angeles and the 39 cities under Package A.

## Questioned Costs

- The questioned cost of \$938,374 relates to Measure M funds expended on eligible projects prior to Metro's approval.

**All of these were resolved during the audit.**

# DETAILS OF AUDIT RESULTS

# / DETAILS OF AUDIT RESULTS

Our findings are as follows:

## A. Funds were expended prior to Metro’s approval.

- Compliance Reference: Section XXV of the Measure M Local Return Program Guidelines, Administrative, Expenditure Plan (Form M-One or electronic equivalent) states that, “To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdiction shall submit to Metro an Expenditure Plan (Form M-One), annually, by August 1st of each year”.
- Number of cities involved: 4 of 39 cities
- Questioned costs for 2022:

	Total Expenditures Claimed for 2022	Questioned	Resolved During the Audit	Report Reference
1. Bell	\$ 46,847	\$ 30,428	\$ 30,428	Finding #2022-001, Page 8
2. Calabasas	249,934	41,656	41,656	Finding #2022-003, Page 10
3. Compton	844,843	813,333	813,333	Finding #2022-004, Page 12
3. Montebello	2,398,739	52,957	52,957	Finding #2022-005, Page 14
	<u>\$ 3,540,363</u>	<u>\$ 938,374</u>	<u>\$ 938,374</u>	

# / DETAILS OF AUDIT RESULTS

## B. Expenditure Plan (Form M-One or electronic equivalent was not submitted timely.)

- Compliance Reference: Section XXV of the Measure M Local Return Program Guidelines, Administrative, Expenditure Plan (Form M-One or electronic equivalent) states that, “To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdiction shall submit to Metro an Expenditure Plan (Form M-One), annually, by August 1st of each year”.
- Number of cities involved: 3 of 39 cities
  - **City of Bell Gardens (Finding #2022-002, Page 9)**
  - **City of South Gate (Finding #2022-006, Page 16)**
  - **City of Vernon (Finding #2022-007, Page 17)**
- Questioned costs for 2022: **None**

# MATERIAL WEAKNESSES AND SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL OVER COMPLIANCE

# / MATERIAL WEAKNESSES AND SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL OVER COMPLIANCE

## (1) Material Weakness (repeat finding)

City of Calabasas

Finding #2022-003

- The City claimed expenditures under MMLRF Project Code 640, Direct Administration, totaling \$41,656 prior to Metro's approval.
- This is a repeat finding from prior years' audit.

# / MATERIAL WEAKNESSES AND SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL OVER COMPLIANCE

## (2) Significant Deficiencies (Repeat Findings):

City of Compton

Finding #2022-004

- The City claimed expenditures under MMLRF Project Code 715, Bond Payment for Street Road Improvements, totaling \$813,333 prior to Metro's approval.
- This is a repeat finding from prior year's audit in relation to the prior period adjustment to recognize the bond payment of \$207,115.

City of Montebello

Finding #2022-005

- The City claimed expenditures of \$52,957 under the following MMLRF project prior to Metro's approval.
  - a. Project code 490, Sales Tax Revenue Bonds, totaling \$1,605; and
  - b. Project code 640, Administrative Overhead, totaling \$51,352
- This is a repeat finding from prior year's audit

# REQUIRED COMMUNICATIONS TO THE MEASURE M OVERSIGHT COMMITTEE

# / REQUIRED COMMUNICATIONS TO THE MEASURE M OVERSIGHT COMMITTEE

*Professional standards require independent accountants to discuss with those in charge of governance matters of importance which arise during the course of their audit as well as significant matters concerning the audited jurisdictions' internal controls and the preparation and composition of the financial statements. We therefore present the following information required to be communicated to the Measure M Oversight Committee based upon the results of our audit of the Measure M Local Return Funds of the County of Los Angeles and the 39 cities.*

# / REQUIRED COMMUNICATIONS TO THE MEASURE M OVERSIGHT COMMITTEE, CONTINUED

## Management's Responsibility

Management of the jurisdictions has primary responsibility for the accounting principles used, their consistency, application and clarity.

## Consultations with Other Accountants

We are not aware of any consultations by management of the jurisdictions with other accountants about accounting or auditing matters.

## Difficulties with Management

We did not encounter any difficulties with management of the jurisdictions while performing our audit procedures.

# / REQUIRED COMMUNICATIONS TO THE MEASURE M OVERSIGHT COMMITTEE, CONTINUED

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## Disagreements with Management

We encountered no disagreements with management of the jurisdictions on financial accounting and reporting matters.

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## Significant Accounting Policies

The jurisdictions' significant accounting policies are appropriate and were consistently applied.

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## Controversial Issues

No significant or unusual transactions or accounting policies in controversial or emerging areas for which there is lack of authoritative guidance or consensus were identified.

# / REQUIRED COMMUNICATIONS TO THE MEASURE M OVERSIGHT COMMITTEE, CONTINUED

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## Irregularities, Fraud or Illegal Acts

No irregularities, fraud or illegal acts came to our attention as a result of our audit procedures.

---

## Management Representations

The jurisdictions provided us with a signed copies of the management representation letters prior to issuance of our auditor's opinions.

# QUESTIONS

# / CONTACT INFORMATION

**Vasquez + Company LLP** has over 50 years of experience in performing audit, accounting, and consulting services for all types of private companies, nonprofit organizations, governmental entities, and publicly traded companies. Vasquez is a member of the RSM US Alliance.

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\ solutions@vasquezcpa.com

**Thank you for your time and attention.**



Metro

Los Angeles County  
Metropolitan Transportation  
Authority  
One Gateway Plaza  
3rd Floor Board Room  
Los Angeles, CA

## Board Report

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**File #:** 2023-0058, **File Type:** Oral Report / Presentation

**Agenda Number:** 5.

---

**MEASURE M INDEPENDENT TAXPAYERS OVERSIGHT COMMITTEE  
MARCH 1, 2023**

**SUBJECT: ORAL REPORT ON BUDGET**

**ACTION: ORAL REPORT**

**RECOMMENDATION**

RECEIVE oral report on Budget.



# Budget Update

Cosette Stark, DEO, Local  
Programming

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Measure M Independent Taxpayers  
Oversight Committee

March 1, 2023





# FY22 Budget Results

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# FY22 Budget vs. Actual Expenditures (Audited)

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# FY24 Budget Development

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# Near Term Forecast Update

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- COVID-19 constrained operating resources creating Affordability Gap partially mitigated by federal stimulus (*similar to other transit agencies across the nation*)

Affordability Gap shows slight improvement from twelve months ago, but financial challenges still exist in the near-future starting in FY25:

- Sales Tax revenues growing due to economic recovery and higher inflation, however cannot replace the permanent revenue lost at the start of pandemic
- Loss of federal stimulus funding in FY24
- Expenses rising due to:
  - Electrification efforts
  - New rail lines opening
  - New initiatives
- Long term sustainability remains a concern
- Cost control mitigations are still necessary and relevant

# EZBB and Financial and Cost Management

---



- Continue Equitable Zero-Based Budgeting (EZBB) that began in FY23 into FY24 as a cost control tool
- Task forces were established in FY23 and continue to undergo a deep dive on expenses and searching for optimal cost mitigation strategies
- Metro Transit Task forces focused on delivering a more optimal service design as well as conducting bus and rail cost analyses to identify cost saving opportunities
- Capital Program Task Force evaluated policies along with internal processes and introduced the Early Intervention Team advancing actions on several capital cost mitigation steps

# FY24 Revenue & Cost Price Index (CPI) Preview

---

## Revenue

- FY24 Assumption in \$1.20B to \$1.28B range
- Economic growth is anticipated to normalize in FY24 resembling pre-pandemic patterns
- Outside economic forecasting sources signal of a possible recession in FY24 as interest rates rise

## CPI

- Expected to stabilize from recent highs and settle in a range of 3.40% to 3.90%
- Historical trends, recent year's high inflation, and leading regional forecasts are considered when estimating cost inflation

**Metro will continue to monitor and update in next month's budget board report**

# Public Outreach & Stakeholder Engag



## October 2022 → November 2022 → December 2022

- **Telephone Town Hall**
- Launch My Budget Tool *Available in 9 Languages*
- Social Media launch My Metro Budget Marketing
- **EFC engagement** for My Metro Budget – physical marketing cards



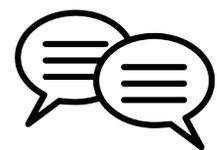
WE ARE HERE

## January 2023 → February 2023 → March 2023 → April 2023 → May 2022

- **Telephone Town Hall**
- Regional Service Council Budget Briefing
- Community Advisory Council - Tentative
- Community Advisory Council
- **Telephone Town Hall**
- Policy Advisory Council
- San Gabriel Valley COG
- Bus Operators Subcommittee
- Regional Service Council, Budget Briefing
- Streets & Freeways
- Community Advisory Council – General
- Technical Advisory Committee
- Valley Industry and Commerce Association
- Local Transit Systems Subcommittee
- San Gabriel Valley COG
- Bus Operators Subcommittee
- Accessibility Advisory Committee
- **Budget Public Hearing**



Note: Updated as additional meetings are scheduled.



ONGOING PUBLIC PARTICIPATION

# Schedule & Next Steps



- Near-Term Update
- FY24 EZBB
- Prelim. Sales Tax & CPI Forecast
- Public Outreach & Engagement



- Sales Tax Forecast, Resources Assumptions
- Cost Inflation Estimates
- Other Expense Assumptions



- Transit Infrastructure
- Multimodal Hwy Investments
- Regional Rail
- Regional Allocations & Pass-Throughs



- Metro Transit - Operations & Maintenance (O&M) and Capital Improvement Program (CIP)
- Congestions Management
- Planning & Administration



- Consolidated Agency-wide Expenses & FTEs
- Proposed Budget Book
- Public Hearing
- Board Adoption



Metro

Los Angeles County  
Metropolitan Transportation  
Authority  
One Gateway Plaza  
3rd Floor Board Room  
Los Angeles, CA

## Board Report

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**File #:** 2023-0059, **File Type:** Oral Report / Presentation

**Agenda Number:** 6.

---

**MEASURE M INDEPENDENT TAXPAYERS OVERSIGHT COMMITTEE  
MARCH 1, 2023**

**SUBJECT: ORAL REPORT ON LOCAL RETURN**

**ACTION: ORAL REPORT**

**RECOMMENDATION**

RECEIVE oral report on Local Return.

# Measure M Local Return

March 2023 update



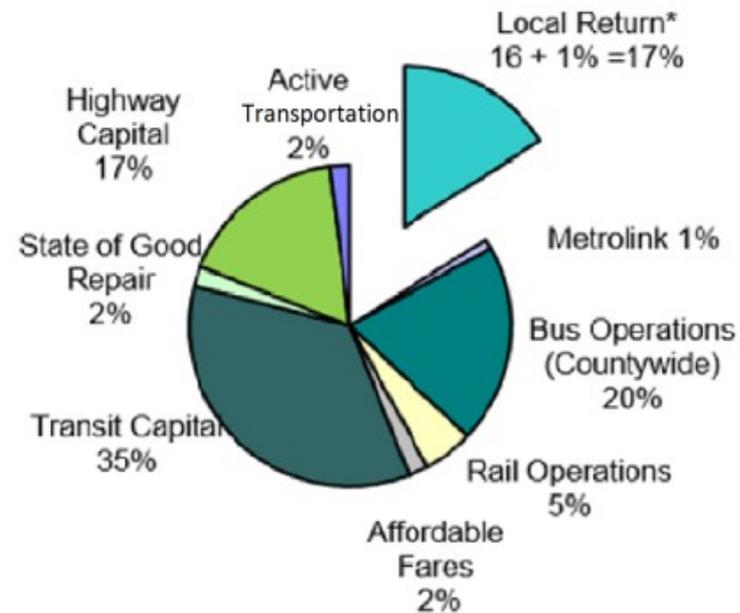
Susan Richan and Chelsea Meister,  
Local Programming



# Local Return (LR) – Measure M

- Measure M (approved in 2016 – funding started FY18)
    - 17% LR share (16% share plus 1% of the 1.5% off the top)
  - Requires Assurances and Understanding agreement
  - Jurisdictions are audited annually for compliance to Measure M
- Data from the LRMS  
(Formerly on the Form M-One and Form M-Two)

## MEASURE M



Due dates are the same for all LR:  
August 1 (budget) and  
October 15th (expenditures)

\*Local Return receives 1% from the 1.5% of the "off the top" Administration

# FY22 Measure M Local Return Details

**Approved Budget 2022**

**\$447,302.58K**

**Total No of Projects in 2022**

**0.59K**

Fiscal Year  
2022

Category Name  
All

Sub-Category  
All

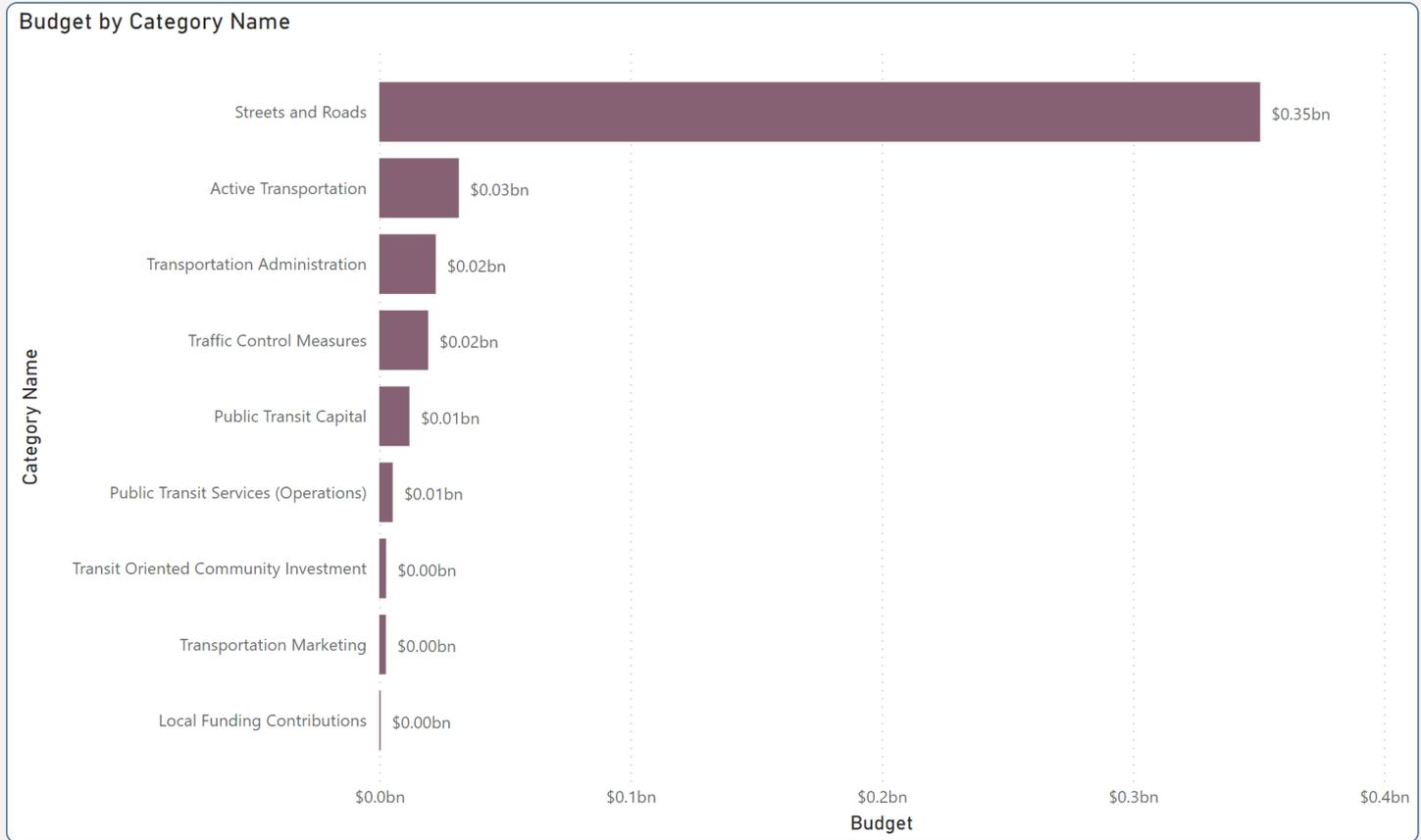
Project Type  
All

Fund Source  
Measure M

Subregion  
All

Board Member  
All

City  
 Search  
 Agoura Hills  
 Arcadia  
 Artesia  
 Avalon



# LRMS – Updates

## Meetings and due dates (former met deadlines are shaded)

- The Audit Workshop for the FY2021-22 Audit was held July 22, 2022
- Cities are required to submit the 8/1 - Project Updates Table to carryover FY22 project into new FY23 due August 1, 2022
- Actuals are due by city audit date or Oct 15, 2022 – whichever comes first
- The audits are required to be completed by December 31, 2022

The Measure M audit findings for the FY22 audit total eighteen (18)\*. This is up from the FY21 audit total nine (9); and it is down from the FY20 audit findings of twenty-one (21). Most FY22 findings were for late form submittal or not having approval for a project before expending funds. These were resolved by retro-active approval.

\*Sixteen cities with findings. Two cities with two findings for a total of eighteen findings.

# LRMS – Audit table summary

City	Measure M Audit findings
Alhambra	No Prior approval
Artesia	Expenditure Plan submitted late (Table 8/1); Actual Table submitted late
Bell	No Prior approval
Bell Gardens	Expenditure Plan submitted late (Table 8/1)
Bradbury	Actual Table submitted late
Calabasas	No Prior approval
Compton	No Prior approval
Covina	No Prior approval; Actual Table submitted late
Glendale	Expenditure Plan submitted late (Table 8/1)
La Habra Heights	Actual Table submitted late
Montebello	No Prior approval
Palmdale	Actual Table submitted late
Pasadena	Actual Table submitted late
Redondo Beach	No Prior approval
South Gate	Expenditure Plan submitted late (Table 8/1)
Vernon	Expenditure Plan submitted late (Table 8/1)

THANK YOU!

## Questions?

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(213) 922-3017

Chelsea Meister

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Metro

Los Angeles County  
Metropolitan Transportation  
Authority  
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Los Angeles, CA

## Board Report

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**File #:** 2023-0085, **File Type:** Oral Report / Presentation

**Agenda Number:** 7.

---

**MEASURE M INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE  
MARCH 1, 2023**

**SUBJECT: ORAL REPORT ON STATE OF GOOD REPAIR**

**ACTION: ORAL REPORT**

**RECOMMENDATION**

RECEIVE oral report on State of Good Repair.



# Measure M Independent Taxpayer Oversight Committee

Enterprise Transit Asset Management  
*State of Good Repair*



Metro

# TAM Inventory Database Overview

- Asset Inventory Database Statistics – as of Oct. 2022 NTD update
  - 27,989 asset records tracking over 500,000 assets
  - \$22.1B Asset Replacement Value (FY23\$)
  - \$26.8 B SGR needs over 40 years (FY23\$)
  - \$2.65B Current Backlog (FY23\$)
- ETAM Reported data through 6/30/2022 into National Transit Database (NTD) by 10/31/2022 deadline
  - 16 reports regarding asset inventory
  - Annual TAM Narrative Report
  - NTD A90 report - Performance Measure Targets
  - TAM Plan 2022 update
  - Group TAM Plan update
- Next NTD update due October 31, 2023

# Federal Transit Administration (FTA) Reporting Requirements FY22

FTA TAM Performance Measures / Targets					Based on FY22 Census Date (6/30/2022)				FY23 Forecast (6/30/23)				
Asset Class	Performance Measure based on 49 CFR Part 625	① FY22 Target (reported to FTA)	② = ⑥ / ⑤ FY22 Actual (Calc'd by FTA)	③ = ⑩ / ⑨ FY23 Target ** (reported to FTA)	④ Total Asset Count	⑤ "Active" Asset Count	⑥ Exceeded ULB (NTD Method <sup>†</sup> )	⑦ Average Age	⑧ Total Asset Estimate	⑨ "Active" Asset Estimate	⑩ Exceeded ULB (NTD Method <sup>†</sup> )	⑪ Average Age	
Rolling Stock	Articulated Bus (AB)	625.43(b): Rolling stock. The performance measure for rolling stock is the percentage of [active, dedicated] revenue vehicles [for which the agency has capital responsibility] within a particular asset class that have either met or exceeded their useful life benchmark.	34.07%	35.45%	36%	274	268	95	6.8	275	270	95	7.5
	Bus (BU)		2.63%	1.52%	1%	1,910	1,841	28	6.6	1,715	1,651	14	6.9
	Heavy Rail Vehicles (HR)		18.18%	16.67%	25%	100	84	14	25.2	122	107	26	21.5
	Light Rail Vehicles (LR)		0.00%	0.00%	0%	298	247	0	8.6	337	309	0	8.5
Equipment	Asset Class	Performance Measure based on 49 CFR Part 625	FY22 Target (reported to FTA)	FY22 Actual (Calc'd by FTA)	FY23 Target ** (reported to FTA)		Total Asset Count	Exceeded ULB (NTD Method <sup>†</sup> )	Average Age		Total Asset Estimate	Exceeded ULB (NTD Method <sup>†</sup> )	Average Age
	Automobiles	625.43(a): Equipment: (non-revenue) service vehicles. The performance measure for non-revenue, support-service and maintenance vehicles equipment is the percentage of those vehicles that have either met or exceeded their useful life benchmark.	37.83%	37.25%	40%		459	171	8.5		475	186	9.0
	Trucks and Other Rubber Tire Vehicles		40.18%	40.12%	46%		972	390	10.1		954	433	10.9
	Steel Wheel Vehicles		20.00%	20.00%	20%		10	2	9.1		10	2	10.1
Facilities	Asset Class	Performance Measure based on 49 CFR Part 625	FY22 Target (reported to FTA)	FY22 Actual (Calc'd by FTA)	FY23 Target ** (reported to FTA)	Total Facilities	Facilities Assessed *	Facilities Below TERM Condition 3					
	Passenger Facilities (Stations & Parking)	625.43(d): Facilities. The performance measure for facilities is the percentage of facilities within an asset class, rated below condition 3 on the TERM scale.	0.00%	0.00%	0%	260	213	0					
	Administration & Maintenance Facilities		0.00%	0.00%	0%	155	155	0					
Infrastructure	Asset Class	Performance Measure based on 49 CFR Part 625	FY22 Target (reported to FTA)	FY22 Actual (Calc'd by FTA)	FY23 Target ** (reported to FTA)		Total Revenue Track	Average Performance Restriction					
	Heavy Rail (HR)	625.43(c): Infrastructure: rail fixed-guideway, track, signals, and systems. The performance measure for rail fixed guideway, track, signals, and systems is the percentage of track segments with performance restrictions.	0.30%	0.09%	1%		31.84 miles	0.03 miles					
	Light Rail (LR)		2.78%	3.28%	4%		171.73 miles	5.63 miles					

\* FY22 Facility Performance Measure includes the facilities assessed in FY19 - FY22.

\*\* FY23 Target is the forecast performance or condition rounded up to the next whole %.

† Uses the FTA/NTD method of calculating age: **Census Year - Year of Manufacture** for each asset.



# Transit Asset Management – Accomplished and In Progress

## **Support Implementation of new Enterprise Asset Management System (EAMS)**

- ETAM staff participating as Sponsor and Subject Matter Expert (SME) to implement EAM System Integration (SI) Phase II – awarded October 2021.
- Support EAM project for duration of approximate 3-year contract to help ensure success.
- Coordinate with EAM team for a process to “on board” new assets acquired from new capital projects. Must report new assets “in service” to the FTA on annual basis.

## **Continued Condition Assessments:**

- Structures (Inspections) Contract – FY23, in contract year 4 of 5. Completed 24 of 68 inspections, 11 in progress as of end of January 2023.
- Awarded Facilities Condition Assessment Contract May 2022 for FY23 required assessments. Started Condition Assessments with 46 of 66 inspections performed in FY23 to date.
- Anticipate Train Control Assessment Study Scope to be out for bid/proposals early 2023, for award by end of FY23.



**Metro**

# Transit Asset Management – Accomplished and In Progress

## **Provided input on development of SGR Capital Projects for FY24 Budget**

- Provided SGR asset replacement needs to Operations to support project prioritization process
- Provided SGR short and long term needs to Planning and OMB for funding process
- Working to update backlog and SGR needs with funded FY23 data

## **October 31, 2023 - FTA TAM Rulemaking compliance deadline:**

- May - Group TAM Plan – start to coordinate with 33 sub-recipient transit agencies who are verified participates and gather pertinent information including changes from last year
- June/July – Send reminders to all asset stakeholders to begin to prepare for RY23 data collection and 6/30/2023 cutoff. Begin collecting data from Operations' asset managers to update asset information
- August – Validate information with asset owners
- September – Formulate Performance Measures and Targets information, Written Narrative
- October – Receive Executive Approval to upload Metro Performance Target data into NTD
- Upload data into National Transit Database (NTD) for multiple (16) asset reports by ETAM, including Group TAM Plan targets



Thank you!

Denise Longley  
Enterprise Transit Asset Management  
*State of Good Repair*



Metro®



**Board Report**

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**File #:** 2023-0062, **File Type:** Oral Report / Presentation

**Agenda Number:** 8.

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**MEASURE M INDEPENDENT TAXPAYERS OVERSIGHT COMMITTEE  
MARCH 1, 2023**

**SUBJECT: ORAL REPORT ON TRANSIT AND HIGHWAY PROJECTS**

RECEIVE oral report on Transit and Highway Projects.

**ATTACHMENTS**

- Attachment A - Program Management Update
- Attachment B - Transit Planning Update
- Attachment C - Complete Streets & Highways Update

# **Program Management**

## **Quarterly Major Project Status Report**

**Measure M Independent Oversight Committee**

March 1, 2023

# Gold Line Foothill Extension Phase 2B

BUDGET				
		Approved LOP*	Previous Period	Current Forecast
		\$1,532.8 B	1,532.8 B	\$1,532.8 B 
	Variance from Approved LOP:		\$0M (0%)	\$0M (0%) 
Variance from Revised Budget:			\$0	

\* At time of the award of contract – Board Approval (June 2017)

SCHEDULE			Substantial Completion	
	Original	Approved Rebaseline	Previous Period	Current Forecast*
	January 2025	N/A	Fall 2024	Fall 2024
	Variance from Original:		+0d (0%)	-29d (-2%) 
Variance from Revised Schedule:			TBD 	

\* Current Forecast is Contractor's October 2022 Schedule Update.



# Gold Line Foothill Extension Phase 2B

## Safety

- Project Hours: 777,777 Recordable Injury Rate: .85 vs. The National Average: 2.4.

## Updates (Metro Gold Line Foothill Extension Authority)

- **Overall Project Progress is 65% complete.**

Completed Fulton Grade Crossing, Foothill/Grand Bridge post tension and form removal, Lone Hill Structure deck rebar and conduit installation, Lone Hill TPSS Anchoring, 210 Freeway Freight Temporary Shoofly.

- The Contractor Kiewit Parsons Joint Venture (KPJV) has completed work at more than half of the grade crossings, completed the freight track relocation and have started work on all bridges.

The design of the 9 mile, 4 Station extension is substantially complete.

Four new light rail stations are under construction.

CPUC has approved 49 of 49 grade crossings to date.

- Construction Continues at:

Glendora, San Dimas, La Verne and Pomona Stations

Foothill/Grand Ave, Foothill/Grand Ave and Lone Hill LRT Bridges

Anchored Lone Hill TPSS

Construction of SCRRA Maintenance-of-way building

210 and 57 Freeway anchor and support walls

Construction of MSE retaining walls throughout the project

Light rail alignment track construction

LRT train control installation

## Equity

- 100% of the project is located within or adjacent to Equity Focus Communities.

Foothill Grand - LRT ductbank walkway



# Westside Purple Line Extension – Section 3

BUDGET	FFGA	Approved LOP*	Previous Period**	Current Forecast**
	\$3,599 M	\$3,224 M	\$3,224 M	\$3,224 M
	Variance from Approved LOP:		\$0M (0%)	\$0M (0%) 
	Variance from Revised Budget:			\$0 

\* At time of the award of contract – Board Approval February 2019

\*\* Excludes finance costs

SCHEDULE			Revenue Operation	
	Original	Approved Rebaseline	Previous Period	Current Forecast*
	March 2027	N/A	Spring 2027	Spring 2027
	Variance from Original:		+0d (0%)	+0d (0%) 
Variance from Revised Schedule:			0d 	

\* Current Forecast is Contractor's Schedule Update.

\*\* Approval in process



On target



Possible problem  
(5-10% variance)



Significant Impact  
(over 10% variance)

# Westside Purple Line Extension – Section 3

## Safety

Project Hours: 2,231,464; Recordable Injury Rate: 1.43 vs. The National Average: 2.4.

- C1151: Project Hours: 1,179,969; Recordable Injury Rate: 2.71.
- C1152: Project Hours: 1,051,495; Recordable Injury Rate: 0.0.

## Updates

- **Overall Project Progress is 44% complete.**
- **Final design progress is 97% complete.**
- **Tunneling**
  - Both tunnel boring machines (TBMs) “Aura” and “Iris” continue mining toward Century City. Progress as of November 28, 2022, is as follows:
  - Iris “BR TBM” (westbound subway tunnel) – Reach 6: 7,162 ft. (75%), overall: 11,140 ft. (82%).
  - Aura “BL TBM” (eastbound subway tunnel) – Reach 6: 6,313 ft. (66%), overall: 10,277 ft. (76%).
- **Westwood/UCLA Station**
  - Station roadway deck panels are completed, and station excavation continues from UCLA Lot 36.
- **Westwood/VA Station**
  - Station excavation started on October 24, 2022, and continues.
  - The VA steam tunnel relocation work continues; Mechanical, Electrical, and Plumbing fit-out inside the steam tunnel (35% complete); redundant VA steam line is completed.
  - Supports built under utilities crossing the station to support utilities during station excavation.
  - Installation of 12” water supply from vault 400 to the street connection is ongoing.
  - Installation of dewatering wells and geotechnical instrumentation continues.

## Equity

- 1 of 2 stations (50%) are within or adjacent to Equity Focus Communities.



**Westwood/UCLA Station:  
Installing Temporary Deck Panels in Wilshire Blvd**



**Westwood/VA Station: Excavating station to Level 1 Bracing**



# Airport Metro Connector (AMC) Project

BUDGET				
		Approved LOP*	Previous Period	Current Forecast
		\$898.6M	\$898.6M	\$898.6M
	Variance from Approved LOP:		\$0M (0%)	\$0M (0%) 
Variance from Revised Budget:			\$0 	

\* Approved April 2021 Board

SCHEDULE			Revenue Operation	
	Original	Approved Rebaseline	Previous Period	Current Forecast*
	N/A	N/A	Fall 2024	Fall 2024
	Variance from Original:		+0d (0%)	+0d (0%) 
Variance from Revised Schedule:			N/A 	

\* Current Forecast is August 2022 Schedule Update



# Airport Metro Connector (AMC) Project

## Safety

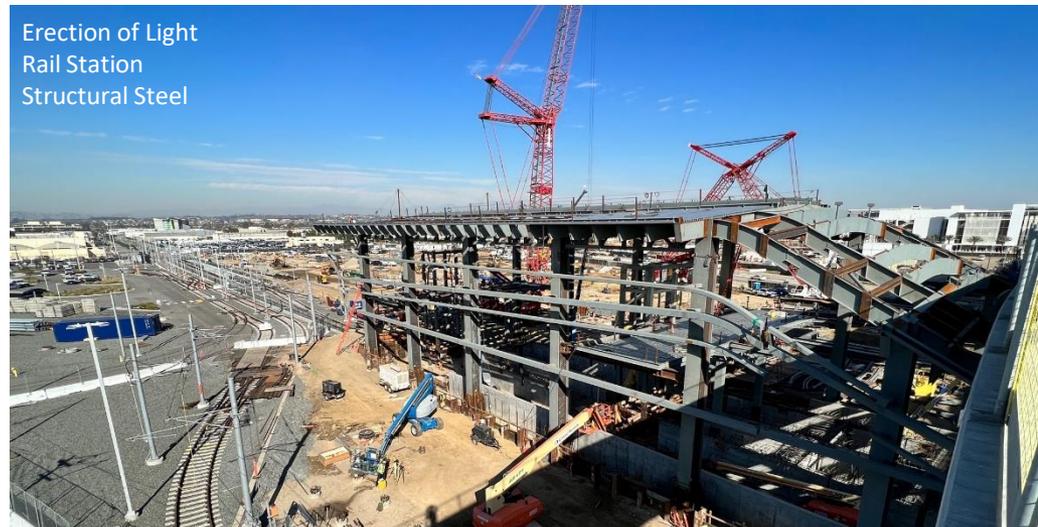
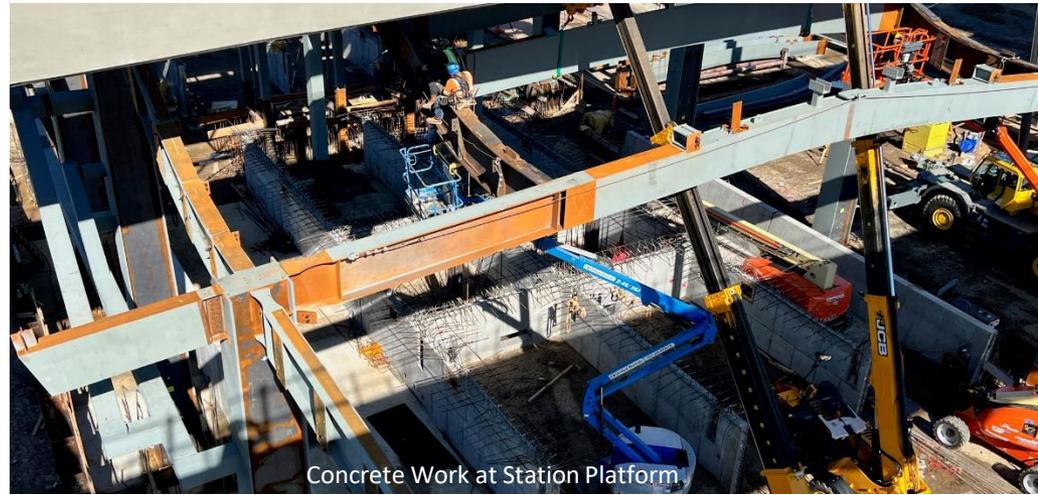
Project Hours: 206,985; Recordable Injury Rate: 2.9 vs. The National Average: 2.4.

## Updates

- **Overall project progress is 30% complete.**
- Early Works Phase construction is 99% complete and in the close-out phase.
- North Turn back and reconfiguration with turnback facility is completed and in full operations for segmented CLAX Line service.
- Primary Station Construction (30% complete) has now come out of the ground with erection of structural steel at light rail platform. Station platform concrete, underground utilities, and procurement of long-lead material continues. Work within the Light Rail Transit (LRT) area was expedited.

## Equity

- 100% of the project is located within or adjacent to Equity Focus Communities.



# I-5 North County Enhancements

BUDGET				
		Approved LOP*	Previous Period	Current Forecast
		\$679.3M	\$679.3M	\$679.3M
	Variance from Approved LOP:		\$0M (0%)	\$0M (0%) 
	Variance from Revised Budget:			\$0 

\* At time of the award of contract - Board Approval (March 2021)

SCHEDULE			Substantial Completion	
	Original	Approved Rebaseline	Previous Period	Current Forecast
	July 2016	N/A	Summer 2026	Summer 2026
	Variance from Original:		+0d (0%)	+0d (0%) 
	Variance from Revised Schedule:			N/A 



# I-5 North County Enhancements

## Safety

Project Hours: 156,114; Recordable Injury Rate: 0.00 vs. The National Average: 2.4.

## Updates

- **Overall Project progress is 18% complete.**
- Construction Stage 1, Phase 1 & 2:
  - Partial Demolition/Pile Driving/Footing and Abutment/Bent Construction on several bridges.
  - Retaining Walls, Drainage, Barrier/Roadway Demo, Excavation, and Base Placement.
- Project Team continues to coordinate with stakeholders: Caltrans, Federal Highway Administration (FHWA), City of Santa Clarita, Los Angeles County, CHP, NPS, CDFW, and other local stakeholders.
- Single-direction freeway closures occurred in December 2022 to support Weldon Canyon bridge construction activities.

## Equity

- This project is not located within or adjacent to Equity Focus Communities.



On-Going Roadway Excavation in the Median



On-going abutment and wing wall construction at new Weldon Canyon Bridge



Forming, preparations, and concrete pour at Retaining Wall 2622



# Projects without Life of Project (LOP) Budget

- **105 Express Lanes**
- **G Line BRT Improvements Project**
- **East San Fernando Valley Transit Corridor**



# 105 Express Lanes

BUDGET				
	TIFIA	Approved Preconstruction Budget	Previous Period	Current Forecast
	N/A	119.4 M	N/A	\$780M
	Variance from Approved LOP:		\$0M (0%)	\$0M (0%) 
	Variance from Revised Budget:			N/A 

SCHEDULE			Revenue Operation	
	Original	Approved Rebaseline	Previous Period	Current Forecast
	N/A	N/A	N/A	Spring 2028
	Variance from Original:		+0d (0%)	+0d (0%) 
	Variance from Revised Schedule:		N/A	N/A 



# 105 Express Lanes

## Safety

Project Construction Hours: 0; Recordable Injury Rate:  
N/A vs. The National Average: 2.4.

## Updates

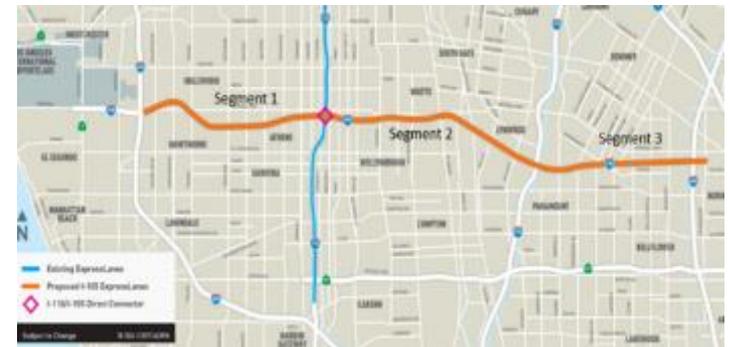
- **Design is 40% complete.**
- **Progress:**
  - The Phase 1 (Pre-Construction) CM/GC, Roadside Toll Collection System (RTCS) and PMSS contracts were approved by the Board in August 2022.
  - Notice to Proceed (NTP) was issued to CMGC Contractor on November 10th and CMGC Phase 1, Pre-Construction work has initiated.
  - Segment 1 of the project (between I-405 and Central Ave.), 95% Design has been submitted to Caltrans.
  - Segment 3 of the project (between 710 Freeway and Studebaker Rd.), 35% Design was submitted to Caltrans in October and has received comments from Caltrans. Segment 2 (between Central Ave. and 710 Freeway) will be submittal in January 2023.
  - Kick-off meeting with the PMSS Contractor was held on October 26<sup>th</sup>.
  - The first Opinion of Probable Construction Cost (OPCC) for segment 1 will be based on the 95% Plans.
  - Procuring a consultant to conduct an independent equity study.

## Equity

- 70% of the project is within or adjacent to Equity Focus Communities.



Traffic on 105 Freeway Westbound



The Project Map



# G Line BRT Improvements Project

BUDGET				
		Approved Preconstruction Budget	Previous Period	Current Forecast
		\$149.7M	N/A	\$392-\$476M
	Variance from Approved LOP:		\$0M (0%)	\$0M (0%) 
Variance from Revised Budget:			\$0 	

\* Project will work within the annual budget constraints until LOP is established.

SCHEDULE			Revenue Operation	
	Original	Approved Rebaseline	Previous Period	Current Forecast*
	N/A	N/A	N/A	December 2026
	Variance from Original:		+0d (0%)	+0d (0%) 
Variance from Revised Schedule:			N/A 	

\* Current Forecast is Metro's Internal Schedule, Baseline schedule is not yet approved at time of update.



# G Line BRT Improvements Project

## Safety

Project Construction Hours: 0; Recordable Injury Rate:  
N/A vs. The National Average: 2.4.

## Updates

- **Design is 35% complete.**
- **Progressive Design Build Contract**
  - Progressive Design Build (PDB) Contract NTP issued November 10, 2022.
- **Utility Owner-performed AURs:**
  - Sepulveda – removal of poles and overhead wires pending PDB contractor installation of new power service.
  - Vesper – DWP crews completed cable pulling in August, Charter construction start pending City permit approval.
  - Sylmar – work complete within City ROW, DWP license agreement executed, and DWP commenced work in Metro ROW in November 2022.
- **Property Acquisitions underway**
  - Eight acquisitions underway, all-in negotiation or agreement phase.
  - Offers presented to owners between March 31, 2022, and May 24, 2022.
  - Board adopted the Resolution of Necessity for all properties in August 2022.

## Equity

- 11 of 17 stations (65%) are within or adjacent to Equity Focus Communities.



DWP Overhead Construction at Vesper



DWP Overhead Construction at Vesper



# East San Fernando Valley Transit Corridor

BUDGET	Approved (cumulative thru FY23) Annual Budget			Previous Period	Current Forecast
		\$362M		N/A	\$2.8-\$3.6B 
	Variance from Approved LOP:		\$0M (0%)	\$0M (0%)	
	Variance from Revised Budget:			\$0	

SCHEDULE			Revenue Operation	
	Original	Approved Rebaseline	Previous Period	Current Forecast*
		N/A	N/A	2028 - 2030
	Variance from Original:		+0d (0%)	+0d (0%) 
Variance from Revised Schedule:			N/A 	

\* Current Forecast is Metro's Internal Schedule, Baseline schedule not yet approved at time of update.



# East San Fernando Valley Transit Corridor

## Safety

Project Hours: 0; Recordable Injury Rate: N/A vs. The National Average: 2.4.

## Updates

- **Design is 30% complete for systems.**
  - **Design is 60% complete for guideway.**
  - **Construction Management Support Services Contract**
    - Notice to Proceed (NTP) given to ESFV LRT Joint Venture Arcadis Mott MacDonald (AMM) in November 2022.
  - **Maintenance and Storage Facility (Solar Energy & Storage)**
    - NTP on December 7, 2022 to PCS Energy LLC for the Public-private partnership (P3) Contract.
    - Maximum duration of 15 years, with three phases of work.
  - **Advance Utility Adjustment (AUA) Contract DWP Design 1**
    - NTP on December 1, 2022 to W.A. Rasic Construction Company, Inc.
  - **Progressive Design Build Contract**
    - Progressive Design Build (PDB) Contract proposals received Nov 2022 and in review.
    - Anticipate recommendation to Board for award in early 2023.
  - **Property Appraisals underway**
    - Appraisal contracts awarded on August 11, 2022.
    - NTP in December 2022 to two real estate property appraisal, and three fixtures appraisal firms.
    - Appraisals will commence in January 2023.
- Equity**
- Acquisition anticipated to commence in June 2023.
  - 100% of the project is within or adjacent to Equity Focus Communities.



Intersection of Van Nuys Blvd. & Saticoy St.



Intersection of Van Nuys Blvd. & Keswick St.



# Measure M Independent Taxpayer Oversight Committee

## Transit Projects Update

Allison Yoh, Executive Officer  
March 1, 2023

# Measure M Transit Projects



## > Major Pillar Projects

- A) West Santa Ana Branch
- B) Eastside Transit Corridor Phase 2
- C) Sepulveda Transit Corridor
- D) C (Green) Line Extension to Torrance

## > Other Projects in Planning and Development

- North Hollywood to Pasadena
- N. San Fernando Valley BRT
- Vermont Transit Corridor

# West Santa Ana Branch Transit Corridor



Current Phase	Most Recent Cost Estimate
EIR/EIS	\$7.1B (YOES) - IOS

## Recent Activities

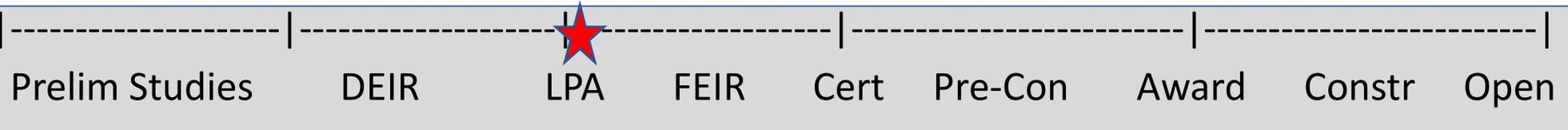
- Continuing to address design updates to reach 90% project definition for Final EIS/EIR
- Coordination with cities/stakeholders/3<sup>rd</sup> parties
- Reached concurrence with UPRR/Ports for continuation of project design without aerial alignment in San Pedro Subdivision
- Developing Encroachment Permit applications for utility potholing and geotechnical drillings

## Next Actions

- March 2023: 15% design completion, public outreach
- April 2023 (anticipated): MOU with Ports/UPRR



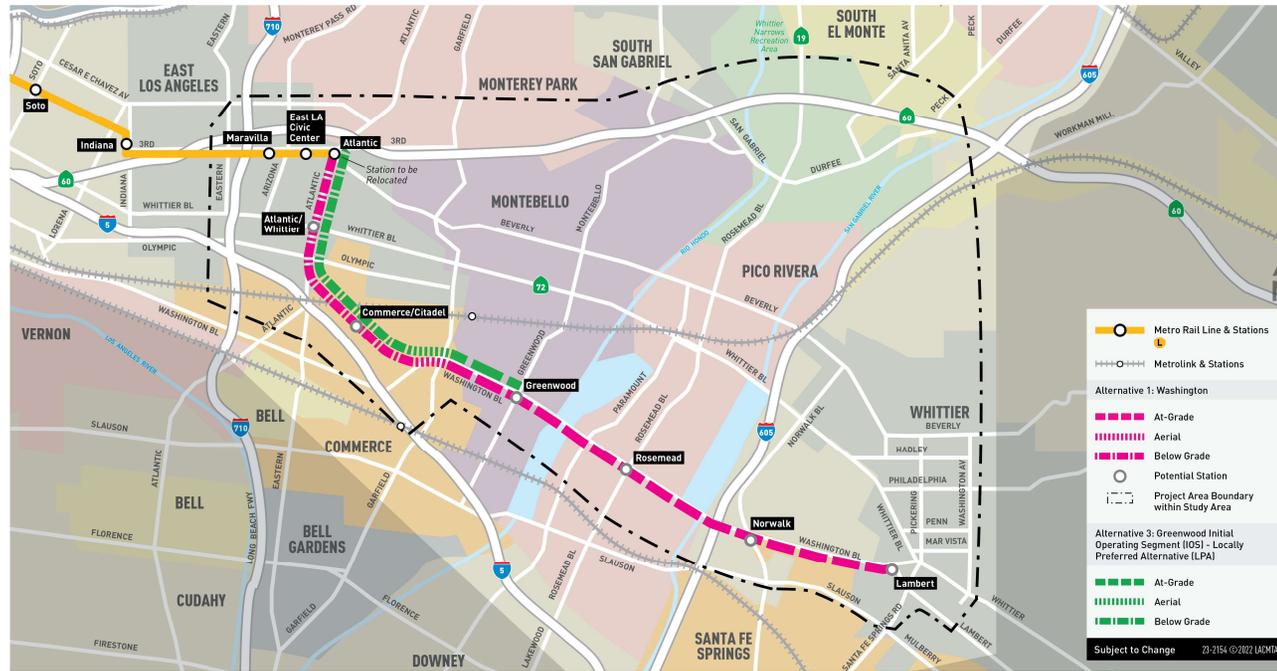
# Eastside Transit Corridor Phase 2



Current Phase	Most Recent Cost Estimate
EIR/EIS	\$7.9B (YOES) – IOS

## Recent Activities

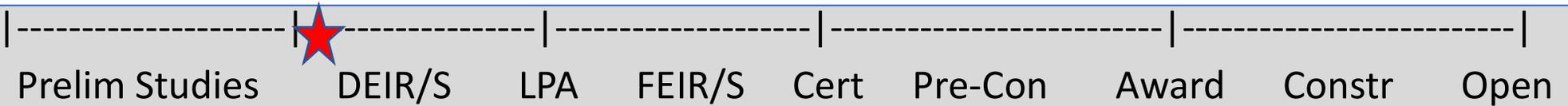
- Board selected LPA as Pomona/Atlantic Station to Greenwood (Dec 2022)
- Authorization to begin Final EIR for full alignment (Dec 2022)
- Reinitiate NEPA (Dec 2022)
- Executed contract modification for environmental services and advanced engineering



## Next Actions

- Prepare Final EIR and reinitiate NEPA (early 2023) in coordination with FTA
- Request approval from FTA for entry into Project Development before CalSTA's April announcement of AB 180 TIRCP awards

# Sepulveda Transit Corridor



## Current Phase

EIR/EIS

## Most Recent Cost Estimate

\$5.7B (2015\$)

## Recent Activities

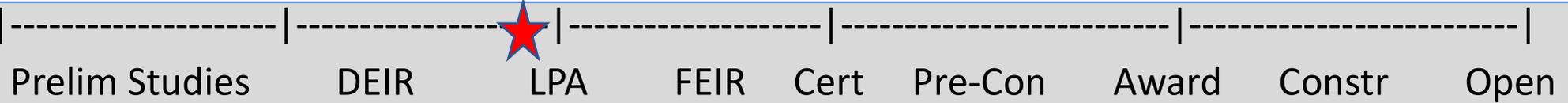
- Ongoing coordination between alternative designs and environmental analysis
- Continued engagement with other projects and with third party agencies
- Conducted public opinion survey to support outreach efforts (July-August 2022)
- Open House meetings in Van Nuys, Westwood, and online (January 2023)

## Next Actions

- Continue to develop designs and prepare environmental technical studies



# C (Green) Line Extension to Torrance



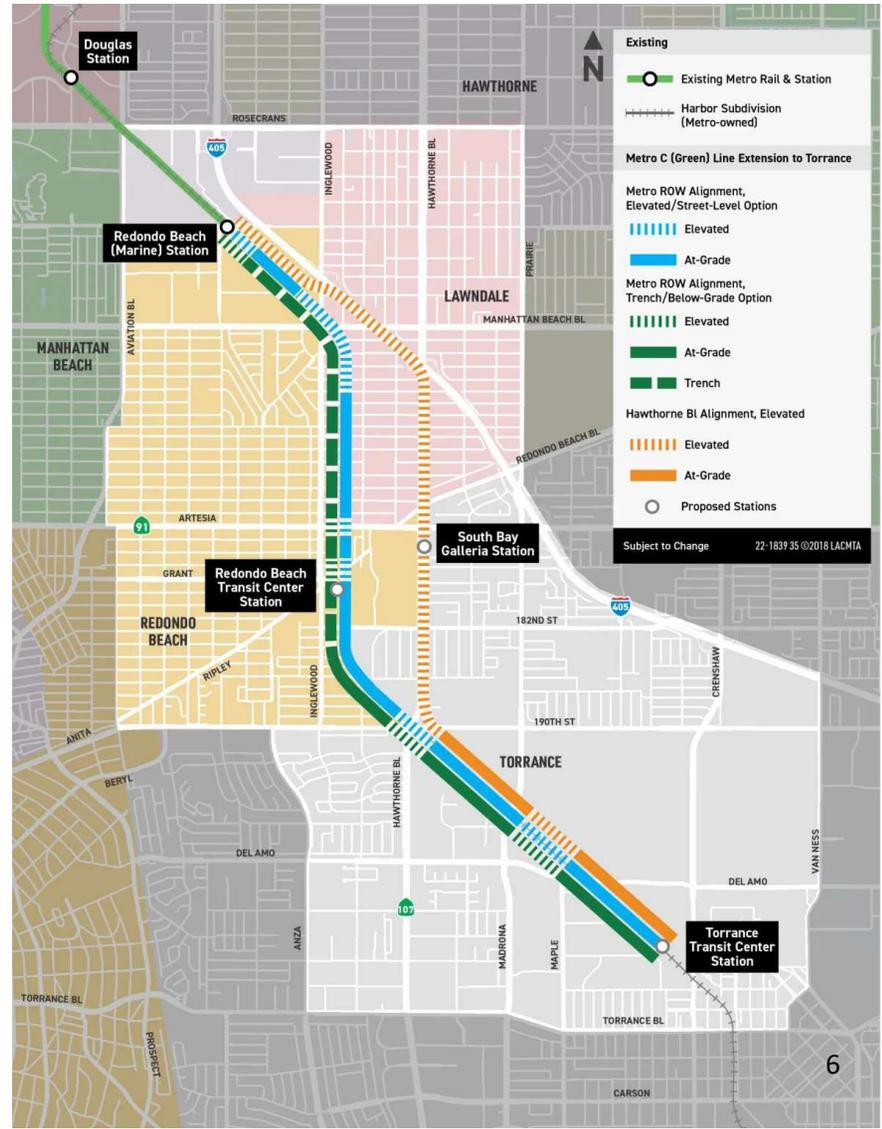
Current Phase	Most Recent Cost Estimate
EIR/EIS	\$891M (2015\$)

## Recent Activities

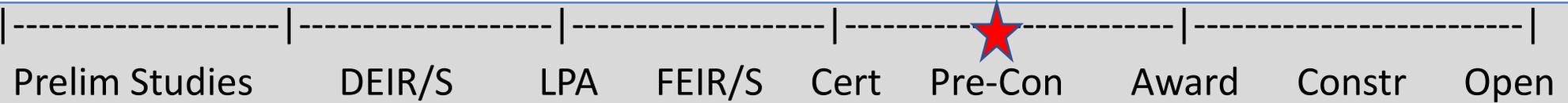
- Prepared summaries of community input, cost, schedule, ridership
- Continued coordination with community groups, cities, BNSF, Caltrans, utilities, and property owners
- Draft EIR released January 26, 2023

## Next Actions

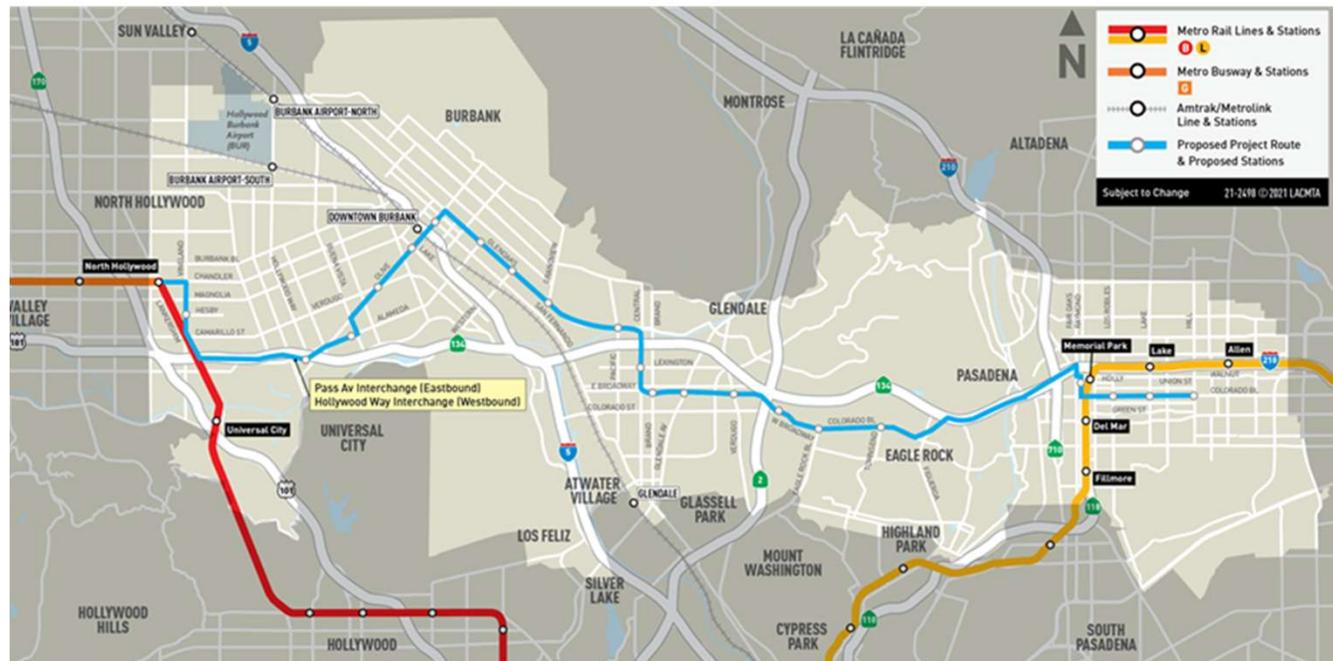
- Public hearings: February 2023
- Public comment through March 27, 2023
- Board selection of Locally Preferred Alternative (LPA): Spring 2023



# North Hollywood to Pasadena BRT



Current Phase	Most Recent Cost Estimate
Pre-Construction	\$263M - \$386M (YOE\$) – Capital



## Recent Activities

- Preliminary engineering underway
- Meeting with each city on corridor to discuss project design
- Advancing project design (e.g., bus lanes, stations, transit signal priority, etc.)

## Next Actions

- Early 2023 – Release RFP for final project design (Program Management)
- Mid 2023 – Procure technical services to develop a First/Last Mile Plan

# North San Fernando Valley BRT Improvements



Current Phase	Most Recent Cost Estimate
Pre-Construction	\$180M (2015\$)

## Recent Activities

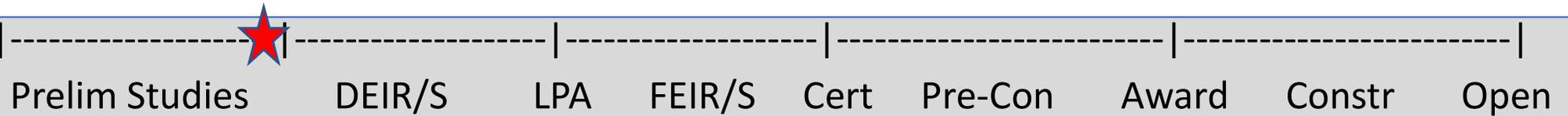
- Board actions (December 2022):
  - Approval of recommended BRT network improvements
  - Authorization to file a Notice of Exemption (NOE)
- Continuing to engage key stakeholders
- NOE filed with LA County Clerk

## Next Actions

- Jan 2023: Initiate design of peak period bus only lanes on Roscoe Blvd.
- Cooperative effort with Metro Service Planning and LA City on BRT network improvements
- Continue key stakeholder engagement



# Vermont Transit Corridor



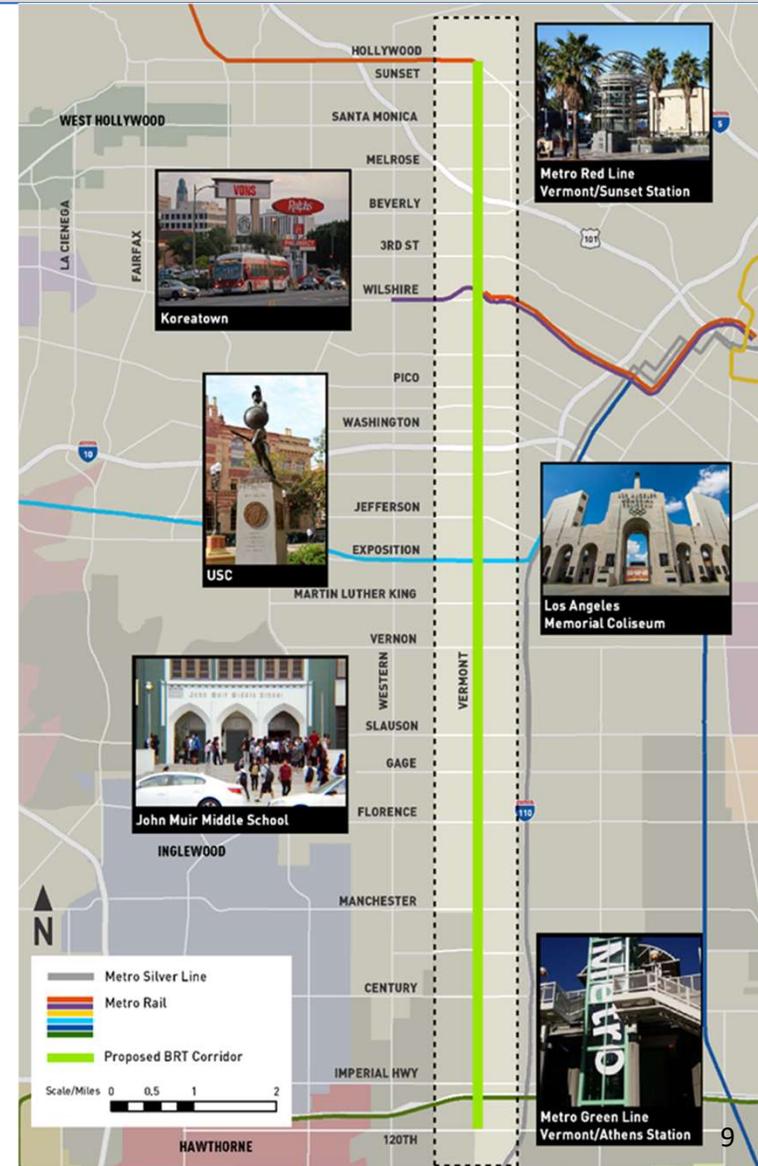
Current Phase	Most Recent Cost Estimate
Preliminary Studies	\$425M (2015\$)

## Recent Activities

- Sep 2022: Metro Board adoption of a strategy for immediate-, mid- and long-term improvements
- Continued community/stakeholder engagement (local school principals, CicLAvia, etc.)
- Preparing for release of environmental services RFP and community outreach RFP

## Next Actions

- Issue RFP for planning & environmental studies (early 2023)
- Issue RFP for communications and outreach services (anticipated February/March 2023)



# Measure M Expenditure Plan Groundbreaking to Opening Dates

Measure M  
Opening Dates  
3-Year Window

2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049				
NoHo to Pasadena																																	
North SFV BRT																																	
Planning		LA River Path																															
Planning		West Santa Ana Branch (Phase 1)								WSAB (Phase 1+Slauson) Approved by Board																							
Planning		Vermont Corridor																															
Planning		Green Line Extension to Torrance																															
Planning		Sepulveda Transit Corridor (Phase 1)																															
Planning				Eastside Transit Corridor Phase 2																													
Planning				West Santa Ana Branch (Phase 2) - Slauson to LAUS																													
Planning				Crenshaw North																													
																										Sepulveda Transit Corridor (Phase 2)							

FY 2022 - 2024

FY 2023 - 2025

FY 2025 - 2027

FY 2028 - 2030

FY 2028 - 2030

FY 2030 - 2032

FY 2033 - 2035

FY 2035 - 2037

FY 2041 - 2043

FY 2047 - 2049

FY 2057 - 2059

# **Measure M Independent Taxpayer Oversight Committee**

## **Complete Streets & Highway Project Updates**

Nelli Derderian, Director Finance & Administration

March 01, 2023

# SR-71 Gap from I-10 to Rio Rancho Road (Southern Segment)



Current Phase	Phase Budget	Phase Spent To Date
Construction	\$148.10M	\$40.86M

## Purpose and Scope

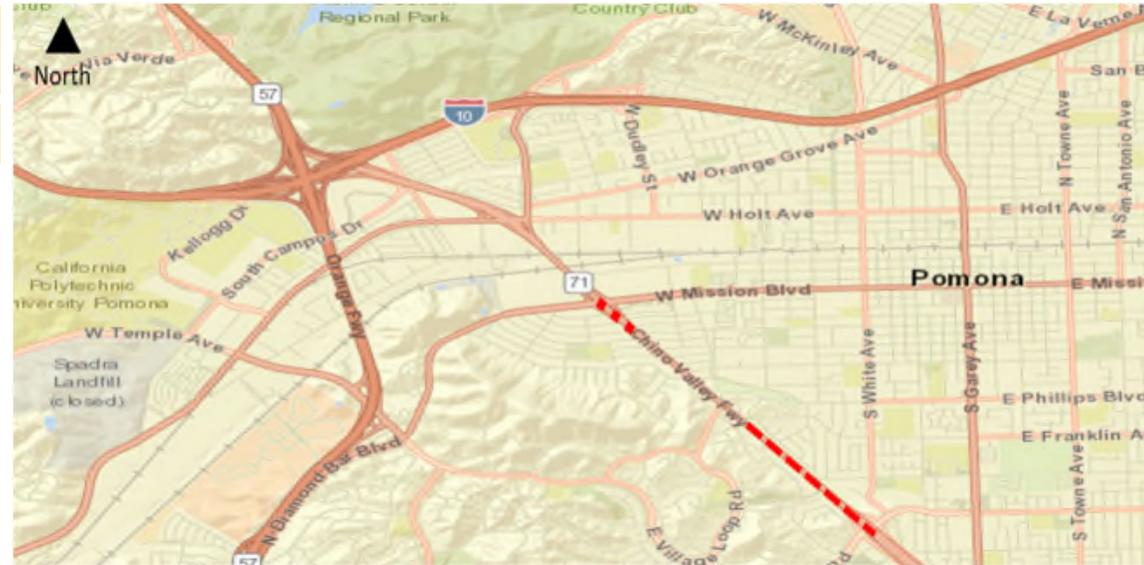
- Caltrans-managed project adding HOV lane between Mission Blvd & San Bernardino County Line.

## Multimodal Elements

- N/A

## Status

- Construction is 36% complete with anticipated completion in Summer 2025.
- Planned utility relocation by third party utility companies may be delayed.
- Soft costs spent to date are from TCRF & other Federal funds.



## Challenges

- Relocation of unforeseen utilities has already caused delays.
- Right of Way encampment removal.
- Additional tree removal outside of project construction easement is requested by Southern California Edison due to fire hazard.

# SR-71 Gap from I-10 to Rio Rancho Road (Northern Segment)



Current Phase	Phase Budget	Phase Spent To Date
Design	\$40.40M	\$22.94M

Expenditures as of 01/30/23

## Purpose and Scope

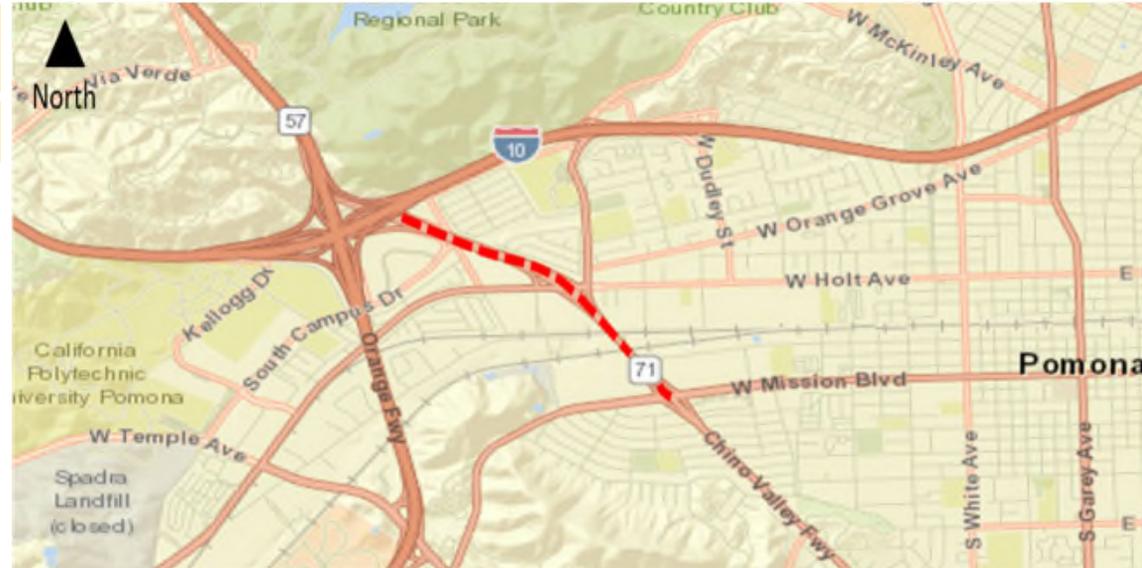
- Caltrans-managed project adding HOV lane from I-10 to Mission Blvd.

## Multimodal Elements

- Upgrade current pedestrian bridge to comply with current ADA requirements.

## Status

- PS&E schedule pending resolution of project funding shortfall.
- Caltrans has identified significant cost increases and potential schedule delays in this Segment.
- Metro is coordinating with Caltrans and the San Gabriel Valley Council of Governments to identify potential solutions to complete the project.
- Soft costs spent to date are from TCRF & other Federal funds.



## Challenges

- Utility & railroad coordination causing schedule delays.
- Funding shortfall of up to \$99 million (\$10M in Design and \$89M in Construction).

# SR-57/SR-60 Interchange Improvements



### Purpose and Scope

- Major operational/safety improvements including grade-separation of Grand Ave eastbound off-ramp.
- Construction will be led by the San Gabriel Valley COG with Metro and Caltrans oversight; expected to start early 2023.

### Multimodal Elements

- Project includes improvements to local bridge, sidewalk and bicycle facilities.

### Status

- Metro Board approved construction funding agreement with San Gabriel Valley COG in January 2023.
- Golf course mitigation work, early action activity is progressing as scheduled.

### Challenges

- Closing negotiations with three (3) property owners on monetary value of Right of Way impact.



# I-405 South Bay Curve Improvements

## Southbound Auxiliary Lanes; I-105 to Artesia



### Purpose and Scope

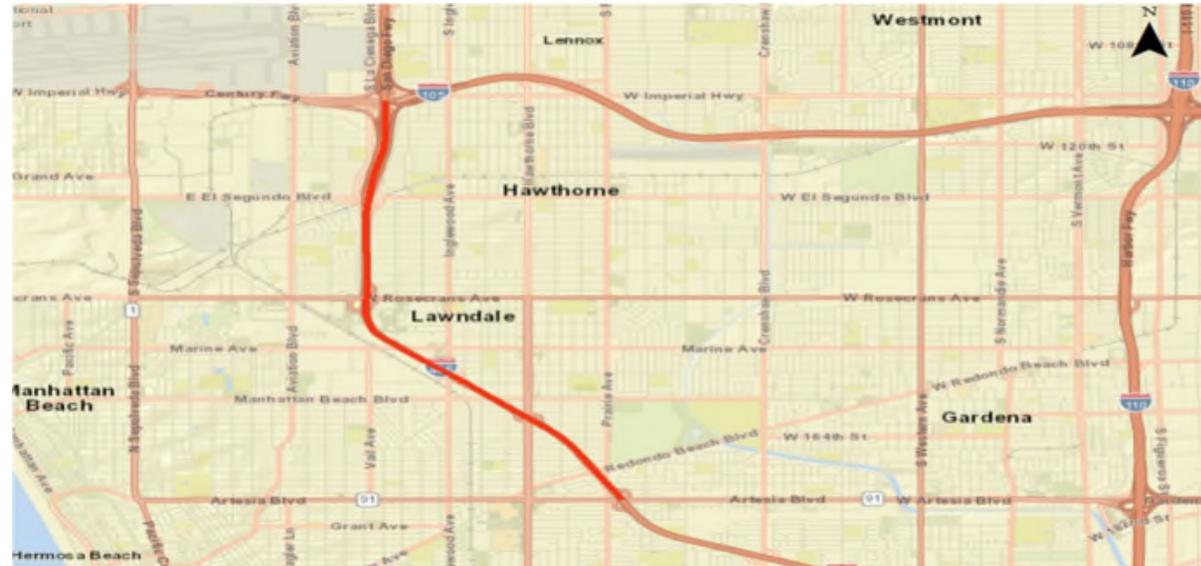
- Improve safety and operations by reducing freeway conflicts at high congestion on/off ramp locations.
- Northbound and Southbound Auxiliary lane improvements between freeway on/off ramps within Caltrans Right of Way.

### Multimodal Elements

- High visibility crosswalks;
- Pedestrian flashing beacons;
- Pedestrian and cyclist signage.

### Status

- Environmental phase completed in 2020.
- Design phase started in March 2022.
- 35% design plans submitted to Caltrans in August 2022.



### Challenges

- Leveraging local Measure R/M funds to fully fund construction
- All expenditures spent to date are from Measure R; Measure M funds not yet expended.

# I-405 South Bay Curve Improvements

## I-110 to Wilmington – Auxiliary Lanes



Prelim Studies

PA&ED

PS&E

Cert BID

Award

Construction

Open

### Purpose and Scope

- Improve freeway operations and safety.
- Spans across both directions of I-405 through construction of auxiliary lanes between on- and off-ramps to improve merging and diverging vehicle movements.

### Multimodal Elements

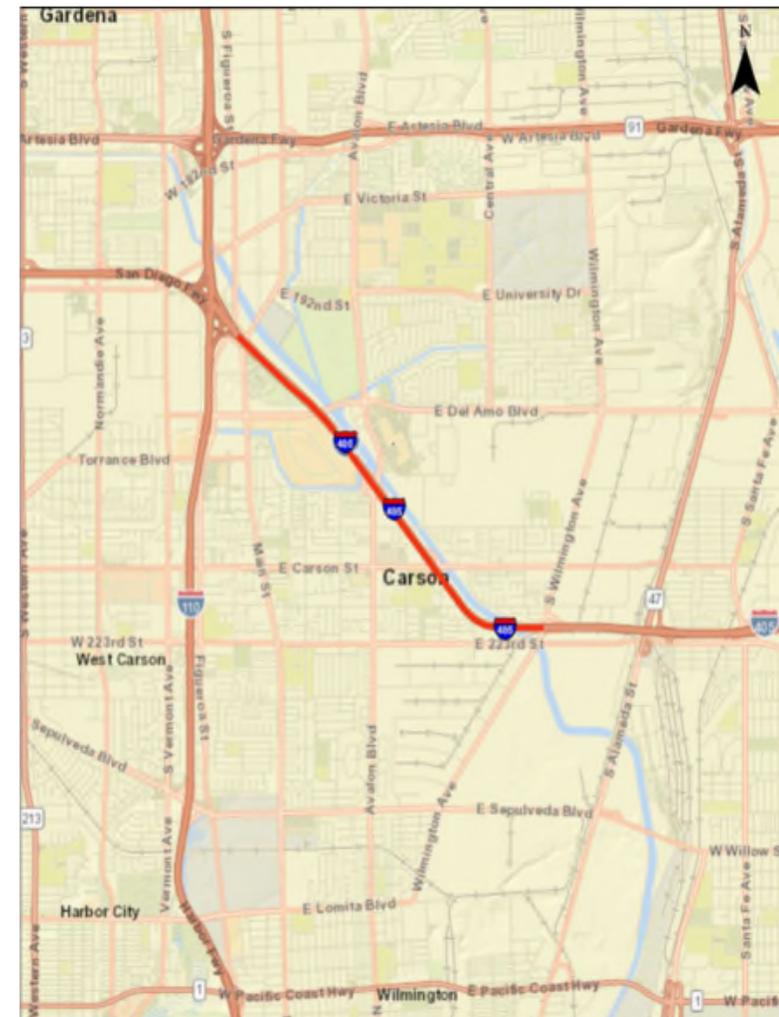
- Project may include improvements to pedestrian/bicycle facilities and transit stops.

### Status

- Project Study Report completed November 2020.
- Environmental phase projected to start mid-2023.
- Project being scoped in collaboration with City of Carson and Caltrans in accordance with Objectives for Multi-Modal Highway Investment.

### Challenges

- VMT analysis and potential mitigation.
- Leveraging local Measure R/M funds to fully fund construction.





Metro

Los Angeles County  
Metropolitan Transportation  
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## Board Report

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**File #:** 2023-0052, **File Type:** Oral Report / Presentation

**Agenda Number:** 9.

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**MEASURE M INDEPENDENT TAXPAYERS OVERSIGHT COMMITTEE  
MARCH 1, 2023**

**SUBJECT: ORAL REPORT ON MEASURE M ACTIVE TRANSPORTATION UPDATES**

RECEIVE oral Report on Measure M Active Transportation Updates.



**Metro is making it easier to walk, bike, and roll.**

**ACTIVE TRANSPORTATION UPDATES**

**MEASURE M INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE**

**MARCH 1, 2023**



# Measure M Funding – Metro Projects/Programs

Line	Project	MM Funding*	Subregion
13	LA River Waterway & System Bike Path	\$365 M	Central Cities
14	Complete LA River Bike Path	\$60 M	San Fernando Valley
47	Metro Active Transport, Transit 1st/Last Mile Program	\$857 M	[Countywide]

\*Funding in 2015 \$



# LA River Path (Central Cities)

- > Anticipated release of Draft EIR in Summer 2023
- > Continued engagement with USACE and other key stakeholders (e.g. LADWP)
- > Public survey to gather feedback on visual design elements (921 responses)
  - Survey outreach at community events in Chinatown, DTLA, Boyle Heights, Elysian Valley, Vernon
- > PDT 6 - TBD
- > Coordination with the Native Tribes on Tribal Cultural and Cultural impact mitigation – TBD



# LA River Path (San Fernando Valley)

- > 13 miles of bikeway gap closures
  - 9 segments from Vanalden Ave to Forest Lawn Dr
- > LABOE is Lead Agency
- > \$60M in Measure M funding between FY23-FY28
  - Funding Agreement pending execution
- > Awarded \$34M in ATP Cycle 6 funding
- > Pursuing other funding sources



# Metro Active Transport Program



- > ATC 1: Avalon/MLK/Gage & Redondo Beach Boulevard
  - Recently concluded existing conditions analysis and initial community outreach
  - Starting concepts development
- > FLM 3, 4, 8, & 9: East LA Civic, Aviation, Western/Slauson, Culver City
  - Contracts executed and planning work underway
- > FLM 6: Sepulveda Orange Line
  - Continued Community Engagement leading to final improvement list

# Multi-Year Subregional Programs

Line	Project	MM Funding*	Subregion
51	Active Transportation, 1st/Last Mile Connections Program	\$361 M	Westside Cities
52	Active Transportation Program	\$264 M	North County
53	Active Transportation Program	TBD	Gateway Cities
54	Active Transportation Program (including Greenway Projects)	\$231 M	San Gabriel Valley
55	Active Transport, Transit 1st/Last Mile & Mobility Hubs	\$215 M	Central City
56	Active Transportation, Transit and Tech Programs	\$32 M	Las Virgenes-Malibu
59	First/Last Mile and Complete Streets	\$198 M	San Gabriel Valley
62	Modal Connectivity and Complete Streets Initiative	\$202 M	Arroyo Verdugo
71	Active Transportation Projects	\$136.5 M	Arroyo Verdugo

\*Funding in 2015 \$

# Multi-Year Subregional Programs

- > Subregions may submit projects under their respective subfund guidelines
- > Project sponsors must define the following in submittal for Metro eligibility review
  - Project location/limits
  - Project Description
  - Funding Plan
  - Schedule and Outreach
- > Projects deemed eligible are advanced to Metro Board for programming



# Multi-Year Subregional Programs

- > Westside Cities eligible for "Active Transportation" and "First/Last Mile Connections" subfunds.
  - Active Transportation
    - Correct unsafe conditions for cyclists and pedestrians
    - Promote clean transportation options and improve public health
  - First/Last Mile
    - Shared Use Services (I.e. BikeShare)
    - Multi-modal connections
    - Signage and wayfinding
- > Board approval of an additional \$966K for a total of \$27M programmed for Westside Cities
  - Overland Class II and IV with Pedestrian Improvements
  - Connect Del Rey Stress-Free Bicycle Enhanced Corridor
  - Santa Monica to Westwood Stress-Free Bicycle Enhanced Corridor
  - Wilshire Active Transportation Safety Project



# Active Transportation Strategic Plan



## > Implementation Strategies

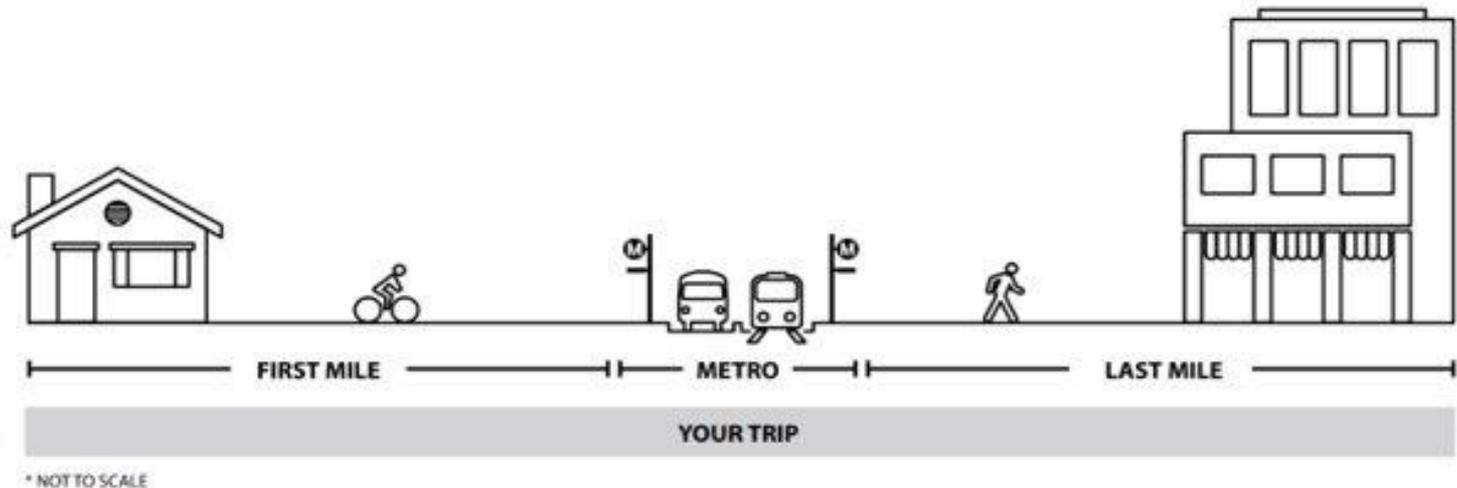
- Phasing Approach
- Cost Estimation
- Network Benefits
- Funding Opportunities

> Draft Plan anticipated for public release mid 2023



# First/Last Mile Program

- > Follow-up actions from FLM Guidelines (May 2021)
  - Board adopted priority project lists, October 2022
  - Active discussions preceding implementation hand-offs to local agencies
- > Prep for next batch of corridor project plans
  - West Santa Ana Branch
  - Eastside Phase 2 Rail Extension
  - North Hollywood to Pasadena BRT



# Thank you



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