



**Board Report**

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**FINANCE, BUDGET, AND AUDIT COMMITTEE  
JANUARY 20, 2021**

**SUBJECT: LOCAL RETURN PROJECT CODING**

**ACTION: APPROVE REVISED PROJECT CODING FOR LOCAL RETURN PROJECTS**

**RECOMMENDATION**

APPROVE revised Project Coding Structure for Local Return Projects funded through the Metro administered Proposition A, Proposition C, Measure R, and Measure M Local Return (LR) programs. (ATTACHMENT A)

**ISSUE**

Metro has recently developed and implemented a significantly upgraded, cloud-based database, Local Return Management System (LRMS) to collect, approve, administer, audit, and report on Local Return activities of the 88 cities and Los Angeles County.

To provide for efficiency of use, consistency of application, and minimize user complexity, staff is seeking Board approval of a unified Project Coding structure across all Local Return (LR) programs.

Current LR guidelines approved by the Board include inconsistent project coding among the different taxes. Staff requires Board approval for the revised project structure.

This report does not revise the definitions of project eligibility but rather seeks to provide a more efficient process to manage and report LR activities.

**BACKGROUND**

According to LR Guidelines, Metro staff is responsible to ensure that local jurisdictions comply with Board project eligibility guidelines for each of the four locally imposed sales tax Measures (A, C, R, M).

For the past two decades, this process included jurisdictions submitting paper forms that Metro staff was subsequently required to manually input into multiple Microsoft Access databases. These databases have reached the end of their useful life, are undependable for reporting purposes, and are subject to frequent crashes and do not provide the necessary information to provide the Board and staff with a timely and comprehensive understanding of the uses to which Local Return Funds

are applied.

**DISCUSSION**

Currently, there are three different Project Coding structures in place for the LR programs. One set of project coding for Propositions A & C, another set for Measure R, and final set for Measure M.

As indicated below, each of the voter approved and Metro administered sales tax measures includes a Local Return component ranging from a high of 25% for Proposition A to a low of 15% for Measure R.

Sales Tax Measure	Approved	Effective Collection Date	Tax Rate	Rate of Net Revenue Distribution (3)
Proposition A	1980	July 1, 1982	½%	25%
Proposition C	1990	April 1, 1991	½%	20%
Measure R	2008	July 1, 2009	½%	15%
Measure M (1)	2016	July 1, 2017	½%	17%
Measure M (2)	2016	July 1, 2039	1%	20%

- 1) Measure M distributes 16% of Net Revenues plus 1% Supplemental Funds transferred from 1.5% ordinance defined as Administrative Funds for a total of 17%.
- 2) Per Measure M ordinance, Measure M Local Return share increase to 1% July 1, 2039 upon the expiration of Measure R and the allocation of Local Return shall increase by 3% to total 20%.
- 3) LR funds are allocated and distributed monthly to cities and the County of Los Angeles (JURISDICTIONS) on a "per capita" basis by the Los Angeles County Metropolitan Transportation Authority.

In total, approximately 20% of the transportation sales taxes approved by the voters of Los Angeles County go to support locally based, community supportive programs and projects.

The newly implemented and cloud-based LRMS is designed to include:

- A new intuitive interface that mirrors electronically what city staff are already doing with minimal disruption including the on-line submittal of any necessary supplemental information as required by individual ordinance guidelines;
- The elimination of unnecessary duplicative effort by Metro staff;
- A consolidated chart of accounts for project coding that is consistent across funding sources; *(the subject of this recommendation)*
- Enhanced reporting features that will allow both staff at the cities to provide reports to their management as well as allow Metro staff to keep the Metro Board better informed and up to date on local return activities;
- Individualized dashboards for specific cities and the County as well as Metro oriented program wide dashboards to track agency progress towards various objectives;
- A secure electronic workflow system that the user can monitor from any internet accessible location.

The LRMS is designed to recognize and distinguish between funding sources as well as across project categories and seeks to simplify city staff input through a singular comprehensive structure of project categories and coding. This newly improved system would also afford Metro staff the ability to quickly and easily query information without the need to differentiate, at the point of inquiry, among funding sources and project categories.

All project definitions and eligibility requirements remain unchanged from the Board approved guidelines. These guidelines were developed subsequent to the adoption of the ordinances through extensive outreach, stakeholder input, Metro staff, and Board review.

### **DETERMINATION OF SAFETY IMPACT**

There would be no impact on system safety should the Board adopt staff recommendation.

### **FINANCIAL IMPACT**

Adoption of staff recommendations would improve staff ability to provide significantly increased visibility into the applications of Local Return funds throughout the county.

#### **Impact to Budget**

Adoption of staff recommendations would have no impact on the LACMTA Budget as Local Return funds are disbursed directly to the cities and are included in the Metro Board approved budget

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Recommendation supports Metro's Strategic Plan Goal #5 by providing responsive, accountable, and trustworthy governance within the Metro organization and the region.

### **ALTERNATIVES CONSIDERED**

Should the Board choose not to approve the implementation of a revised system of Local Return Project coding, which staff does not recommend, staff will be required to maintain an inconsistent and inefficient project reporting structure that limits our ability to provide timely and comprehensive information on the Local Return program.

### **NEXT STEPS**


Should the Board approve the recommendation, staff will update the Local Return Guidelines to incorporate the approved project coding structure changes.

### **ATTACHMENTS**

Attachment A - Revised Project Summary for Local Return Projects.

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