



Board Report

File #: 2022-0320, **File Type:** Informational Report

Agenda Number: 16.

FINANCE, BUDGET, AND AUDIT COMMITTEE AUGUST 17, 2022

SUBJECT: FISCAL YEAR 2019-2021 TRIENNIAL PERFORMANCE REVIEW REPORTS

ACTION: RECEIVE AND FILE

RECOMMENDATIONS

RECEIVE AND FILE:

- A. the fiscal year (FY) 2019-2021 Triennial Performance Review of Los Angeles County Transit Operators and Metro Operations; and
- B. the FY 2019-2021 Triennial Performance Review of the Los Angeles County Metropolitan Transportation Authority (Metro) as the Regional Transportation Planning Agency (RTPA).

ISSUE

The Transportation Development Act (TDA) requires Triennial Performance Reviews of Transit Operators and Regional Transportation Planning Agencies (RTPAs). The FY 2019-2021 Triennial Performance Review Report is complete and this report presents the results of the review.

DISCUSSION

The California Public Utilities Code (PUC) Section 99246, included in the Transportation Development Act (TDA), requires Metro to conduct an independent performance review of all Los Angeles County Transit Operators receiving TDA Article 4 funds, as well as operators receiving Proposition A funds in lieu of TDA funds. The TDA also requires that RTPAs undergo an independent performance review, focusing particularly on the planning roles. The review is conducted every three years, and Metro must send a Certificate of Completion to the California Department of Transportation (Caltrans), so that Metro may receive and allocate TDA and State Transit Assistance (STA) funds for Los Angeles County.

Under contract to Metro, the firm of BCA Watson Rice, LLP independently conducted the FY 2019-

2021 Performance Review of the Transit Operators, Metro Operations and Metro as the RTPA for Los Angeles County. The following summarizes the scope of the review:

A. Review of Los Angeles County Transit Operators and Metro Operations

The following Los Angeles County transit operators were included in this review:

- Antelope Valley Transit Authority (AVTA)
- Arcadia Transit
- City of Redondo Beach - Beach Cities Transit
- Claremont Dial-A-Ride
- Commerce Transit
- Culver City Bus
- Foothill Transit
- GTrans
- L.A. County Metropolitan Transportation Authority Operations
- La Mirada Transit
- Long Beach Transit
- Los Angeles Department of Transportation (LADOT)
- Montebello Bus Lines
- Norwalk Transit System
- Santa Clarita Transit
- Santa Monica's Big Blue Bus (BBB)
- Torrance Transit
- City of Burbank
- City of Glendale
- City of Los Angeles - Community DASH Services
- Pasadena Transit

The FY 2019-2021 Performance Review included all areas that the State mandates. Areas reviewed were:

- Verification of TDA data collection and reporting requirements;
- Compliance with requirements;
- Progress in implementing prior review recommendations;
- Review of TDA performance indicator trend analysis; and
- High level functional area performance review.

In addition, operators' data submitted for Metro's Transit Performance Measurement Program (TPM) was reviewed. Metro uses the TPM data to allocate transit subsidy funds to Los Angeles County Transit Operators, including Metro Operations.

Attachment A provides an Executive Summary of the FY2019-2021 Triennial Performance Review reports for transit operators and Metro operations.

B. Review of Metro as the Regional Transportation Planning Agency (RTPA)

The review of Metro as the RTPA included:

- Progress on implementing prior review recommendations;
- Compliance with PUC requirements;
- Review of Metro Functions; and
- Findings and Recommendations.

Progress on Implementing Prior Review Recommendations

The prior review of Metro as the RTPA included no recommendations.

Compliance with Requirements

Metro is in full compliance with requirements as defined in the Public Utilities Code, the California Code of Regulations, and other relevant state and federal laws and compliance requirements reviewed as part of this Triennial Review.

Review of Metro Functions

Key conclusions from the review of Metro functions include:

- Metro planned and programmed transportation funds and addressed the challenges faced methodically, effectively, and efficiently over the triennial period.
- Metro effectively and efficiently administered transportation funds for the region during the triennium, including clear identification of guidelines or requirements, appropriate tracking and certifying of the use of funds, reasonable flexibility, and coordination and assistance to municipal operators receiving funds.
- Metro continues to be effective in planning, designing, and constructing a rail transit system for Los Angeles County.
- Metro's Government Relations function provides a well-focused, well structured, comprehensive, and effective legislative proponent and analysis for Metro.
- Metro meets or exceeds its obligations to support and improve air quality in the Southern California region and the regional Air Quality Management Plan (AQMP).
- Metro has met legislatively mandated responsibilities related to planning for coordination and improvement of social service transportation services.
- Metro's administrative funds were adequately and effectively allocated to achieve Metro's stated goals through the budget process.
- Metro's budget development process had incorporated the processes and practices to provide an effective budget for the organization.
- Metro has multiple internal control approaches and systems in place to safeguard its assets from error, loss, theft, misuse, misappropriation, and fraud.
- Metro has adequate accounting procedures and properly accounts for and makes available monthly its fund balances.

- Metro has established an organization structure that provides an effective framework of functional areas within which individuals can achieve the organization's goals.

Findings and Recommendations

Los Angeles Metro, functioning as the RTPA, is in compliance with the requirements of the Transportation Development Act. In addition, Metro generally functioned in an efficient, effective, and economical manner during the triennial period.

With the enactment of SB 508 the definition of local subsidy changed to include all countywide funds allocated to operators. This change has resulted in ambiguity and inconsistency in how this category is reported and requires further clarification.

The report includes a recommendation for Metro to work with members of the Bus Operations Subcommittee and other regional service coordination bodies to clarify the definition of "local subsidy" as it relates to TPM reporting and subsequent calculations of farebox recovery ratios. These discussions should include discussions on required Maintenance of Effort funding to ensure that system-generated local contribution requirements are met.

The Executive Summary of the FY 2019-2021 Metro as the RTPA Triennial Performance Review Report is provided as Attachment B.

FINANCIAL IMPACT

There are no financial or budget impacts as a result of this review.

EQUITY PLATFORM

There are no specific requirements to review equity impacts as part of the Triennial Review. However, the review ensures that Metro and the municipal transit operators are in compliance with the State requirements, which provides indirect benefits to our riders by ensuring continued funding and provision of the services countywide.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommendation supports strategic plan goals 1 and 2. Per state requirement, the TDA funds are allotted to the five jurisdictions to support their transit or street and roads improvements. The jurisdictions have determined improvement projects that assist in achieving Metro's Strategic Plan Goals number 1 and 2 by improving mobility, ease of travel and safety.

NEXT STEPS

As required by PUC §99246, staff will transmit the FY 2019-2021 Triennial Performance Review reports to the State Department of Transportation. Copies of the reports are available upon request.

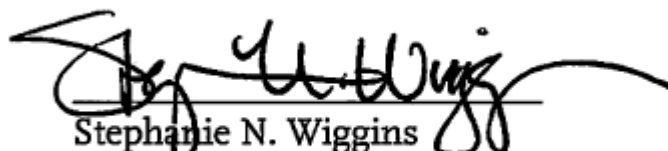
ATTACHMENTS

Attachment A - FY 2019-2021 Performance Review, Executive Summary of Transit Operators and Metro Operations

Attachment B - FY 2019-2021 Performance Review, Executive Summary of Metro as the RTPA

Prepared by: Armineh Saint, Director, Transportation Planning, (213) 922-2369
Cosette Stark, Deputy Executive Officer, Finance, (213) 922-2822
Michelle Navarro, Senior Executive Officer, Finance, (213) 922-3056

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



Stephanie N. Wiggins
Chief Executive Officer