



Board Report

File #: 2026-0054, File Type: Oral Report / Presentation

Agenda Number: 7.

MEASURE M INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE MARCH 4, 2026

SUBJECT: LOCAL RETURN

ACTION: RECEIVE ORAL REPORT

RECOMMENDATION

RECEIVE oral report on Local Return programmed revenues and uses for Los Angeles County jurisdictions to support discussion on the effective and efficient use of funds.

ISSUE

To support the discussion on Local Return revenue amounts programmed and usage by each Los Angeles County local jurisdiction, this report provides a quarterly update and presents the status of Local Return funding in the second quarter of fiscal year 2026 (FY26). This includes a summary of FY25 Measure M Local Return audit findings, a summary of actual Measure M fund use for FY25, and updates on current points of concern with Metro's Board of Directors. The majority of audit findings were procedural in nature and were resolved during the audit.

EQUITY PLATFORM

Local Return receives a 17% revenue share of the Measure M Ordinance funding apportioned to local jurisdictions by population. Under Board-adopted guidelines, these funds are used by recipients to support the implementation of various transportation projects and improvements throughout the region. This includes improvements for public access, paratransit services for seniors and individuals with disabilities, and transit subsidies for students and low-income residents. Local jurisdictions make the determination of the projects that are most beneficial for their communities.

Staff will continue to support jurisdictions in meeting Local Return requirements through workshops, multiple written communications regarding deadlines and one-on-one briefings with the goal of improving program compliance. In May 2025, Metro held a FY25 Consolidated Audit Workshop to clarify the program's requirements with audit compliance.

Staff also worked with cities whose funds were at risk of expiring by proposing the creation of Capital Reserve accounts, allowing those jurisdictions additional time to complete larger projects. Those Capital Reserve accounts were approved by the Metro Board last June. In response to the March 2023 Metro Board Bus Shelters Motion by Directors Hahn, Mitchell, Najarian, Dupont-Walker and Horvath (Attachment A), Local Return staff will continue to monitor and report on bus stop

improvements for the region and will inform the planned Quality of Life Scorecard of the data so that they may assess how the pass-through funding supports local infrastructure.

ATTACHMENT

Attachment A - Motion 20 - Metro Bus Shelters Motion

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**Metro****Metro****Board Report****File #:** 2023-0184, **File Type:** Motion / Motion Response**Agenda Number:** 20.**EXECUTIVE MANAGEMENT COMMITTEE
MARCH 16, 2023****Motion by:****DIRECTORS HAHN, MITCHELL, NAJARIAN, DUPONT-WALKER, AND HORVATH****Metro Bus Shelters Motion**

The overwhelming majority of transit riders taking Metro depend on buses for their travel. In the final three months of 2022, Metro buses handled a weekday average of approximately 646,000 boardings every day. Metro operates more than 110 bus routes and serves over 12,000 bus stops, owned by 63 jurisdictions.

As part of Metro's "Shade for All" effort in its 2022 Customer Experience Plan, Metro estimates that only 24% of bus stops served by Metro buses and other municipal transit operators have shelters, and only 46% have seating, which exacerbates conditions for people with limited mobility and older adults. Moreover, in the summer most of Metro's bus stops are located in areas where temperatures average 97 degrees in the middle of the day, and a shade structure could lower that temperature by 25 to 40 degrees. Additionally, at night, many bus stops lack lighting that make transit riders feel safer and more visible.

Bus shelters are almost always the responsibility of the local jurisdiction in which they are located. Several cities have invested heavily in providing shelters to support transit riders, but more can be done. Each city in LA County receives a local return from LA County's Propositions A and C and Measures R and M, which helps fund things like bus shelters, benches, and other local transit needs.

Metro has committed to providing technical assistance to cities, which is a step in the right direction. However, in many cases, cities may still not recognize the need, or may face other constraints. In these circumstances, Metro can provide its data and expertise to alleviate this glaring challenge across the Metro system. Metro can also help local jurisdictions with scarce resources deliver bus stop improvements.

SUBJECT: METRO BUS SHELTERS MOTION**RECOMMENDATION****APPROVE Motion by Directors Hahn, Mitchell, Najarian, Dupont-Walker, and Horvath that the Board**

direct the Chief Executive Officer to:

- A. Identify priority bus stops within each local jurisdiction based upon data, including but not limited to:
 - 1. Ridership per line and stop;
 - 2. Existing bus stop amenities such as seating, shelters, and lighting
 - 3. Heat island index
 - 4. EFCs
 - 5. Safety related incidents over the last three year
- B. Share all available bus stop data with each applicable jurisdiction;
- C. Inventory transportation funding sources which can be leveraged to help local jurisdictions deliver bus stop improvements, including Metro-controlled and pass-through sources as well as both formula and competitive programs;
- D. Recommend technical, financial, and other ways for Metro to support bus stop improvements by local jurisdictions, prioritizing such improvements in Equity Focus Communities;
- E. In consultation with jurisdictions, host a bus stop summit to review the state of bus shelters, including examples of best practices and a vendor showcase;
- F. As part of the annual local return audit, report on the progress of installing and maintaining bus stop amenities by jurisdiction; and
- G. Report back on the above action items in 120 days.

Measure M Local Return

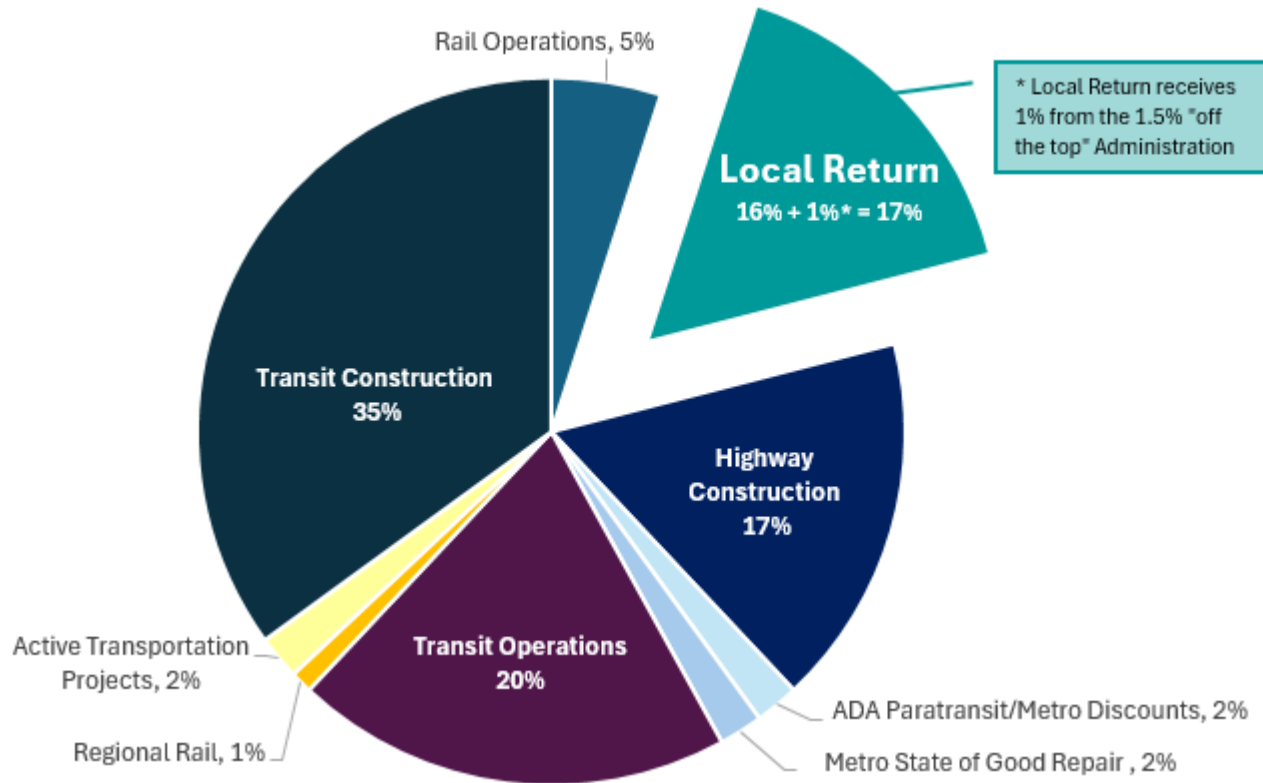


**Measure M Oversight Committee
Local Programming
March 4, 2026 Update**



Metro

Local Return (LR) – Measure M



- **Measure M**
 - Approved 2016
 - Funding started FY18
- **LR share 17%**
 - 16% share + 1% of the 1.5% off the top
- **Requires Assurances and Understanding agreement**
- **Due Dates (same for all LR funds)**
 - August 1 – Budget
 - October 15 – Expenditures
- **Annual Compliance Audits**

Local Return – Updates

Measure M Updates

- Audit workshop was May 28th
- Board approved Capital Reserves accounts in June 2025
- Cities were notified of deadlines and requirements for new fiscal year (FY26)
- The FY2024-25 audit process was completed December 31, 2025

FY2024-25 Audit began October 2025 and ended December 31, 2025

- 12 cities with 18 audit findings
- Notifications sent regarding due dates and potential lapsing dates

Summary of Audit Findings

FY24-25 Audit		
City	# of MM findings	Finding
Artesia	1	Funds were expended before approval
Calabasas	1	Late submission Expenditure Plan (Form M-One)
Compton	1	Accounting procedures were inadequate
Cudahy	2	1) Funds were expended before approval; 2) Admin expenses were over 20% cap (This is a repeat finding)
Culver City	1	Funds were expended before approval
Downey	1	Funds were expended before approval
Glendora	3	1) Funds were expended before approval 2) Inadequate payroll tracking 3) Year end closing records not completed on time (This is a repeat finding)
Huntington Park	2	1) Late submission of Expenditure Plan (Form M-One); 2) Accounting procedures were inadequate (This is a repeat finding)
Lynwood	1	Funds were expended before approval
Palos Verdes Estates	2	1) Funds were expended before approval; 2) Accounting procedures were inadequate
Redondo Beach	1	Accounting procedures were inadequate
San Fernando	1	Funds were expended before approval
Santa Fe Springs	1	Accounting procedures were inadequate

Note: Majority of audit findings were resolved during the audit

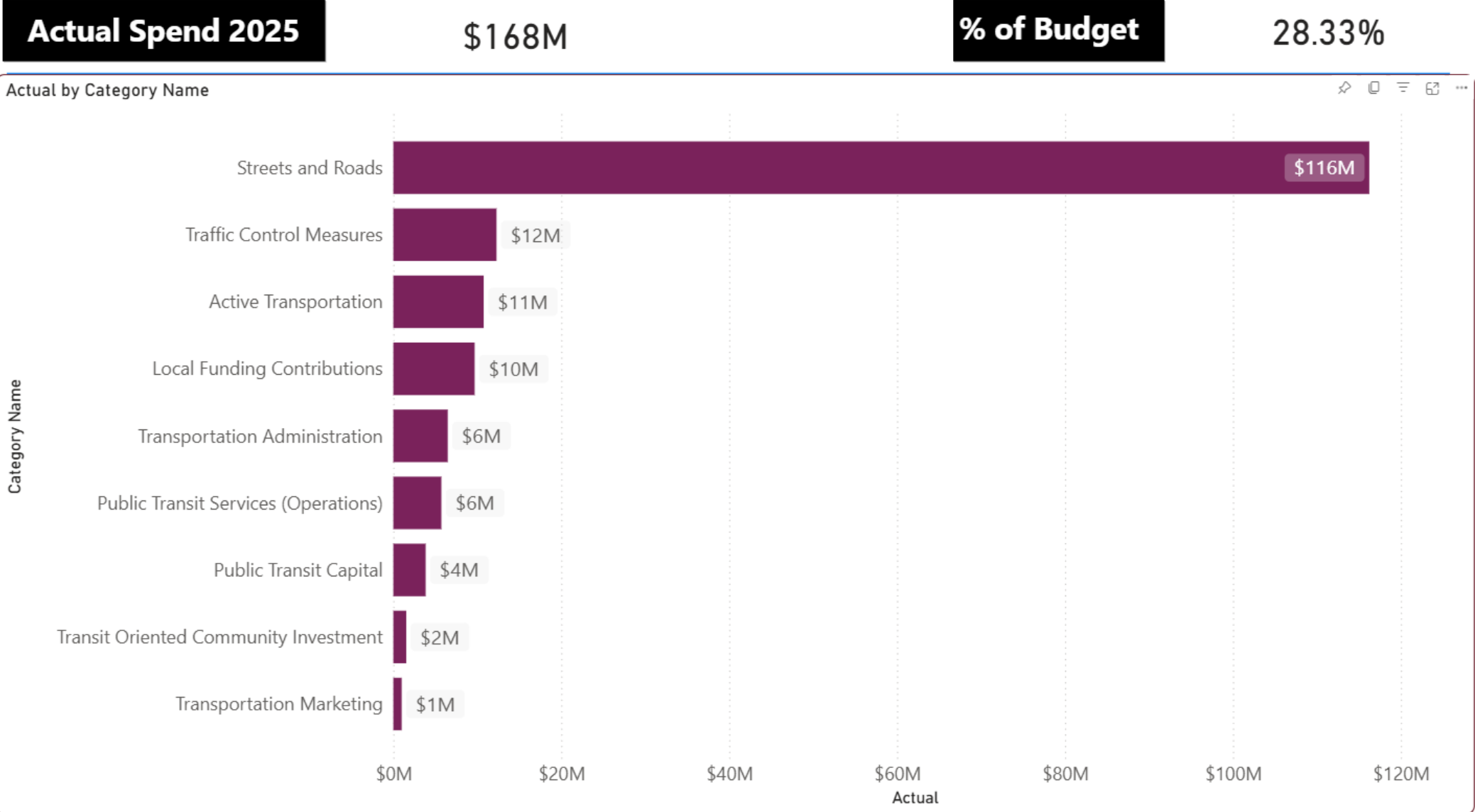


Local Return – Updates

Metro Board Bus Shelters Motion (Motion 20)

- Investigate Local Return investments in bus stops and other efforts
- To date in 2026, 3 cities are using Measure M LR funds for bus stops
- Most cities use other local return sources for bus stop improvements
- This will inform planned Quality of Life Scorecard which will assess how pass-through funding supports local infrastructure including bus stops

FY25 Measure M Local Return Fund Usage - Actuals



THANK YOU

Questions?

Local Programming

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