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*One Gateway Plaza, Los Angeles, CA 90012,
3rd Floor, Metro Board Room*

Agenda - Final

Monday, March 9, 2026

1:00 PM

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**Measure R Independent Taxpayer Oversight
Committee**

*Judge Clifford Klein, Chair
Judge Jay Gandhi*

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 general 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 General 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.

TECHNOLOGY DISRUPTIONS - Although staff will do their due diligence to restore service, if joining the meeting virtually, please be aware that the Committee or Board may continue its meeting notwithstanding a technical disruption that prevents members of the public from attending or observing the meeting via the two-way telephonic service or two-way audio visual platform.

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

DISCLOSURE OF CONTRIBUTIONS

The State Political Reform Act (Government Code Section 84308) requires that a party to a proceeding coming before an agency involving a license, permit, or other entitlement for use including all contracts (other than competitively bid contracts that are required by law, agency policy, or agency rule to be awarded pursuant to a competitive process , labor contracts, personal employment contracts, contracts valued under \$50,000, contracts where no party receives financial compensation, contracts between two or more agencies, the periodic review or renewal of development agreements unless there is a material modification or amendment proposed to the agreement, the periodic review or renewal of competitively bid contracts unless there are material modifications or amendments proposed to the agreement that are valued at more than 10 percent of the value of the contract or fifty thousand dollars (\$50,000), whichever is less, and modifications of or amendments to any of the foregoing contracts, other than competitively bid contracts), shall disclose on the record of the proceeding any contributions in an amount of more than \$500 made within the preceding 12 months by the party, or the party's agent, to any officer of the agency. When a closed corporation is party to, or participant in, such a proceeding, the majority shareholder must make the same disclosure. 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.

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.



323.466.3876

x2 *Español (Spanish)*

x3 *中文 (Chinese)*

x4 *한국어 (Korean)*

x5 *Tiếng Việt (Vietnamese)*

x6 *日本語 (Japanese)*

x7 *русский (Russian)*

x8 *Հայերէն (Armenian)*

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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 Meeting begins at 1:00 PM Pacific Time on March 9, 2026; you may join the call 5 minutes prior to the start of the meeting.

Dial-in: 888-978-8818 and enter
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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 Reunion de la Junta comienza a las 1:00 PM, hora del Pacifico, el 9 de Marzo de 2026. Puedes unirte a la llamada 5 minutos antes del comienso de la junta.

Marque: 888-978-8818 y ingrese el codigo
Codigo de acceso en ingles: 5647249#
Codigo de acceso en espanol: 7292892#

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** [2026-0072](#)

RECOMMENDATION

RECEIVE remarks by the Chair.

2. **SUBJECT: MINUTES** [2026-0149](#)

RECOMMENDATION

APPROVE Minutes of the Measure R Independent Taxpayer Oversight Committee Meeting held March 5, 2025.

Attachments: [Measure R MINUTES - March 5, 2025](#)

3. **SUBJECT: ELIGIBILITY TO MEET VIA TELECONFERENCE IN COMPLIANCE WITH SENATE BILL 707 (DURAZO)** [2026-0110](#)

RECOMMENDATION

APPROVE the Measure R Independent Taxpayers Oversight Committee's use of relaxed teleconferencing rules for eligible subsidiary bodies pursuant to Senate Bill 707 (SB 707), Government Code section 54953.8.6, as authorized by the findings made by the Metro Board of Directors.

Attachments: [Attachment A - SB707 \(Durazo\)](#)
[Presentation](#)

4. **SUBJECT: MEASURE R BONDS** [2026-0102](#)

RECOMMENDATION

ADOPT a resolution (Attachment A) which finds, in accordance with Section 8(i)(4) of the Measure R Ordinance, that the benefits from the proposed financing for accelerating project delivery, avoiding future cost escalation and related factors exceed issuance and interest costs.

Attachments: [Attachment A - Finding of Benefit Resolution](#)
[Presentation](#)

5. **SUBJECT: MEASURE R AUDITS OF FISCAL YEAR 2025**

[2026-0060](#)

RECOMMENDATION

RECEIVE AND FILE the Independent Auditor's Report on:

- A. Schedule of Revenues and Expenditures for Measure R Special Revenue Fund for the Fiscal Year ended June 30, 2025 (Attachment A) completed by BCA Watson Rice, LLP (BCA);
- B. Compliance with Requirements Applicable to Measure R Ordinance and Measure R Local Return Guidelines for the Fiscal Year ended June 30, 2025 (Attachment B) completed by Vasquez & Company, LLP (Vasquez); and
- C. Compliance with Requirements Applicable to Measure R Ordinance and Measure R Local Return Guidelines for the Fiscal Year ended June 30, 2025 (Attachment C) completed by Simpson and Simpson, LLP (Simpson).

Attachments: [Attachment A - BCA Audit Report \(FY25\)](#)
 [Attachment B - Vasquez Audit Report \(FY25\)](#)
 [Attachment C - Simpson Audit Report \(FY25\)](#)
 [Presentation - BCA](#)
 [Presentation - Vasquez](#)
 [Presentation - Simpson](#)

6. **SUBJECT: BUDGET OUTREACH AND ENGAGEMENT REPORT**

[2026-0093](#)

RECOMMENDATION

RECEIVE an oral report and live demonstration of the My Metro Budget Activity and the My Metro Priorities.

Attachments: [Presentation](#)

7. **SUBJECT: LOCAL RETURN**

[2026-0057](#)

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.

Attachments: [Attachment A - Motion 20 - Metro Bus Shelters Motion](#)
 [Presentation](#)

SUBJECT: GENERAL PUBLIC COMMENT

[2026-0152](#)

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

File #: 2026-0149, **File Type:** Minutes

Agenda Number: 2.

MEASURE R INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE MARCH 9, 2026

SUBJECT: MINUTES

RECOMMENDATION

APPROVE Minutes of the Measure R Independent Taxpayer Oversight Committee Meeting held March 5, 2025.



MINUTES

Wednesday, March 5, 2025

1:00 PM

Measure R Independent Taxpayer Oversight Committee

DIRECTORS PRESENT:
Judge Jay Gandhi, Chair
Judge Clifford Klein

CALLED TO ORDER: 1:00 P.M.

ROLL CALL

1. SUBJECT: REMARKS BY THE CHAIR

2025-0075

RECEIVED remarks by the Chair.

Chair Gandhi shared that he lost his home in the recent wildfires and expressed his condolences to those who also lost their homes or were affected by this tragedy.

Staff shared that modifications were made to the LIFE program to offer free rides for impacted individuals.

CK	JG (Chair)
P	P

2. SUBJECT: MINUTES

2025-0155

APPROVED Minutes of the Measure R Independent Taxpayer Oversight Committee Meeting held March 7, 2024.

CK	JG (Chair)
Y	Y

3. SUBJECT: COST-BENEFIT ANALYSIS FOR METRO CAPITAL PROJECTS

2025-0176

RECEIVED oral report on cost-benefit analysis for Metro capital projects.

Judge Klein asked if a similar analysis was conducted prior to this framework. Staff confirmed that while prior analyses existed, this effort consolidates evaluations under a single umbrella to reflect recent LADOT changes.

During public comment, a concern was raised about how the framework applies when an alternative has been selected. Staff clarified that the framework provides structure while considering multiple analysis methods.

CK	JG (Chair)
P	P

CK = C. Klein	JG = J. Gandhi
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LEGEND: Y = YES, N = NO, C = CONFLICT, ABS = ABSTAIN, A = ABSENT, P = PRESENT

4. SUBJECT: MEASURE R AUDITS OF FISCAL YEAR 2024

2025-0058

RECEIVE AND FILE the Independent Auditor's Report on:

- A. Schedule of Revenues and Expenditures for Measure R Special Revenue Fund for the Fiscal Year ended June 30, 2024 (Attachment A) completed by BCA Watson Rice, LLP (BCA);
- B. Compliance with Requirements Applicable to Measure R Ordinance and Measure R Local Return Guidelines for the Fiscal Year ended June 30, 2024 (Attachment B) completed by Vasquez & Company, LLP (Vasquez); and
- C. Compliance with Requirements Applicable to Measure R Ordinance and Measure R Local Return Guidelines for the Fiscal Year ended June 30, 2024 (Attachment C) completed by Simpson and Simpson, LLP (Simpson).

Judge Klein asked how the conclusion is met in the compliance audit. Staff explained that for Compton, records were unavailable, and for Baldwin Park, the required 25% threshold was not met.

Judge Gandhi requested an explanation of the different types of audit opinions and Staff explained the four opinions that can be issued.

<u>ACTION TAKEN:</u>	
CK	JG (Chair)
P	P

5. SUBJECT: LOCAL RETURN

2025-0100

RECEIVED 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.

<u>ACTION TAKEN:</u>	
CK	JG (Chair)
P	P

6. SUBJECT: BUDGET OUTREACH AND ENGAGEMENT REPORT

2025-0114

RECEIVED an oral report and provide a live demonstration of the My Metro Budget Activity.

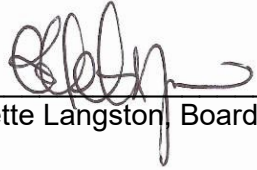
Judge Klein inquired about the use of the term "equity" in Metro's policies. Staff explained that the Board has adopted an equity platform, ensuring its integration across all initiatives while maintaining core values.

<u>ACTION TAKEN:</u>	
CK	JG (Chair)
P	P

RECEIVED General Public Comment.

ADJOURNED AT 2:03 P.M.

Prepared by: Jennifer Avelar
Sr. Administrative Analyst



Collette Langston, Board Clerk



Board Report

File #: 2026-0110, File Type: Policy

Agenda Number: 3.

MEASURE R INDEPENDENT TAXPAYERS OVERSIGHT COMMITTEE MARCH 9, 2026

SUBJECT: ELIGIBILITY TO MEET VIA TELECONFERENCE IN COMPLIANCE WITH SENATE BILL 707 (DURAZO)

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

APPROVE the Measure R Independent Taxpayers Oversight Committee's use of relaxed teleconferencing rules for eligible subsidiary bodies pursuant to Senate Bill 707 (SB 707), Government Code section 54953.8.6, as authorized by the findings made by the Metro Board of Directors.

ISSUE

SB 707 (Attachment A), signed into law in October 2025, updates and extends the relaxed teleconferencing options first authorized under Assembly Bill 2449 (Rubio). These relaxed rules allow members of a legislative body to participate in a teleconference meeting from a remote location that is not accessible to the public, provided certain requirements are met.

While SB 707 continues to provide relaxed teleconferencing options for a legislative body of a local agency (i.e., bodies subject to the Brown Act) under updated "just cause" requirements or as a reasonable accommodation, it adds an additional avenue for "eligible subsidiary bodies" (defined in SB 707) to meet remotely using the relaxed teleconferencing standards (outside of "just cause" reasons). Under these expanded rules, an eligible subsidiary body may elect to meet remotely under the relaxed teleconferencing standards if the Metro Board adopts the required statutory findings and renews them every six months.

This Committee qualifies as an eligible subsidiary body; however, the relaxed meeting requirements do not take effect automatically. Formal adoption is required before the Committee may utilize these provisions.

BACKGROUND

The Brown Act, first enacted in 1953, governs meetings conducted by local legislative bodies, such as boards of supervisors, city councils and school boards. It establishes open meeting requirements for legislative bodies to ensure transparency and public access to governmental decision-making.

Assembly Bill 2449 (AB 2449), enacted in September 2022, amended the Brown Act to allow limited remote participation by members of legislative bodies under specified “just cause” or emergency circumstances, subject to notice, access, and quorum requirements. AB 2449 expired on December 31, 2025.

SB 707 further amended the Brown Act by extending and modifying the teleconferencing provisions set forth by AB 2449 and by authorizing certain eligible subsidiary bodies to meet using relaxed teleconferencing standards without requiring a “just cause” determination for each participating member. SB 707 requires the adoption of specific findings by the governing body (the Metro Board) and mandates periodic reaffirmation of those findings for continued use of the relaxed requirements.

On January 22, 2026, the Metro Board approved the required statutory findings under SB 707, establishing that eligible subsidiary bodies may utilize the relaxed teleconferencing provisions. The Metro Board must make these findings every 6 months for the eligible bodies to continue to use relaxed teleconferencing under SB 707.

The Committee, as an eligible body, may approve by majority vote to operate under these relaxed teleconferencing rules.

DISCUSSION

The Committee qualifies as an eligible subsidiary body under SB 707. The Committee’s advisory role to the Metro Board and its composition meet the statutory criteria for use of the relaxed teleconferencing provisions.

Authorizing the Committee to operate under the relaxed meeting requirements would provide additional flexibility in meeting participation and support the Committee’s ability to maintain a quorum while continuing to comply with applicable Brown Act requirements.

Use of the relaxed teleconferencing provisions authorized under SB 707 is optional and requires adoption by the Committee. Continued use of these provisions is contingent upon the Metro Board’s renewal of the required statutory findings at least every six months.

If the relaxed provisions are not reaffirmed by Metro’s Board every six months, the Committee would be required to conduct meetings in accordance with standard Brown Act meeting requirements.

DETERMINATION OF SAFETY IMPACT

This action does not have an impact on safety.

FINANCIAL IMPACT

There is no financial impact associated with this action as teleconferencing mechanisms are already in place.

EQUITY PLATFORM

This action supports equitable access to the Committee's advisory processes by allowing flexible participation options for members. Teleconference flexibility reduces barriers to participation for advisory body members who travel from across Los Angeles County and may face challenges related to work schedules or other responsibilities. This item supports inclusive participation and the Committee's ongoing operations.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommendation supports strategic plan goal #5 to provide responsive, accountable, and trustworthy governance within the Metro organization by allowing the Committee to meet virtually.

ALTERNATIVES CONSIDERED

The Committee can choose not to adopt the relaxed rules that allow virtual meetings outside of "just cause" reasons; however, members would generally be required to participate in person, which may limit the Committee's ability to accommodate members' attendance. This could result in challenges in achieving or maintaining a quorum.

NEXT STEPS

Upon approval, staff will implement the adopted meeting procedures and periodically reaffirm the Metro Board's authorization for the continued use of the relaxed procedures.

ATTACHMENTS

Attachment A - SB 707 (Durazo)

Prepared by: Drew Allen, Chief Administrative Analyst, (213) 922-5473
Monica Del Toro, Senior Manager, Audit, (213) 922-7494
Kimberly L. Houston, Deputy Chief Auditor, (213) 922-4720

Reviewed by: Sharon Gookin, Deputy Chief Executive Officer, (213) 418-3101
Collette Langston, Board Clerk, (213) 922-2837

Senate Bill No. 707**CHAPTER 327**

An act to amend Sections 54952.7, 54953, 54953.5, 54953.7, 54954.2, 54954.3, 54956, 54956.5, 54957.6, 54957.9, and 54957.95 of, to amend and repeal Section 54952.2 of, to add Sections 54953.8, 54953.8.1, 54953.8.2, and 54957.96 to, and to add and repeal Sections 54953.4, 54953.8.3, 54953.8.4, 54953.8.5, 54953.8.6, and 54953.8.7 of, the Government Code, relating to local government.

[Approved by Governor October 03, 2025. Filed with Secretary of State October 03, 2025.]

LEGISLATIVE COUNSEL'S DIGEST

SB 707, Durazo. Open meetings: meeting and teleconference requirements.

(1) Existing law, the Ralph M. Brown Act, requires, with specified exceptions, that all meetings of a legislative body, as defined, of a local agency be open and public and that all persons be permitted to attend and participate.

This bill would, beginning July 1, 2026, and until January 1, 2030, require an eligible legislative body, as defined, to comply with additional meeting requirements, including that, except as specified, all open and public meetings include an opportunity for members of the public to attend via a 2-way telephonic service or a 2-way audiovisual platform, as defined, and that the eligible legislative body take specified actions to encourage residents to participate in public meetings, as specified. The bill would require an eligible legislative body, on or before July 1, 2026, to approve at a noticed public meeting in open session a policy regarding disruption of telephonic or internet services occurring during meetings subject to these provisions, as specified, and would require the eligible legislative body to comply with certain requirements relating to disruption, including for certain disruptions, recessing the open session for at least one hour and making a good faith attempt to restore the service, as specified.

(2) Existing law prohibits a majority of the members of a legislative body, outside a meeting authorized by the act, from using a series of communications of any kind to discuss, deliberate, or take action on any item of business that is within the subject matter jurisdiction of the legislative body. Existing law defines “meetings” for these purposes to mean any congregation of a majority of the members of a legislative body at the same time and location, as specified, to hear, discuss, deliberate, or take action on any item that is within the subject matter jurisdiction of the legislative body. Until January 1, 2026, existing law excepts from the prohibition a member engaging in separate conversations or communications outside of a meeting with any other person using an internet-based social media platform for specified purposes, provided, among other things, that a majority of the members do not use the internet-based social media platform to discuss among themselves business of a specific nature that is within the subject matter jurisdiction of the legislative body.

This bill would make the above-described exception related to communications on an internet-based social media platform applicable indefinitely.

(3) Existing law requires a legislative body, prior to taking final action, to orally report a summary of a recommendation for a final action on specified forms of compensation for a local agency executive, as defined, during the open meeting in which the final action is to be taken.

This bill would also require the legislative body to make that oral report, as provided above, prior to taking final action on those specified forms of compensation for a department head or other similar administrative officer of

the local agency.

(4) Existing law requires a legislative body of a local agency or its designee, at least 72 hours before a regular meeting, to post an agenda that meets specified requirements, including that the agenda contain a brief general description of each item of business to be transacted or discussed at the meeting, as specified.

This bill would, beginning July 1, 2026, and until July 1, 2030, require the agenda for each meeting of an eligible legislative body, as defined, to be translated into all applicable languages. The bill would define “applicable languages” to mean languages, according to data from the most recent American Community Survey, spoken jointly by 20% or more of the applicable population, as specified, provided that 20% or more of the population that speaks that language that in that city or county speaks English less than “very well,” as specified, and except as provided.

Existing law requires every agenda for regular meetings to provide an opportunity for members of the public to directly address the legislative body on any item of interest of the public, as specified. Existing law specifies that the agenda is not required to provide an opportunity for members of the public to address the legislative body on any item that has already been considered by a committee, as specified, except if the item has been substantially changed since the committee heard the item, as determined by the legislative body.

This bill would add certain exceptions to the provision related to an item that has already been considered by a committee, including excepting committees whose primary subject matter jurisdiction focuses on elections, budgets, police oversight, privacy, removing from, or restricting access to, materials available in public libraries, or taxes or related spending proposals, except as specified.

(5) Existing law authorizes a legislative body of a local agency to require a copy of the act to be given to each member of the legislative body and specified persons elected to serve as a member of the legislative body, and authorizes an elected legislative body member to require a copy to be given to each member of each legislative body all or a majority of whose members are appointed by or under the authority of the elected legislative body.

This bill would instead require a local agency to provide a copy of the act to any person elected or appointed to serve as a member of a legislative body of the local agency.

Existing law authorizes legislative bodies of local agencies to impose requirements upon themselves which allow greater access to their meetings than prescribed by the minimal standards set forth in the act, and authorizes an elected legislative body of a local agency to also impose those requirements on those appointed legislative bodies of the local agency of which all or a majority of the members are appointed by or under the authority of the elected legislative body.

This bill would remove the above-described requirement that members of an appointed legislative body of a local agency must be appointed by or under the authority of the elected legislative body of a local agency in order for the elected legislative body to impose the above-described requirements on the appointed legislative body.

(6) Existing law provides any person attending an open and public meeting of a legislative body of a local agency with the right to record the proceedings with an audio or visual recorder or a still or motion picture camera, as specified.

This bill would remove the reference to an audio or visual recorder or a still or motion picture camera for purposes of recording the proceedings, as described above.

(7) Existing law authorizes a legislative body of a local agency to use teleconferencing, as specified, and requires a legislative body of a local agency that elects to use teleconferencing to comply with specified general requirements, including that the local agency post agendas at all teleconference locations, identify each teleconference location in the notice and agenda of the meeting or proceeding, and have each teleconference location be accessible to the public. Existing law also requires that, during the teleconference, at least a quorum

of the members of the legislative body participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction, except as specified.

Existing law authorizes members who are outside the jurisdiction of a health authority, as defined, that conducts a teleconferencing meeting to, notwithstanding the above-described general teleconference provisions, count towards the establishment of a quorum when participating in the teleconference if, among other things, at least 50% of the number of members that would establish a quorum are present within the boundaries of the territory over which the authority exercises jurisdiction.

Existing law authorizes, in certain circumstances, the legislative body of a local agency to use specified alternative teleconferencing which include provisions related to, among others, notice of the means by which members of the public may access the meeting and offer public comment and identifying and including an opportunity for all persons to attend via a call-in option or an internet-based service option. Those circumstances in which the legislative body of a local agency is authorized to use the alternative teleconferencing provisions include specified circumstances relating to a state of emergency, as defined, and, until January 1, 2026, subject to specified limitations, a member's need to participate remotely due to just cause, defined to include, among other things, a need related to a physical or mental disability, or emergency circumstances, as defined, if certain quorum and disclosure requirements are met.

Existing law also authorizes certain eligible legislative bodies, including neighborhood councils and student body associations and student-run community college organizations to, until January 1, 2026, use alternate teleconferencing if, among other requirements, the city council or board of trustees, as applicable, has adopted an authorizing resolution and $\frac{2}{3}$ of the neighborhood city council or specified student organization, as applicable, votes to use alternate teleconference provisions, as specified.

This bill would revise and recast the above-specified teleconferencing and alternative teleconferencing provisions to uniformly apply certain noticing, disclosure, accessibility, and public commenting provisions. The bill would require a legislative body of a local agency that elects to use teleconferencing pursuant to these alternative teleconferencing provisions to comply with, in addition to any other applicable requirements under the act, specified requirements, including that the legislative body provides at least either 2-way audiovisual platform or 2-way telephonic service and a live webcasting of the meeting as a means by which the public may, among other things, remotely hear and visually observe the meeting, and that a member of the legislative body who participates in a teleconference meeting from a remote location pursuant to these alternative teleconferencing provisions and the specific provision of law that the member relied upon to permit their participation by teleconferencing are listed in the minutes of the meeting. The bill would require a local agency to identify and make available to legislative bodies a list of one or more meeting locations that may be available for use by the legislative bodies to conduct their meetings.

The bill would specify that nothing in the bill's provisions is to be construed to prohibit a member of a legislative body with a disability, as defined, from participating in any meeting of the legislative body by remote participation as a reasonable accommodation pursuant to any applicable law. The bill would apply certain provisions relative to, among other things, quorum establishment to that circumstance.

The bill would instead authorize a health authority, as defined, to conduct a teleconference meeting pursuant to the above-described alternative teleconferencing provisions.

The bill would revise and recast the alternative teleconferencing provisions applicable in a state of emergency, as defined. The bill would also include a local emergency, as defined, as a circumstance in which a legislative body of a local agency is authorized to use the alternative teleconferencing provisions.

The bill would revise and recast the alternative teleconferencing provisions applicable in cases of a member's need to participate remotely due to just cause or emergency circumstances, as defined, to remove the provision applicable to emergency circumstances, to revise related definitions, including broadening the definition of just cause to include, among other things, a physical or family medical emergency that prevents a member from attending in person, and to require the minutes for a meeting to identify the specific provision of law that each

member relied upon to participate remotely, as specified. The bill would extend the authorization to use the alternative teleconferencing provision until January 1, 2030.

The bill would revise and recast the alternative teleconferencing provisions applicable to neighborhood councils and student body associations and student-run community college organizations. In regards to the alternative teleconferencing provisions applicable to student body associations and student-run community college organizations, the bill would exempt the California Online Community College from specified requirements for an in-person quorum, a physical location for public participation, and certain accommodations under the authorization, and remove the ability for a person with a disability that requires certain accommodations to count towards the in-person quorum requirement. The bill would specify that the student body associations and student-run community college organizations described above are those in any community college recognized within the California Community Colleges system, and would extend the authorization to the Student Senate for California Community Colleges. The bill would extend the authorization to use the alternative teleconferencing provisions applicable to neighborhood councils and student body associations and student-run community college organizations until January 1, 2030.

The bill would, until January 1, 2030, also authorize a specified subsidiary body of local agencies to conduct a teleconference meeting pursuant to the above-described alternative teleconferencing provisions, provided that it complies with the requirements for alternative teleconferencing described above and additional requirements, including that the subsidiary body designates one physical meeting location within the boundaries of the legislative body that created the subsidiary body where members of the subsidiary body who are not participating remotely shall be present and members of the public may physically attend, observe, hear, and participate in the meeting, as specified.

The bill would, until January 1, 2030, also authorize specified multijurisdictional bodies of local agencies to conduct a teleconference meeting pursuant to the above-described alternative teleconferencing provisions, provided that it complies with the requirements for alternative teleconferencing described above and additional requirements, including that the eligible multijurisdictional body has adopted a resolution that authorizes the multijurisdictional body to use teleconferencing at a regular meeting in open session.

The bill would specify that these teleconferencing provisions are cumulative, and would authorize a legislative body to elect to use any teleconferencing provisions that are applicable to a meeting, regardless of whether any other teleconferencing provisions would also be applicable to that meeting.

Existing law defines “teleconference” for purposes of the authorization for a legislative body of a local agency to use teleconferencing to mean a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both.

This bill would specify that “teleconference” does not include the attendance of one or more members of a legislative body in a meeting of the body solely by watching or listening via webcasting or any other similar electronic medium that does not permit members to interactively speak, discuss, or deliberate on matters.

(8) Existing law authorizes a special meeting to be called any time by, among other persons, the presiding officer of the legislative body of a local agency, by delivering specified written notices and posting a notice on the local agency’s internet website, if the local agency has one. Existing law requires specified legislative bodies to comply with the internet website posting requirement.

The bill would remove the requirement that only specified legislative bodies comply with the internet website posting requirement, thereby imposing that requirement on all legislative bodies.

(9) Existing law authorizes a legislative body of a local agency to hold an emergency meeting without complying with specified notice and posting requirements in the case of emergency circumstances, as specified, and imposes various requirements under these provisions applicable to either legislative bodies generally or legislative bodies which are a school board.

This bill would remove the school board distinction from the above-described provisions, thereby imposing the same requirements to hold an emergency meeting on all legislative bodies of local agencies.

By imposing additional duties on legislative bodies of local agencies, the bill would impose a state-mandated local program.

(10) Existing law authorizes, in addition to other related specified authorizations, the presiding member of the legislative body conducting a meeting or their designee to remove, or cause the removal of, an individual for disrupting the meeting. Existing law defines “disrupting” for these purposes to mean engaging in behavior during a meeting of a legislative body that actually disrupts, disturbs, impedes, or renders infeasible the orderly conduct of the meeting, as specified.

This bill would specify that a meeting for purposes of that provision includes any teleconferenced meeting. The bill would specify that the existing authority of a legislative body or its presiding officer to remove or limit participation by persons who engage in behavior that actually disrupts, disturbs, impedes, or renders infeasible the orderly conduct of the meeting, as specified, applies to members of the public participating in a meeting via a 2-way telephonic service or a 2-way audiovisual platform, as those terms are defined.

(11) The bill would make other updates to references in the act.

(12) Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

(13) The California Constitution requires local agencies, for the purpose of ensuring public access to the meetings of public bodies and the writings of public officials and agencies, to comply with a statutory enactment that amends or enacts laws relating to public records or open meetings and contains findings demonstrating that the enactment furthers the constitutional requirements relating to this purpose.

This bill would make legislative findings to that effect.

(14) The bill would include findings that changes proposed by this bill address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities.

(15) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Digest Key

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

Bill Text

**THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS
FOLLOWS:**

SECTION 1. Section 54952.2 of the Government Code, as amended by Section 1 of Chapter 89 of the Statutes of 2020, is amended to read:

54952.2. (a) As used in this chapter, “meeting” means any congregation of a majority of the members of a legislative body at the same time and location, including teleconference location as permitted by Section 54953, to hear, discuss, deliberate, or take action on any item that is within the subject matter jurisdiction of the legislative body.

(b) (1) A majority of the members of a legislative body shall not, outside a meeting authorized by this chapter, use a series of communications of any kind, directly or through intermediaries, to discuss, deliberate, or take action on any item of business that is within the subject matter jurisdiction of the legislative body.

(2) Paragraph (1) shall not be construed as preventing an employee or official of a local agency, from engaging in separate conversations or communications outside of a meeting authorized by this chapter with members of a legislative body in order to answer questions or provide information regarding a matter that is within the subject matter jurisdiction of the local agency, if that person does not communicate to members of the legislative body the comments or position of any other member or members of the legislative body.

(3) (A) Paragraph (1) shall not be construed as preventing a member of the legislative body from engaging in separate conversations or communications on an internet-based social media platform to answer questions, provide information to the public, or to solicit information from the public regarding a matter that is within the subject matter jurisdiction of the legislative body provided that a majority of the members of the legislative body do not use the internet-based social media platform to discuss among themselves business of a specific nature that is within the subject matter jurisdiction of the legislative body. A member of the legislative body shall not respond directly to any communication on an internet-based social media platform regarding a matter that is within the subject matter jurisdiction of the legislative body that is made, posted, or shared by any other member of the legislative body.

(B) For purposes of this paragraph, all of the following definitions shall apply:

(i) “Discuss among themselves” means communications made, posted, or shared on an internet-based social media platform between members of a legislative body, including comments or use of digital icons that express reactions to communications made by other members of the legislative body.

(ii) “Internet-based social media platform” means an online service that is open and accessible to the public.

(iii) “Open and accessible to the public” means that members of the general public have the ability to access and participate, free of charge, in the social media platform without the approval by the social media platform or a person or entity other than the social media platform, including any forum and chatroom, and cannot be blocked from doing so, except when the internet-based social media platform determines that an individual violated its protocols or rules.

(c) Nothing in this section shall impose the requirements of this chapter upon any of the following:

(1) Individual contacts or conversations between a member of a legislative body and any other person that do not violate subdivision (b).

(2) The attendance of a majority of the members of a legislative body at a conference or similar gathering open to the public that involves a discussion of issues of general interest to the public or to public agencies of the type represented by the legislative body, provided that a majority of the members do not discuss among themselves, other than as part of the scheduled program, business of a specified nature that is within the subject matter jurisdiction of the local agency. Nothing in this paragraph is intended to allow members of the public free admission to a conference or similar gathering at which the organizers have required other participants or registrants to pay fees or charges as a condition of attendance.

(3) The attendance of a majority of the members of a legislative body at an open and publicized meeting organized to address a topic of local community concern by a person or organization other than the local agency, provided that a majority of the members do not discuss among themselves, other than as part of the scheduled program, business of a specific nature that is within the subject matter jurisdiction of the legislative body of the local agency.

(4) The attendance of a majority of the members of a legislative body at an open and noticed meeting of another body of the local agency, or at an open and noticed meeting of a legislative body of another local agency, provided that a majority of the members do not discuss among themselves, other than as part of the scheduled meeting, business of a specific nature that is within the subject matter jurisdiction of the legislative body of the local agency.

(5) The attendance of a majority of the members of a legislative body at a purely social or ceremonial occasion, provided that a majority of the members do not discuss among themselves business of a specific nature that is within the subject matter jurisdiction of the legislative body of the local agency.

(6) The attendance of a majority of the members of a legislative body at an open and noticed meeting of a standing committee of that body, provided that the members of the legislative body who are not members of the standing committee attend only as observers.

SEC. 2. Section 54952.2 of the Government Code, as added by Section 2 of Chapter 89 of the Statutes of 2020, is repealed.

SEC. 3. Section 54952.7 of the Government Code is amended to read:

54952.7. A local agency shall provide a copy of this chapter to any person elected or appointed to serve as a member of a legislative body of the local agency.

SEC. 4. Section 54953 of the Government Code, as amended by Section 2 of Chapter 534 of the Statutes of 2023, is amended to read:

54953. (a) All meetings of the legislative body of a local agency shall be open and public, and all persons shall be permitted to attend any meeting of the legislative body of a local agency, except as otherwise provided in this chapter.

(b) (1) Notwithstanding any other provision of law, the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or proceeding authorized by law. The teleconferenced meeting or proceeding shall comply with all otherwise applicable requirements of this chapter and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding.

(2) Teleconferencing, as authorized by this section, may be used for all purposes in connection with any meeting within the subject matter jurisdiction of the legislative body. If the legislative body of a local agency elects to use teleconferencing, the legislative body of a local agency shall comply with all of the following:

(A) All votes taken during a teleconferenced meeting shall be by rollcall.

(B) The teleconferenced meetings shall be conducted in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the legislative body of a local agency.

(C) The legislative body shall give notice of the meeting and post agendas as otherwise required by this chapter.

(D) The legislative body shall allow members of the public to access the meeting and the agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3.

- (3) If the legislative body of a local agency elects to use teleconferencing, it shall post agendas at all teleconference locations. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the legislative body shall participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction, except as expressly provided in this chapter.
- (4) The teleconferencing requirements of this subdivision shall not apply to remote participation described in subdivision (c).
- (c) (1) Nothing in this chapter shall be construed to prohibit a member of a legislative body with a disability from participating in any meeting of the legislative body by remote participation as a reasonable accommodation pursuant to any applicable law.
- (2) A member of a legislative body participating in a meeting by remote participation pursuant to this subdivision shall do both of the following:
- (A) The member shall participate through both audio and visual technology, except that any member with a disability, as defined in Section 12102 of Title 42 of the United States Code, may participate only through audio technology if a physical condition related to their disability results in a need to participate off camera.
 - (B) The member shall disclose at the meeting before any action is taken, whether any other individuals 18 years of age or older are present in the room at the remote location with the member, and the general nature of the member's relationship with any of those individuals.
- (3) Remote participation under this subdivision shall be treated as in-person attendance at the physical meeting location for all purposes, including any requirement that a quorum of the legislative body participate from any particular location. The provisions of subdivision (b) and Sections 54953.8 to 54953.8.7, inclusive, shall not apply to remote participation under this subdivision.
- (d) (1) No legislative body shall take action by secret ballot, whether preliminary or final.
- (2) The legislative body of a local agency shall publicly report any action taken and the vote or abstention on that action of each member present for the action.
- (3) (A) Prior to taking final action, the legislative body shall orally report a summary of a recommendation for a final action on the salaries, salary schedules, or compensation paid in the form of fringe benefits of either of the following during the open meeting in which the final action is to be taken:
- (i) A local agency executive, as defined in subdivision (d) of Section 3511.1.
 - (ii) A department head or other similar administrative officer of the local agency.
- (B) This paragraph shall not affect the public's right under the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1) to inspect or copy records created or received in the process of developing the recommendation.
- (e) For purposes of this section, both of the following definitions apply:
- (1) "Disability" means a physical disability or a mental disability as those terms are defined in Section 12926 and used in Section 12926.1, or a disability as defined in Section 12102 of Title 42 of the United States Code.
 - (2) (A) "Teleconference" means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both.

(B) Notwithstanding subparagraph (A), “teleconference” does not include one or more members watching or listening to a meeting via webcasting or any other similar electronic medium that does not permit members to interactively speak, discuss, or deliberate on matters.

(3) “Remote participation” means participation in a meeting by teleconference at a location other than any physical meeting location designated in the notice of the meeting.

SEC. 5. Section 54953.4 is added to the Government Code, to read:

54953.4. (a) The Legislature finds and declares that public access, including through translation of agendas as required by this section, is necessary for an informed populace. The Legislature encourages local agencies to adopt public access requirements that exceed the requirements of this chapter by translating additional languages, employing human translators, and conducting additional outreach.

(b) (1) In addition to any other applicable requirements of this chapter, a meeting held by a eligible legislative body pursuant to this chapter shall comply with both of the following requirements:

(A) (i) (I) (ia) All open and public meetings shall include an opportunity for members of the public to attend via a two-way telephonic service or a two-way audiovisual platform, except if adequate telephonic or internet service is not operational at the meeting location. If adequate telephonic or internet service is operational at the meeting location during only a portion of the meeting, the legislative body shall include an opportunity for members of the public to attend via a two-way telephonic service or a two-way audiovisual platform during that portion of the meeting.

(ib) (Ia) On or before July 1, 2026, an eligible legislative body shall approve at a noticed public meeting in open session, not on the consent calendar, a policy regarding disruption of telephonic or internet service occurring during meetings subject to this sub-subclause. The policy shall address the procedures for recessing and reconvening a meeting in the event of disruption and the efforts that the eligible legislative body shall make to attempt to restore the service.

(Ib) If a disruption of telephonic or internet service that prevents members of the public from attending or observing the meeting via the two-way telephonic service or two-way audiovisual platform occurs during the meeting, the eligible legislative body shall recess the open session of the meeting for at least one hour and make a good faith attempt to restore the service. The eligible legislative body may meet in closed session during this period. The eligible legislative body shall not reconvene the open session of the meeting until at least one hour following the disruption, or until telephonic or internet service is restored, whichever is earlier.

(Ic) Upon reconvening the open session, if telephonic or internet service has not been restored, the eligible legislative body shall adopt a finding by rollcall vote that good faith efforts to restore the telephonic or internet service have been made in accordance with the policy adopted pursuant to sub-sub-subclause (Ia) and that the public interest in continuing the meeting outweighs the public interest in remote public access.

(II) Subclause (I) does not apply to a meeting that is held to do any of the following:

(ia) Attend a judicial or administrative proceeding to which the local agency is a party.

(ib) Inspect real or personal property provided that the topic of the meeting is limited to items directly related to the real or personal property.

(ic) Meet with elected or appointed officials of the United States or the State of California, solely to discuss a legislative or regulatory issue affecting the local agency and over which the federal or state officials have jurisdiction.

(id) Meet in or nearby a facility owned by the agency, provided that the topic of the meeting is limited to items directly related to the facility.

(ie) Meet in an emergency situation pursuant to Section 54956.5.

(ii) If an eligible legislative body elects to provide a two-way audiovisual platform, the eligible legislative body shall publicly post and provide a call-in option, and activate any automatic captioning function during the meeting if an automatic captioning function is included with the two-way audiovisual platform. If an eligible legislative body does not elect to provide a two-way audiovisual platform, the eligible legislative body shall provide a two-way telephonic service for the public to participate in the meeting, pursuant to subclause (I).

(B) (i) All open and public meetings for which attendance via a two-way telephonic service or a two-way audiovisual platform is provided in accordance with paragraph (1) shall provide the public with an opportunity to provide public comment in accordance with Section 54954.3 via the two-way telephonic or two-way audiovisual platform, and ensure the opportunity for the members of the public participating via a two-way telephonic or two-way audiovisual platform to provide public comment with the same time allotment as a person attending a meeting in person.

(2) (A) An eligible legislative body shall reasonably assist members of the public who wish to translate a public meeting into any language or wish to receive interpretation provided by another member of the public, so long as the interpretation is not disrupting to the meeting, as defined in Section 54957.95. The eligible legislative body shall publicize instructions on how to request assistance under this subdivision. Assistance may include any of the following, as determined by the eligible legislative body:

(i) Arranging space for one or more interpreters at the meeting location.

(ii) Allowing extra time during the meeting for interpretation to occur.

(iii) Ensuring participants may utilize their personal equipment or reasonably access facilities for participants to access commercially available interpretation services.

(B) This section does not require an eligible legislative body to provide interpretation of any public meeting, however, an eligible legislative body may elect to provide interpretation of any public meeting.

(C) The eligible legislative body is not responsible for the content or accuracy of any interpretation facilitated, assisted with, or provided under this subdivision. An action shall not be commenced or maintained against the eligible legislative body arising from the content or accuracy of any interpretation facilitated, assisted with, or provided under this subdivision.

(3) An eligible legislative body shall take the following actions to encourage residents, including those in underrepresented communities and non-English-speaking communities, to participate in public meetings:

(A) Have in place a system for electronically accepting and fulfilling requests for meeting agendas and documents pursuant to Section 54954.1 through email or through an integrated agenda management platform. Information about how to make a request using this system shall be accessible through a prominent direct link posted on the primary internet website home page of the eligible legislative body.

(B) (i) Create and maintain an accessible internet webpage dedicated to public meetings that includes, or provides a link to, all of the following information:

(I) A general explanation of the public meeting process for the eligible legislative body.

(II) An explanation of the procedures for a member of the public to provide in-person or remote oral public comment during a public meeting or to submit written public comment.

(III) A calendar of all public meeting dates with calendar listings that include the date, time, and location of each public meeting.

(IV) The agenda posted online pursuant to paragraph (2) of subdivision (a) of Section 54954.2.

(ii) The eligible legislative body shall include a link to the webpage required by subparagraph (A) on the home page of the eligible legislative body's internet website.

(C) (i) Make reasonable efforts, as determined by the legislative body, to invite groups that do not traditionally participate in public meetings to attend those meetings, which may include, but are not limited to, all the following:

(I) Media organizations that provide news coverage in the jurisdiction of the eligible legislative body, including media organizations that serve non-English-speaking communities.

(II) Good government, civil rights, civic engagement, neighborhood, and community group organizations, or similar organizations that are active in the jurisdiction of the eligible legislative body, including organizations active in non-English-speaking communities.

(ii) Legislative bodies shall have broad discretion in the choice of reasonable efforts they make under this subparagraph. No action shall be commenced or maintained against an eligible legislative body arising from failing to provide public meeting information to any specific group pursuant to this subparagraph.

(c) (1) (A) The agenda for each meeting of an eligible legislative body shall be translated into all applicable languages, and each translation shall be posted in accordance with Section 54954.2. Each translation shall include instructions in the applicable language describing how to join the meeting by the telephonic or internet-based service option, including any requirements for registration for public comment.

(B) The accessible internet webpage provided under subparagraph (B) of paragraph (3) of subdivision (b) shall be translated into all applicable languages, and each translation shall be accessible through a prominent direct link posted on the primary internet website home page of the eligible legislative body.

(2) A translation made using a digital translation service shall satisfy the requirements of paragraph (1).

(3) The eligible legislative body shall make available a physical location that is freely accessible to the public in reasonable proximity to the physical location in which the agenda and translations are posted as described in paragraph (1), and shall allow members of the public to post additional translations of the agenda in that location.

(4) The eligible legislative body is not responsible for the content or accuracy of any translation provided pursuant to this subdivision. No action shall be commenced or maintained against an eligible legislative body arising from the content, accuracy, posting, or removal of any translation provided by the eligible legislative body or posted by any person pursuant to this subdivision.

(5) For the purposes of this section, the agenda does not include the entire agenda packet.

(d) This section shall not be construed to affect or supersede any other applicable civil rights, nondiscrimination, or public access laws.

(e) For purposes of this section, all of the following definitions apply:

(1) (A) "Applicable languages" means languages, according to data from the most recent American Community Survey, spoken jointly by 20 percent or more of the applicable population, provided that 20 percent or more of the population that speaks that language in that city or county speaks English less than "very well."

(B) For the purposes of subparagraph (A), the applicable population shall be determined as follows:

(i) For an eligible legislative body that is a city council or county board of supervisors, the applicable population shall be the population of the city or county.

(ii) For an eligible legislative body of a special district, the applicable population shall be either of the following, at the discretion of the board of directors of the special district:

(I) The population of the county with the greatest population within the boundaries of the special district.

(II) The population of the service area of the special district, if the special district has the data to determine what languages spoken by the population within its service area meet the requirements of paragraph (A).

(C) If more than three languages meet the criteria set forth in subparagraph (A), “applicable languages” shall mean the three languages described in subparagraph (A) that are spoken by the largest percentage of the population.

(D) An eligible legislative body may elect to determine the applicable languages based upon a source other than the most recent American Community Survey if it makes a finding, based upon substantial evidence, that the other source provides equally or more reliable data for the territory over which the eligible legislative body exercises jurisdiction.

(2) “Eligible legislative body” means any of the following:

(A) A city council of a city with a population of 30,000 or more.

(B) A county board of supervisors of a county, or city and county, with a population of 30,000 or more.

(C) A city council of a city located in a county with a population of 600,000 or more.

(D) The board of directors of a special district that has an internet website and meets any of the following conditions:

(i) The boundaries of the special district include the entirety of a county with a population of 600,000 or more, and the special district has over 200 full-time equivalent employees.

(ii) The special district has over 1,000 full-time equivalent employees.

(iii) The special district has annual revenues, based on the most recent Financial Transaction Report data published by the California State Controller, that exceed four hundred million dollars (\$400,000,000), adjusted annually for inflation commencing January 1, 2027, as measured by the percentage change in the California Consumer Price Index from January 1 of the prior year to January 1 of the current year, and the special district employs over 200 full-time equivalent employees.

(3) “Two-way audiovisual platform” means an online platform that provides participants with the ability to participate in a meeting via both an interactive video conference and a two-way telephonic service.

(4) “Two-way telephonic service” means a telephone service that does not require internet access and allows participants to dial a telephone number to listen and verbally participate.

(f) This section shall become operative on July 1, 2026.

(g) This section shall remain in effect only until January 1, 2030, and as of that date is repealed.

SEC. 6. Section 54953.5 of the Government Code is amended to read:

54953.5. (a) Any person attending an open and public meeting of a legislative body of a local agency shall have the right to record the proceedings in the absence of a reasonable finding by the legislative body of the local agency that the recording cannot continue without noise, illumination, or obstruction of view that constitutes, or would constitute, a persistent disruption of the proceedings.

(b) Any recording of an open and public meeting made for whatever purpose by or at the direction of the local agency shall be subject to inspection pursuant to the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1), but, notwithstanding Section 34090, may be erased or destroyed 30 days after the recording. Any inspection of an audio or video recording shall be provided without charge on equipment made available by the local agency.

SEC. 7. Section 54953.7 of the Government Code is amended to read:

54953.7. Notwithstanding any other provision of law, legislative bodies of local agencies may impose requirements upon themselves which allow greater access to their meetings than prescribed by the minimal standards set forth in this chapter. In addition thereto, an elected legislative body of a local agency may impose those requirements on appointed legislative bodies of the local agency.

SEC. 8. Section 54953.8 is added to the Government Code, to read:

54953.8. (a) The legislative body of a local agency may use teleconferencing as authorized by subdivision (b) of Section 54953 without complying with the requirements of paragraph (3) of subdivision (b) of Section 54953 in any of the circumstances described in Sections 54953.8.1 to 54953.8.7, inclusive.

(b) A legislative body that holds a teleconference meeting pursuant to this section shall, in addition to any other applicable requirements of this chapter, comply with all of the following:

(1) The legislative body shall provide at least one of the following as a means by which the public may remotely hear and visually observe the meeting, and remotely address the legislative body:

(A) A two-way audiovisual platform.

(B) A two-way telephonic service and a live webcasting of the meeting.

(2) In each instance in which notice of the time of the teleconference meeting held pursuant to this section is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the means by which members of the public may access the meeting and offer public comment. The agenda shall identify and include an opportunity for all persons to attend via a call-in option or an internet-based service option.

(3) In the event of a disruption that prevents the legislative body from broadcasting the meeting to members of the public using the call-in option or internet-based service option, or in the event of a disruption within the local agency's control that prevents members of the public from offering public comments using the call-in option or internet-based service option, the legislative body shall take no further action on items appearing on the meeting agenda until public access to the meeting via the call-in option or internet-based service option is restored. Actions taken on agenda items during a disruption that prevents the legislative body from broadcasting the meeting may be challenged pursuant to Section 54960.1.

(4) The legislative body shall not require public comments to be submitted in advance of the meeting and must provide an opportunity for the public to address the legislative body and offer comment in real time.

(5) Notwithstanding Section 54953.3, an individual desiring to provide public comment through the use of an internet website, or other online platform, not under the control of the local legislative body, that requires registration to log in to a teleconference may be required to register as required by the third-party internet website or online platform to participate.

(6) (A) A legislative body that provides a timed public comment period for each agenda item shall not close the public comment period for the agenda item, or the opportunity to register, pursuant to paragraph (5), to provide public comment until that timed public comment period has elapsed.

(B) A legislative body that does not provide a timed public comment period, but takes public comment separately on each agenda item, shall allow a reasonable amount of time per agenda item to allow public members the opportunity to provide public comment, including time for members of the public to register pursuant to paragraph (5), or otherwise be recognized for the purpose of providing public comment.

(C) A legislative body that provides a timed general public comment period that does not correspond to a specific agenda item shall not close the public comment period or the opportunity to register, pursuant to paragraph (5), until the timed general public comment period has elapsed.

(7) Any member of the legislative body who participates in a teleconference meeting from a remote location pursuant to this section and the specific provision of law that the member relied upon to permit their participation by teleconferencing shall be listed in the minutes of the meeting.

(8) The legislative body shall have and implement a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, consistent with the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and resolving any doubt in favor of accessibility. In each instance in which notice of the time of the meeting is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the procedure for receiving and resolving requests for accommodation.

(9) The legislative body shall conduct meetings subject to this chapter consistent with applicable civil rights and nondiscrimination laws.

(c) A local agency shall identify and make available to legislative bodies a list of one or more meeting locations that may be available for use by the legislative bodies to conduct their meetings.

(d) (1) Nothing in this section shall prohibit a legislative body from providing the public with additional teleconference locations.

(2) Nothing in this section shall prohibit a legislative body from providing the public with additional physical locations in which the public may observe and address the legislative body by electronic means.

(e) A member of a legislative body who participates in a teleconference meeting from a remote location pursuant to this section shall publicly disclose at the meeting before any action is taken whether any other individuals 18 years of age or older are present in the room at the remote location with the member, and the general nature of the member's relationship with those individuals.

(f) The teleconferencing provisions described in Section 54953 and Sections 54953.8.1 to 54953.8.7, inclusive, are cumulative. A legislative body may elect to use any teleconferencing provisions that are applicable to a meeting, regardless of whether any other teleconferencing provisions would also be applicable to that meeting.

(g) For purposes of this section, the following definitions apply:

(1) "Remote location" means a location from which a member of a legislative body participates in a meeting pursuant to paragraph (7) of subdivision (b), other than any physical meeting location designated in the notice of the meeting. Remote locations need not be accessible to the public.

(2) "Teleconference" means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both.

(3) "Two-way audiovisual platform" means an online platform that provides participants with the ability to participate in a meeting via both an interactive video conference and a two-way telephonic service. A two-way

audiovisual platform may be structured to disable the use of video for the public participants.

(4) “Two-way telephonic service” means a telephone service that does not require internet access and allows participants to dial a telephone number to listen and verbally participate.

(5) “Webcasting” means a streaming video broadcast online or on television, using streaming media technology to distribute a single content source to many simultaneous listeners and viewers.

SEC. 9. Section 54953.8.1 is added to the Government Code, to read:

54953.8.1. (a) A health authority may conduct a teleconference meeting pursuant to Section 54953.8, provided that it complies with the requirements of that section.

(b) Nothing in this section or Section 54953.8 shall be construed as discouraging health authority members from regularly meeting at a common physical site within the jurisdiction of the authority or from using teleconference locations within or near the jurisdiction of the authority.

(c) For purposes of this section, a health authority means any entity created pursuant to Sections 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, and 14087.9605 of the Welfare and Institutions Code, any joint powers authority created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 for the purpose of contracting pursuant to Section 14087.3 of the Welfare and Institutions Code, and any advisory committee to a county-sponsored health plan licensed pursuant to Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code if the advisory committee has 12 or more members.

SEC. 10. Section 54953.8.2 is added to the Government Code, to read:

54953.8.2. (a) A legislative body of a local agency may conduct a teleconference meeting pursuant to Section 54953.8 during a proclaimed state of emergency or local emergency, provided that it complies with the requirements of that section and the teleconferencing is used in either of the following circumstances:

(1) For the purpose of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

(2) After a determination described in paragraph (1) is made that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

(b) If the state of emergency or local emergency remains active, in order to continue to teleconference pursuant to this section, the legislative body shall, no later than 45 days after teleconferencing for the first time pursuant to this section, and every 45 days thereafter, make the following findings by majority vote:

(1) The legislative body has reconsidered the circumstances of the state of emergency or local emergency.

(2) The state of emergency or local emergency continues to directly impact the ability of the members to meet safely in person.

(c) This section shall not be construed to require the legislative body to provide a physical location from which the public may attend or comment.

(d) Notwithstanding paragraph (1) of subdivision (b) of Section 54953.8, a legislative body conducting a teleconference meeting pursuant to this section may elect to use a two-way telephonic service without a live webcasting of the meeting.

(e) For purposes of this section, the following definitions apply:

(1) “Local emergency” means a condition of extreme peril to persons or property proclaimed by the governing body of the local agency affected, in accordance with Section 8630 of the California Emergency Services Act

(Chapter 7 (commencing with Section 8550) of Division 1 of Title 2), as defined in Section 8680.9, or a local health emergency declared pursuant to Section 101080 of the Health and Safety Code. Local emergency, as used in this section, refers only to local emergencies in the boundaries of the territory over which the local agency exercises jurisdiction.

(2) “State of emergency” means state of emergency proclaimed pursuant to Section 8625 of the California Emergency Services Act (Chapter 7 (commencing with Section 8550) of Division 1 of Title 2).

SEC. 11. Section 54953.8.3 is added to the Government Code, to read:

54953.8.3. (a) A legislative body of a local agency may conduct a teleconference meeting pursuant to Section 54953.8 if, during the teleconference meeting, at least a quorum of the members of the legislative body participates in person from a singular physical location clearly identified on the agenda, which location shall be open to the public and situated within the boundaries of the territory over which the local agency exercises jurisdiction, provided that the legislative body complies with the requirements of Section 54953.8 and all of the following additional requirements:

(1) A member of the legislative body notifies the legislative body at the earliest opportunity possible, including at the start of a regular meeting, of their need to participate remotely for just cause, including a general description of the circumstances relating to their need to appear remotely at the given meeting.

(2) The member shall participate through both audio and visual technology.

(3) (A) The provisions of this subdivision shall not serve as a means for any member of a legislative body to participate in meetings of the legislative body solely by teleconference from a remote location for just cause for more than the following number of meetings, as applicable:

(i) Two meetings per year, if the legislative body regularly meets once per month or less.

(ii) Five meetings per year, if the legislative body regularly meets twice per month.

(iii) Seven meetings per year, if the legislative body regularly meets three or more times per month.

(B) For the purpose of counting meetings attended by teleconference under this paragraph, a “meeting” shall be defined as any number of meetings of the legislative body of a local agency that begin on the same calendar day.

(b) The minutes for the meeting shall identify the specific provision in subdivision (c) that each member relied upon to participate remotely. This subdivision shall not be construed to require the member to disclose any medical diagnosis or disability, or any personal medical information that is otherwise exempt under existing law, including, but not limited to, the Confidentiality of Medical Information Act (Chapter 1 (commencing with Section 56) of Part 2.6 of Division 1 of the Civil Code).

(c) For purposes of this section, “just cause” means any of the following:

(1) Childcare or caregiving need of a child, parent, grandparent, grandchild, sibling, spouse, or domestic partner that requires them to participate remotely. “Child,” “parent,” “grandparent,” “grandchild,” and “sibling” have the same meaning as those terms do in Section 12945.2.

(2) A contagious illness that prevents a member from attending in person.

(3) A need related to a physical or mental condition that is not subject to subdivision (c) of Section 54953.

(4) Travel while on official business of the legislative body or another state or local agency.

(5) An immunocompromised child, parent, grandparent, grandchild, sibling, spouse, or domestic partner of the member that requires the member to participate remotely.

(6) A physical or family medical emergency that prevents a member from attending in person.

(7) Military service obligations that result in a member being unable to attend in person because they are serving under official written orders for active duty, drill, annual training, or any other duty required as a member of the California National Guard or a United States Military Reserve organization that requires the member to be at least 50 miles outside the boundaries of the local agency.

(d) This section shall remain in effect only until January 1, 2030, and as of that date is repealed.

SEC. 12. Section 54953.8.4 is added to the Government Code, to read:

54953.8.4. (a) An eligible neighborhood council may conduct a teleconference meeting pursuant to Section 54953.8, provided that it complies with the requirements of that section and all of the following have occurred:

(1) (A) The city council for a city described in paragraph (2) of subdivision (b) considers whether to adopt a resolution to authorize eligible neighborhood councils to use teleconferencing as described in this section at an open and regular meeting.

(B) If the city council adopts a resolution described in subparagraph (A), an eligible neighborhood council may elect to use teleconferencing pursuant to this section if a majority of the eligible neighborhood council votes to do so. The eligible neighborhood council shall notify the city council if it elects to use teleconferencing pursuant to this section and its justification for doing so.

(C) Upon receiving notification from an eligible neighborhood council described in subparagraph (B), the city council may adopt a resolution to prohibit the eligible neighborhood council from using teleconferencing pursuant to this section.

(2) After completing the requirements of subparagraph (A) of paragraph (1), an eligible neighborhood council that holds a meeting pursuant to this subdivision shall do all of the following:

(A) At least a quorum of the members of the eligible neighborhood council shall participate from locations within the boundaries of the city in which the eligible neighborhood council is established.

(B) At least once per year, at least a quorum of the members of the eligible neighborhood council shall participate in person from a singular physical location that is open to the public and within the boundaries of the eligible neighborhood council.

(3) If the meeting is during regular business hours of the offices of the city council member that represents the area that includes the eligible neighborhood council, the eligible neighborhood council shall provide a publicly accessible physical location from which the public may attend or comment, which shall be the offices of the city council member who represents the area where the eligible neighborhood council is located, unless the eligible neighborhood council identifies an alternative location.

(4) If the meeting is outside regular business hours, the eligible neighborhood council shall make reasonable efforts to accommodate any member of the public that requests an accommodation to participate in the meeting.

(b) For purposes of this section, the following definitions apply:

(1) “Accommodation” means providing a publicly accessible physical location for the member of the public to participate from, providing access to technology necessary to participate in the meeting, or identifying locations or resources available that could provide the member of the public with an opportunity to participate in the meeting.

(2) “Eligible neighborhood council” means a neighborhood council that is an advisory body with the purpose to promote more citizen participation in government and make government more responsive to local needs

that is established pursuant to the charter of a city with a population of more than 3,000,000 people that is subject to this chapter.

(c) This section shall remain in effect only until January 1, 2030, and as of that date is repealed.

SEC. 13. Section 54953.8.5 is added to the Government Code, to read:

54953.8.5. (a) An eligible community college student organization may conduct a teleconference meeting pursuant to Section 54953.8, provided that it complies with the requirements of that section and all of the following additional requirements:

(1) An eligible community college student organization may only use teleconferencing as described in Section 54953.8 after all the following have occurred:

(A) The board of trustees for a community college district considers whether to adopt a resolution to authorize eligible community college student organizations to use teleconferencing as described in this section at an open and regular meeting.

(B) If the board of trustees for a community college district adopts a resolution described in subparagraph (A), an eligible community college student organization may elect to use teleconferencing pursuant to this section if a majority of the eligible community college student organization votes to do so. The eligible community college student organization shall notify the board of trustees if it elects to use teleconferencing pursuant to this section and its justification for doing so.

(C) Upon receiving notification from an eligible community college student organization as described in subparagraph (B), the board of trustees may adopt a resolution to prohibit the eligible community college student organization from using teleconferencing pursuant to this section.

(D) (i) Except as specified in clause (ii), at least a quorum of the members of the eligible community college student organization shall participate from a singular physical location that is accessible to the public and is within the community college district in which the eligible community college student organization is established.

(ii) The requirements described in clause (i) shall not apply to the California Online Community College.

(iii) Notwithstanding the requirements of clause (i), a person may count toward the establishment of a quorum pursuant to clause (i) regardless of whether the person is participating at the in-person location of the meeting or remotely if the person meets any of the following criteria:

(I) The person is under 18 years of age.

(II) The person is incarcerated.

(III) The person is unable to disclose the location that they are participating from because of either of the following circumstances:

(ia) The person has been issued a protective court order, including, but not limited to, a domestic violence restraining order.

(ib) The person is participating in a program that has to remain confidential, including, but not limited to, an independent living program.

(IV) The person provides childcare or caregiving to a child, parent, grandparent, grandchild, sibling, spouse, or domestic partner that requires them to participate remotely. For purposes of this

subclause, “child,” “parent,” “grandparent,” “grandchild,” and “sibling” have the same meaning as those terms are defined in Section 12945.2.

(2) An eligible community college student organization that holds a meeting by teleconference as described in Section 54953.8 shall do the following, as applicable:

(A) (i) Except as specified in subparagraph (B), if the meeting is during regular business hours of the offices of the board of trustees of the community college district, the eligible community college student organization shall provide a publicly accessible physical location from which the public may attend or comment, which shall be the offices of the board of trustees of the community college district, unless the eligible community college student organization identifies an alternative location.

(ii) Except as specified in subparagraph (B), if the meeting is outside regular business hours, the eligible community college student organization shall make reasonable efforts to accommodate any member of the public that requests an accommodation to participate in the meeting. For the purposes of this subparagraph, “accommodation” means providing a publicly accessible physical location for the member of the public to participate from, providing access to technology necessary to participate in the meeting, or identifying locations or resources available that could provide the member of the public with an opportunity to participate in the meeting.

(B) The requirements described in subparagraph (A) shall not apply to the California Online Community College.

(b) For purposes of this section, “eligible community college student organization” means a student body association organized pursuant to Section 76060 of the Education Code, or any other student-run community college organization that is required to comply with the meeting requirements of this chapter, that is in any community college recognized within the California Community Colleges system and includes the Student Senate for California Community Colleges.

(c) This section shall remain in effect only until January 1, 2030, and as of that date is repealed.

SEC. 14. Section 54953.8.6 is added to the Government Code, to read:

54953.8.6. (a) An eligible subsidiary body may conduct a teleconference meeting pursuant to Section 54953.8, provided that it complies with the requirements of that section and all of the following additional requirements:

(1) The eligible subsidiary body shall designate one physical meeting location within the boundaries of the legislative body that created the eligible subsidiary body where members of the subsidiary body who are not participating remotely shall be present and members of the public may physically attend, observe, hear, and participate in the meeting. At least one staff member of the eligible subsidiary body or the legislative body that created the eligible subsidiary body shall be present at the physical meeting location during the meeting. The eligible subsidiary body shall post the agenda at the physical meeting location, but need not post the agenda at a remote location.

(2) (A) A member of the eligible subsidiary body shall visibly appear on camera during the open portion of a meeting that is publicly accessible via the internet or other online platform, except if the member has a physical or mental condition not subject to subdivision (c) of Section 54953 that results in a need to participate off camera.

(B) The visual appearance of a member of the eligible subsidiary body on camera may cease only when the appearance would be technologically infeasible, including, but not limited to, when the member experiences a lack of reliable broadband or internet connectivity that would be remedied by joining without video.

(C) If a member of the eligible subsidiary body does not appear on camera due to challenges with internet connectivity, the member shall announce the reason for their nonappearance prior to turning off their

camera.

(3) An elected official serving as a member of an eligible subsidiary body in their official capacity shall not participate in a meeting of the eligible subsidiary body by teleconferencing pursuant to this section unless the use of teleconferencing complies with the requirements of paragraph (3) of subdivision (b) of Section 54953.

(4) (A) In order to use teleconferencing pursuant to this section, the legislative body that established the eligible subsidiary body by charter, ordinance, resolution, or other formal action shall make the following findings by majority vote before the eligible subsidiary body uses teleconferencing pursuant to this section for the first time, and every six months thereafter:

(i) The legislative body has considered the circumstances of the eligible subsidiary body.

(ii) Teleconference meetings of the eligible subsidiary body would enhance public access to meetings of the eligible subsidiary body, and the public has been made aware of the type of remote participation, including audio-visual or telephonic, that will be made available at a regularly scheduled meeting and has been provided the opportunity to comment at an in-person meeting of the legislative body authorizing the subsidiary body to meet entirely remotely.

(iii) Teleconference meetings of the eligible subsidiary body would promote the attraction, retention, and diversity of eligible subsidiary body members.

(B) (i) An eligible subsidiary body authorized to use teleconferencing pursuant to this section may request to present any recommendations it develops to the legislative body that created it.

(ii) Upon receiving a request described in clause (i), the legislative body that created the subsidiary body shall hold a discussion at a regular meeting held within 60 days after the legislative body receives the request, or if the legislative body does not have another regular meeting scheduled within 60 days after the legislative body receives the request, at the next regular meeting after the request is received.

(iii) The discussion required by clause (ii) shall not be placed on a consent calendar, but may be combined with the legislative body's subsequent consideration of the findings described in subparagraph (A) for the following 12 months.

(iv) The legislative body shall not take any action on any recommendations included in the report of a subsidiary body until the next regular meeting of the legislative body following the discussion described in clause (ii).

(C) After the legislative body makes the findings described in subparagraph (A), the eligible subsidiary body shall approve the use of teleconferencing by majority vote before using teleconference pursuant to this section.

(D) The legislative body that created the eligible subsidiary body may elect to prohibit the eligible subsidiary body from using teleconferencing pursuant to this section at any time.

(b) (1) For purposes of this section, "eligible subsidiary body" means a legislative body that meets all of the following:

(A) Is described in subdivision (b) of Section 54952.

(B) Serves exclusively in an advisory capacity.

(C) Is not authorized to take final action on legislation, regulations, contracts, licenses, permits, or any other entitlements, grants, or allocations of funds.

(D) Does not have primary subject matter jurisdiction, as defined by the charter, an ordinance, a resolution, or any formal action of the legislative body that created the subsidiary body, that focuses on elections, budgets, police oversight, privacy, removing from, or restricting access to, materials available in public libraries, or taxes or related spending proposals.

(2) An eligible subsidiary body may include members who are elected officials, members who are not elected officials, or any combination thereof.

(c) This section shall remain in effect only until January 1, 2030, and as of that date is repealed.

SEC. 15. Section 54953.8.7 is added to the Government Code, to read:

54953.8.7. (a) An eligible multijurisdictional body may conduct a teleconference meeting pursuant to Section 54953.8, provided that it complies with the requirements of that section and all of the following additional requirements:

(1) The eligible multijurisdictional body has adopted a resolution that authorizes the eligible multijurisdictional body to use teleconferencing pursuant to this section at a regular meeting in open session.

(2) At least a quorum of the members of the eligible multijurisdictional body shall participate from one or more physical locations that are open to the public and within the boundaries of the territory over which the local agency exercises jurisdiction.

(3) A member of the eligible multijurisdictional body who receives compensation for their service on the eligible multijurisdictional body shall participate from a physical location that is open to the public. For purposes of this paragraph, “compensation” does not include reimbursement for actual and necessary expenses.

(4) A member of the eligible multijurisdictional body may participate from a remote location provided that:

(A) The eligible multijurisdictional body identifies each member of the eligible multijurisdictional body who plans to participate remotely in the agenda.

(B) The member shall participate through both audio and visual technology.

(5) A member of the eligible multijurisdictional body shall not participate in a meeting remotely pursuant to this section, unless the location from which the member participates is more than 20 miles each way from any physical location of the meeting described in paragraph (2).

(6) The provisions of this section shall not serve as a means for any member of a legislative body to participate in meetings of the legislative body solely by teleconference from a remote location for more than the following number of meetings, as applicable:

(A) Two meetings per year, if the legislative body regularly meets once per month or less.

(B) Five meetings per year, if the legislative body regularly meets twice per month.

(C) Seven meetings per year, if the legislative body regularly meets three or more times per month.

(D) For the purpose of counting meetings attended by teleconference under this paragraph, a “meeting” shall be defined as any number of meetings of the legislative body of a local agency that begin on the same calendar day.

(b) For the purposes of this section, both of the following definitions apply:

(1) “Eligible multijurisdictional body” means a multijurisdictional board, commission, or advisory body of a multijurisdictional, cross-county agency, the membership of which board, commission, or advisory body is

appointed, and the board, commission, or advisory body is otherwise subject to this chapter.

(2) “Multijurisdictional” means either of the following:

(A) A legislative body that includes representatives from more than one county, city, city and county, or special district.

(B) A legislative body of a joint powers entity formed pursuant to an agreement entered into in accordance with Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1.

(c) This section shall remain in effect only until January 1, 2030, and as of that date is repealed.

SEC. 16. Section 54954.2 of the Government Code, as amended by Section 92 of Chapter 131 of the Statutes of 2023, is amended to read:

54954.2. (a) (1) At least 72 hours before a regular meeting, the legislative body of the local agency, or its designee, shall post an agenda that meets all of the following requirements:

(A) The agenda shall contain a brief general description of each item of business to be transacted or discussed at the meeting, including items to be discussed in closed session. A brief general description of an item generally need not exceed 20 words.

(B) The agenda shall specify the time and location of the regular meeting and shall be posted in a location that is freely accessible to members of the public and on the local agency’s internet website, if the local agency has one.

(C) (i) If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof.

(ii) The agenda shall include information regarding how, to whom, and when a request for disability-related modification or accommodation, including auxiliary aids or services, may be made by a person with a disability who requires a modification or accommodation in order to participate in the public meeting.

(2) For a meeting occurring on and after January 1, 2019, of a legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state that has an internet website, the following provisions shall apply:

(A) An online posting of an agenda shall be posted on the primary internet website home page of a city, county, city and county, special district, school district, or political subdivision established by the state that is accessible through a prominent, direct link to the current agenda. The direct link to the agenda shall not be in a contextual menu; however, a link in addition to the direct link to the agenda may be accessible through a contextual menu.

(B) An online posting of an agenda, including, but not limited to, an agenda posted in an integrated agenda management platform, shall be posted in an open format that meets all of the following requirements:

(i) Retrievable, downloadable, indexable, and electronically searchable by commonly used internet search applications.

(ii) Platform independent and machine readable.

(iii) Available to the public free of charge and without any restriction that would impede the reuse or redistribution of the agenda.

(C) A legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state that has an internet website and an integrated agenda management platform shall not be required to comply with subparagraph (A) if all of the following are met:

(i) A direct link to the integrated agenda management platform shall be posted on the primary internet website home page of a city, county, city and county, special district, school district, or political subdivision established by the state. The direct link to the integrated agenda management platform shall not be in a contextual menu. When a person clicks on the direct link to the integrated agenda management platform, the direct link shall take the person directly to an internet website with the agendas of the legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state.

(ii) The integrated agenda management platform may contain the prior agendas of a legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state for all meetings occurring on or after January 1, 2019.

(iii) The current agenda of the legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state shall be the first agenda available at the top of the integrated agenda management platform.

(iv) All agendas posted in the integrated agenda management platform shall comply with the requirements in clauses (i), (ii), and (iii) of subparagraph (B).

(D) The provisions of this paragraph shall not apply to a political subdivision of a local agency that was established by the legislative body of the city, county, city and county, special district, school district, or political subdivision established by the state.

(E) For purposes of this paragraph, both of the following definitions apply:

(1) “Integrated agenda management platform” means an internet website of a city, county, city and county, special district, school district, or political subdivision established by the state dedicated to providing the entirety of the agenda information for the legislative body of the city, county, city and county, special district, school district, or political subdivision established by the state to the public.

(2) “Legislative body” means a legislative body that meets the definition of subdivision (a) of Section 54952.

(3) No action or discussion shall be undertaken on any item not appearing on the posted agenda, except that members of a legislative body or its staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights under Section 54954.3. In addition, on their own initiative or in response to questions posed by the public, a member of a legislative body or its staff may ask a question for clarification, make a brief announcement, or make a brief report on their own activities. Furthermore, a member of a legislative body, or the body itself, subject to rules or procedures of the legislative body, may provide a reference to staff or other resources for factual information, request staff to report back to the body at a subsequent meeting concerning any matter, or take action to direct staff to place a matter of business on a future agenda.

(b) Notwithstanding subdivision (a), the legislative body may take action on items of business not appearing on the posted agenda under any of the conditions stated below. Prior to discussing any item pursuant to this subdivision, the legislative body shall publicly identify the item.

(1) Upon a determination by a majority vote of the legislative body that an emergency situation exists, as defined in Section 54956.5.

(2) Upon a determination by a two-thirds vote of the members of the legislative body present at the meeting, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is

a need to take immediate action and that the need for action came to the attention of the local agency subsequent to the agenda being posted as specified in subdivision (a).

(3) The item was posted pursuant to subdivision (a) for a prior meeting of the legislative body occurring not more than five calendar days prior to the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken.

(c) This section is necessary to implement and reasonably within the scope of paragraph (1) of subdivision (b) of Section 3 of Article I of the California Constitution.

(d) For purposes of subdivision (a), the requirement that the agenda be posted on the local agency's internet website, if the local agency has one, shall only apply to a legislative body that meets either of the following standards:

(1) A legislative body as that term is defined by subdivision (a) of Section 54952.

(2) A legislative body as that term is defined by subdivision (b) of Section 54952, if the members of the legislative body are compensated for their appearance, and if one or more of the members of the legislative body are also members of a legislative body as that term is defined by subdivision (a) of Section 54952.

SEC. 17. Section 54954.3 of the Government Code is amended to read:

54954.3. (a) (1) Every agenda for regular meetings shall provide an opportunity for members of the public to directly address the legislative body on any item of interest to the public, before or during the legislative body's consideration of the item, that is within the subject matter jurisdiction of the legislative body, provided that no action shall be taken on any item not appearing on the agenda unless the action is otherwise authorized by subdivision (b) of Section 54954.2.

(2) (A) Notwithstanding paragraph (1), the agenda need not provide an opportunity for members of the public to address the legislative body on any item that has already been considered by a committee, composed exclusively of members of the legislative body, 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.

(B) Subparagraph (A) shall not apply if any of the following conditions are met:

(i) The item has been substantially changed since the committee heard the item, as determined by the legislative body.

(ii) When considering the item, a quorum of the committee members did not participate from a singular physical location, that was clearly identified on the agenda, open to the public, and situated within the boundaries of the territory over which the local agency exercises jurisdiction.

(iii) The committee has primary subject matter jurisdiction, as defined by the charter, an ordinance, a resolution, or any formal action of the legislative body that created the subsidiary body, that focuses on elections, budgets, police oversight, privacy, removing from, or restricting access to, materials available in public libraries, or taxes or related spending proposals. This clause shall not apply to an item if the local agency has adopted a law applicable to the meeting of the committee at which the item that was considered prohibits the committee from placing a limit on the total amount of time for public comment on the item.

(3) Every notice for a special meeting shall provide an opportunity for members of the public to directly address the legislative body concerning any item that has been described in the notice for the meeting before or during consideration of that item.

(b) (1) The legislative body of a local agency may adopt reasonable regulations to ensure that the intent of subdivision (a) is carried out, including, but not limited to, regulations limiting the total amount of time allocated for public testimony on particular issues and for each individual speaker.

(2) Notwithstanding paragraph (1), when the legislative body of a local agency limits time for public comment, the legislative body of a local agency shall provide at least twice the allotted time to a member of the public who utilizes a translator to ensure that non-English speakers receive the same opportunity to directly address the legislative body of a local agency.

(3) Paragraph (2) shall not apply if the legislative body of a local agency utilizes simultaneous translation equipment in a manner that allows the legislative body of a local agency to hear the translated public testimony simultaneously.

(c) The legislative body of a local agency shall not prohibit public criticism of the policies, procedures, programs, or services of the agency, or of the acts or omissions of the legislative body. Nothing in this subdivision shall confer any privilege or protection for expression beyond that otherwise provided by law.

SEC. 18. Section 54956 of the Government Code is amended to read:

54956. (a) (1) A special meeting may be called at any time by the presiding officer of the legislative body of a local agency, or by a majority of the members of the legislative body, by delivering written notice to each member of the legislative body and to each local newspaper of general circulation and radio or television station requesting notice in writing and posting a notice on the local agency's internet website, if the local agency has one. The notice shall be delivered personally or by any other means and shall be received at least 24 hours before the time of the meeting as specified in the notice. The call and notice shall specify the time and place of the special meeting and the business to be transacted or discussed. No other business shall be considered at these meetings by the legislative body. The written notice may be dispensed with as to any member who at or prior to the time the meeting convenes files with the clerk or secretary of the legislative body a written waiver of notice. The waiver may be given by telephone or electronic mail. The written notice may also be dispensed with as to any member who is actually present at the meeting at the time it convenes.

(2) The call and notice shall be posted at least 24 hours prior to the special meeting in a location that is freely accessible to members of the public.

(b) Notwithstanding any other law, a legislative body shall not call a special meeting regarding the salaries, salary schedules, or compensation paid in the form of fringe benefits, of the legislative body or of a local agency executive, as defined in subdivision (d) of Section 3511.1. However, this subdivision does not apply to a local agency calling a special meeting to discuss the local agency's budget.

SEC. 19. Section 54956.5 of the Government Code is amended to read:

54956.5. (a) For purposes of this section, "emergency situation" means both of the following:

(1) An emergency, which shall be defined as a work stoppage, crippling activity, or other activity that severely impairs public health, safety, or both, as determined by a majority of the members of the legislative body.

(2) A dire emergency, which shall be defined as a crippling disaster, mass destruction, terrorist act, or threatened terrorist activity that poses peril so immediate and significant that requiring a legislative body to provide one-hour notice before holding an emergency meeting under this section may endanger the public health, safety, or both, as determined by a majority of the members of the legislative body.

(b) (1) Subject to paragraph (2), in the case of an emergency situation involving matters upon which prompt action is necessary due to the disruption or threatened disruption of public facilities, a legislative body may hold an emergency meeting without complying with either the 24-hour notice requirement or the 24-hour posting requirement of Section 54956 or both of the notice and posting requirements.

(2) Each local newspaper of general circulation and radio or television station that has requested notice of special meetings pursuant to Section 54956 shall be notified by the presiding officer of the legislative body, or designee thereof, one hour prior to the emergency meeting, or, in the case of a dire emergency, at or near the time that the presiding officer or designee notifies the members of the legislative body of the emergency meeting.

(A) Except as provided in subparagraph (B), the notice required by this paragraph shall be given by telephone and all telephone numbers provided in the most recent request of a newspaper or station for notification of special meetings shall be exhausted. In the event that telephone services are not functioning, the notice requirements of this paragraph shall be deemed waived, and the legislative body, or designee of the legislative body, shall notify those newspapers, radio stations, or television stations of the fact of the holding of the emergency meeting, the purpose of the meeting, and any action taken at the meeting as soon after the meeting as possible.

(B) For an emergency meeting held pursuant to this section, the presiding officer of the legislative body, or designee thereof, may send the notifications required by this paragraph by email instead of by telephone, as provided in subparagraph (A), to all local newspapers of general circulation, and radio or television stations, that have requested those notifications by email, and all email addresses provided by representatives of those newspapers or stations shall be exhausted. In the event that internet services and telephone services are not functioning, the notice requirements of this paragraph shall be deemed waived, and the legislative body, or designee of the legislative body, shall notify those newspapers, radio stations, or television stations of the fact of the holding of the emergency meeting, the purpose of the meeting, and any action taken at the meeting as soon after the meeting as possible.

(c) During a meeting held pursuant to this section, the legislative body may meet in closed session pursuant to Section 54957 if agreed to by a two-thirds vote of the members of the legislative body present, or, if less than two-thirds of the members are present, by a unanimous vote of the members present.

(d) All special meeting requirements, as prescribed in Section 54956 shall be applicable to a meeting called pursuant to this section, with the exception of the 24-hour notice requirement.

(e) The minutes of a meeting called pursuant to this section, a list of persons who the presiding officer of the legislative body, or designee of the legislative body, notified or attempted to notify, a copy of the rollcall vote, and any actions taken at the meeting shall be posted for a minimum of 10 days in a public place as soon after the meeting as possible.

SEC. 20. Section 54957.6 of the Government Code is amended to read:

54957.6. (a) Notwithstanding any other provision of law, a legislative body of a local agency may hold closed sessions with the local agency's designated representatives regarding the salaries, salary schedules, or compensation paid in the form of fringe benefits of its represented and unrepresented employees, and, for represented employees, any other matter within the statutorily provided scope of representation, subject to all of the following conditions:

(1) Prior to the closed session, the legislative body of the local agency shall hold an open and public session in which it identifies its designated representatives.

(2) The closed session shall be for the purpose of reviewing its position and instructing the local agency's designated representatives.

(3) The closed session may take place prior to and during consultations and discussions with representatives of employee organizations and unrepresented employees.

(4) Any closed session with the local agency's designated representative regarding the salaries, salary schedules, or compensation paid in the form of fringe benefits may include discussion of an agency's available

funds and funding priorities, but only insofar as these discussions relate to providing instructions to the local agency's designated representative.

(5) The closed session shall not include final action on the proposed compensation of one or more unrepresented employees.

(6) For the purposes enumerated in this section, a legislative body of a local agency may also meet with a state conciliator who has intervened in the proceedings.

(b) For the purposes of this section, the term "employee" shall include an officer or an independent contractor who functions as an officer or an employee, but shall not include any elected official, member of a legislative body, or other independent contractors.

SEC. 21. Section 54957.9 of the Government Code is amended to read:

54957.9. In the event that any meeting is willfully interrupted by a group or groups of persons so as to render the orderly conduct of the meeting unfeasible and order cannot be restored by the removal of individuals who are willfully interrupting the meeting, the members of the legislative body conducting the meeting may order the meeting room cleared and continue in session. Only matters appearing on the agenda may be considered in such a session. Representatives of the press or other news media, except those participating in the disturbance, shall be allowed to attend any session held pursuant to this section. Nothing in this section shall prohibit the legislative body from establishing a procedure for readmitting an individual or individuals not responsible for willfully disturbing the orderly conduct of the meeting.

SEC. 22. Section 54957.95 of the Government Code is amended to read:

54957.95. (a) (1) In addition to authority exercised pursuant to Sections 54954.3 and 54957.9, the presiding member of the legislative body conducting a meeting or their designee may remove, or cause the removal of, an individual for disrupting the meeting, including any teleconferenced meeting.

(2) Prior to removing an individual, the presiding member or their designee shall warn the individual that their behavior is disrupting the meeting and that their failure to cease their behavior may result in their removal. The presiding member or their designee may then remove the individual if they do not promptly cease their disruptive behavior. This paragraph does not apply to any behavior described in subparagraph (B) of paragraph (1) of subdivision (b).

(b) As used in this section:

(1) "Disrupting" means engaging in behavior during a meeting of a legislative body that actually disrupts, disturbs, impedes, or renders infeasible the orderly conduct of the meeting and includes, but is not limited to, one of the following:

(A) A failure to comply with reasonable and lawful regulations adopted by a legislative body pursuant to Section 54954.3 or any other law.

(B) Engaging in behavior that constitutes use of force or a true threat of force.

(2) "True threat of force" means a threat that has sufficient indicia of intent and seriousness, that a reasonable observer would perceive it to be an actual threat to use force by the person making the threat.

SEC. 23. Section 54957.96 is added to the Government Code, to read:

54957.96. (a) The existing authority of a legislative body or its presiding officer to remove or limit participation by persons who engage in behavior that actually disrupts, disturbs, impedes, or renders infeasible the orderly conduct of the meeting, including existing limitations upon that authority, shall apply to members of the public participating in a meeting via a two-way telephonic service or a two-way audiovisual platform.

(b) For purposes of this section, the following definitions apply:

(1) “Two-way audiovisual platform” means an online platform that provides participants with the ability to participate in a meeting via both an interactive video conference and a two-way telephonic service. A two-way audiovisual platform may be structured to disable the use of video for the public participants.

(2) “Two-way telephonic service” means a telephone service that does not require internet access and allows participants to dial a telephone number to listen and verbally participate.

SEC. 24. The Legislature finds and declares that Section 4 of this act, which amends Section 54953 of, Section 5 of this act, which adds Section 54953.4 to, Sections 8 to 15, inclusive, of this act, which add Sections 54953.8 to 54953.8.7, respectively, to, Section 19 of this act, which amends Section 54956.5 of, Section 22 of this act, which amends Section 54957.95 of, and Section 23 of this act, which adds Section 54957.96 to, the Government Code, impose a limitation on the public’s right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

(a) This act is necessary to provide opportunities for public participation in meetings of specified public agencies and to promote the recruitment and retention of members of those agencies.

(b) This act is necessary to ensure minimum standards for public participation and notice requirements allowing for greater public participation in meetings.

(c) This act is necessary to modernize the Ralph M. Brown Act to reflect recent technological changes that can promote greater public access to local officials.

(d) The exclusively virtual nature of the California Online Community College presents unique barriers to the requirements for an in-person quorum, a physical location for public participation, and certain accommodations. Participating students of the online community college come from all across the state and necessitating travel for these requirements would pose a significant and exclusionary barrier.

SEC. 25. The Legislature finds and declares that Sections 1 and 2 of this act, which amend and repeal Section 54952.2, respectively, of, Section 3 of this act, which amends Section 54952.7 of, Section 4 of this act, which amends Section 54953 of, Section 5 of this act, which adds Section 54953.4 to, Section 6 of this act, which amends Section 54953.5 of, Section 7 of this act, which amends Section 54953.7 of, Sections 8 to 15, inclusive, of this act, which add Sections 54953.8 to 54953.8.7, respectively, to, Section 16 of this act, which amends Section 54954.2 of, Section 17 of this act, which amends Section 54954.3 of, Section 18 of this act, which amends Section 54956 of, Section 19 of this act, which amends Section 54956.5 of, Section 20 of this act, which amends Section 54957.6 of, Section 21 of this act, which amends Section 54957.9 of, Section 22 of this act, which amends Section 54957.95 of, and Section 23 of this act, which adds Section 54957.96 to, the Government Code, further, within the meaning of paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution, the purposes of that constitutional section as it relates to the right of public access to the meetings of local public bodies or the writings of local public officials and local agencies. Pursuant to paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution, the Legislature makes the following findings:

(a) This act is necessary to provide opportunities for public participation in meetings of specified public agencies and to promote the recruitment and retention of members of those agencies.

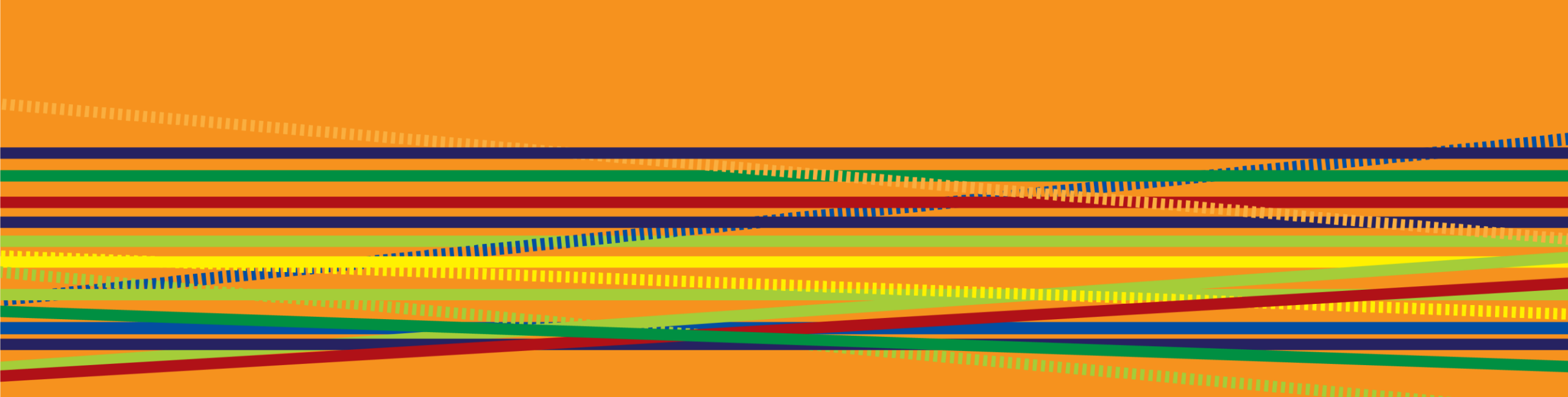
(b) This act is necessary to ensure minimum standards for public participation and notice requirements allowing for greater public participation in meetings.

(c) This act is necessary to modernize the Ralph M. Brown Act to reflect recent technological changes that can promote greater public access to local officials.

(d) The exclusively virtual nature of the California Online Community College presents unique barriers to the requirements for an in-person quorum, a physical location for public participation, and certain accommodations. Participating students of the online community college come from all across the state and necessitating travel for these requirements would pose a significant and exclusionary barrier.

SEC. 26. The Legislature finds and declares that adequate public access to meetings is a matter of statewide concern and is not a municipal affair as that term is used in Section 5 of Article XI of the California Constitution. Therefore, this bill would apply to all cities, including charter cities.

SEC. 27. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district under this act would result from a legislative mandate that is within the scope of paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution.



ELIGIBILITY TO MEET VIA TELECONFERENCE IN COMPLIANCE WITH SENATE BILL 707 (DURAZO)

Senate Bill 707 Overview

Governor Newsom signed Senate Bill 707 into law on October 3, 2025. SB 707 both restores and restructures various provisions (Brown Act modifications) that expired on December 31, 2025 (AB 2449).

SB 707 also makes permanent some transparency-related reforms and establishes new requirements regarding public access and participation in local government proceedings. Some of the amendments became effective January 1, 2026, while others will become effective July 1, 2026.

Under SB 707, before subsidiary advisory bodies (Independent Oversight Committees) can adopt some of the provisions, the legislative body (Metro Board) had to adopt findings authorizing their subsidiary bodies to consider holding teleconference meetings.



SB 707 Metro Board Findings

On January 22, 2026, the Metro Board adopted the following findings on behalf of eligible subsidiary bodies as defined by SB 707:

- (i) The Board of Directors has considered the circumstances of the eligible subsidiary body.*
- (ii) Teleconference meetings of the eligible subsidiary body would enhance public access to meetings of the eligible subsidiary body, and the public has been made aware of the type of remote participation, including audio-visual or telephonic, that will be made available at a regularly scheduled meeting and has been provided the opportunity to comment at an in-person meeting of the legislative body authorizing the subsidiary body to meet entirely remotely.*
- (iii) Teleconference meetings of the eligible subsidiary body would promote the attraction, retention, and diversity of eligible subsidiary body members.*

The Board has power to authorize or revoke the remote meeting option.



SB 707 All Legislative Bodies, updates

- Public must have access via either two-way audio-visual platform (like Teams/Zoom) or two-way telephonic PLUS live webcasting
 - both when using relaxed teleconferencing, under “just cause” or proclaimed state of emergency
- Any members who are teleconferencing (under relaxed teleconferencing rules, just cause, or as a reasonable accommodation):
 - must use both audio and video, or audio if a physical condition related to their disability results in a need to participate off camera
 - must announce whether anyone 18 or older in the room with them
 - must announce the reason prior to turning off their camera due to challenges with internet connectivity



SB 707 Just Cause Teleconferencing Requirements

SB 707 allows virtual participation for “just cause”

- Members must notify the legislative body at the earliest opportunity possible (including at the start of a meeting) of the need to participate remotely and their “just cause” reason
 - The member is not required to disclose specifics: medical diagnosis or disability, or personal medical information that is otherwise exempt under existing law
- At least a quorum of the members (Measure R = 2/3) must participate in person from a single physical location open to the public within the boundaries of the agency's territory
- The member participating remotely must use audio and visual technology
- The minutes for the meeting shall identify the specific provision that each member relied upon to participate remotely
- “Just cause” remote appearance limits based on regular meeting schedules:
 - ✓ two meetings per year, if the body regularly meets once per month or less



SB 707 Just Cause Reasons for Teleconferencing

“Just cause” reasons include:

- Childcare or caregiving needs of a child, parent, grandparent, grandchild, sibling, spouse, or domestic partner;
- Contagious illness preventing the member from attending;
- Physical or mental conditions not subject to reasonable accommodation;
- Official travel on behalf of the legislative body or another state/local agency;
- Needs related to an immunocompromised child, parent, grandparent, grandchild, sibling, spouse, or domestic partner;
- Physical or family medical emergency; or
- Military service obligations

Remote appearance for just cause is effective January 1, 2026 through December 31, 2029.

SB 707 Relaxed Teleconferencing Rules

- The Metro Board authorized eligible subsidiary bodies to meet via teleconference, by either audio-visual or telephonic means, *if they choose*, subject to SB 707 requirements; and updating relaxed teleconferencing rules as stated in SB 707
 - *Subsidiary bodies must vote to adopt relaxed teleconferencing rules at their respective meetings by vote*
 - The key difference is that eligible subsidiary bodies will have the ability to meet remotely *without* just cause, *if they choose*
 - If the subsidiary body *does not* adopt relaxed teleconferencing rules for their respective meetings, they would still be able to use the just cause/emergency rules or during a proclaimed a state of emergency
 - Findings must be made every 6 months by the Board after the initial adoption for eligible subsidiary bodies to continue to meet under relaxed teleconferencing rules

SB 707 Relaxed Teleconferencing Rules

- Eligible subsidiary bodies can meet by teleconference **entirely remotely**:
 - Without identifying all teleconferencing locations on the agenda or posting agendas at them
 - One physical meeting location within the boundaries of the legislative body that created it must be designated so members and the public can physically attend the meeting;
 - at least one of staff member is present at the physical meeting location during the meeting
 - The meeting agenda is posted at the physical meeting location (not required at remote locations)
 - Meeting agenda specifies the means of public access and allows for public comment, including a call-in or internet-based option, in real time
 - Public comments shall not be required to be submitted in advance of the meeting
 - Quorum not required to be in the room
 - Two-way audio/visual platform or telephonic service with live webcasting is provided for remote public access
 - If service is disrupted, no further action can be taken until phone or internet-based option is restored
 - Members participating remotely visibly appear on camera (subject to connectivity or disability)

To Adopt or Not to Adopt: Relaxed Teleconferencing

Just Cause: already in effect. Allows members to participate virtually up to twice per year for just cause or due to a locally declared emergency.

Relaxed Teleconferencing: requires vote for members to be able to meet entirely virtually, without limits (except for elected officials)

To Adopt Relaxed Teleconferencing:

*Motion: The Metro Board of Directors having made the requisite findings under Government Code section 54953.8.6, this **Service Council** hereby approves the use of teleconferencing authorized for eligible subsidiary bodies pursuant to Government Code 54953.8.6.*

If Council does not want to adopt:

No action needs to be taken. Council can reconsider at any time as long as the Metro Board continues to adopt the required findings twice per year.



Questions?



Board Report

File #: 2026-0102, File Type: Program

Agenda Number: 4.

MEASURE R INDEPENDENT TAXPAYERS OVERSIGHT COMMITTEE MARCH 9, 2026

SUBJECT: MEASURE R BONDS

**ACTION: MAKE A FINDING THAT THE BENEFITS OF A DEBT FINANCING EXCEED
ISSUANCE AND INTEREST COSTS**

RECOMMENDATION

ADOPT a resolution (Attachment A) which finds, in accordance with Section 8(i)(4) of the Measure R Ordinance, that the benefits from the proposed financing for accelerating project delivery, avoiding future cost escalation and related factors exceed issuance and interest costs.

ISSUE

The Measure R Ordinance requires that the Measure R Independent Taxpayers Oversight Committee of Metro ("Measure R Oversight Committee") "review all proposed debt financing and make a finding as to whether the benefits of the proposed financing for accelerating project delivery, avoiding future cost escalation, and related factors exceed issuance and interest costs".

BACKGROUND

To date, Metro has paid or plans to pay approximately \$585 million in project costs, projected to be reimbursed by proceeds from long-term debt financing. This standard practice approach is a critical role of the treasury function and is utilized to avoid project delivery delays and ensure that Metro's relationships with project delivery entities remains in good standing.

DISCUSSION

The proposed issuance of \$585 million of tax-exempt fixed-rate bonds ("New Money Bonds") is needed to reimburse the previously paid or planned to be paid project expenses. This issuance would confer several benefits, including aligning the useful life of the assets with life of the debt, ensuring that the repayment schedule matches the period during which the assets provide value, and preventing the misalignment of short-term cash demands with long-term assets. The conventional reimbursement approach coupled with the management of cash balances is utilized to avoid project delivery delays and ensures that Metro's relationships with project delivery entities remain in good standing. Degrading these relationships or delaying payments could result in project delays and future project cost escalation across Metro's entire capital project portfolio. Further, current market

conditions would allow Metro to take advantage of the difference in tax-exempt borrowing rates and investment yields that would reduce overall borrowing costs or improve financial efficiency.

DETERMINATION OF SAFETY IMPACT

Approval of this report will not impact the safety of Metro's patrons or employees.

FINANCIAL IMPACT

The costs of issuance for the New Money Bonds will be paid from proceeds of the financing and will be budget neutral. The fund source for the New Money Bonds principal and interest expense will be Measure R 35% Transit Capital. Expenses for this financing will be included in future budgets as follows: bond principal, account 51101 and bond interest account 51121.

Impact to Budget

The funding sources of Measure R are eligible for bus & rail operations and capital projects.

EQUITY PLATFORM

Approval of this item is intended to reduce financial risk and provide funding for Metro capital projects financed by Measure R. The capital projects include new rail and bus rapid transit projects, Metrolink projects, Metro Rail system improvement projects, carpool lanes, highways and other highway related improvements, rail operations, bus operations, and for local return programs. The resolution finds that the benefits from acceleration of projects exceed the issuance and interest costs of the proposed debt financing. At this time, there are no equity concerns anticipated as a result of this action.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommendation supports Metro Vision 2028 Strategic Plan Goal 5 as follows:

Goal 5: Provide responsive, accountable, and trustworthy governance within the Metro organization.

ALTERNATIVES CONSIDERED

Absent the finding of benefit for the proposed New Money Bonds issuance, Metro may experience cash-flow pressures for ongoing projects while awaiting grant reimbursements or other funding sources. Additionally, the current payment sources would also remain misaligned with the useful life of the associated assets, potentially resulting in repayment inefficiencies. Finally, given current market conditions, Metro could miss the opportunity to reduce overall borrowing costs and enhance financial flexibility for other projects.

NEXT STEPS

Treasury staff will request Metro Board authorization for the issuance of Measure R New Money Bonds in conjunction with Measure R Refunding Bonds. The Measure R Refunding Bonds will refund approximately \$367 million of Measure R Senior Sales Tax Revenue Bonds, Series 2016-A, which

become currently callable on June 1, 2026, to achieve debt service savings. Upon obtaining authorization, Treasury staff will obtain credit ratings for the New Money and Refunding Bonds, complete all legal documentation, and distribute the Preliminary Official Statement to potential investors while initiating pre-marketing efforts. Following this, the issuer will negotiate the sale of the New Money and Refunding Bonds with the underwriters. The New Money and Refunding Bonds are expected to be priced and delivered in April 2026.

ATTACHMENTS

Attachment A - Finding of Benefit Resolution

Prepared by: Rodney Johnson, Treasurer, (213) 922-3417
 Matthew Wingert, Senior Budget Manager, (213) 922-2553
 Robert Suh, Budget Manager, (213) 922-4102

Reviewed by: Michelle Navarro, Interim Chief Financial Officer, (213) 922-3056

RESOLUTION PURSUANT TO MEASURE R ORDINANCE FINDING THAT THE
BENEFITS OF A MEASURE R BOND ISSUANCE EXCEED ISSUANCE AND
INTEREST COSTS

WHEREAS, the Measure R Ordinance provides for the establishment and implementation of a retail transactions and use tax for a period of thirty years and an expenditure plan that describes the Measure R transit capital projects to be constructed with the proceeds of such tax; and

WHEREAS, the accelerated construction of certain Measure R transit capital projects would avoid inflationary cost escalation; and

WHEREAS, the proposed \$585 million debt financing would provide additional funds to meet the cash flow necessary to pay for an accelerated construction program for Measure R transit capital projects; and

NOW, THEREFORE, the Measure R Independent Taxpayers Oversight Committee of Metro finds that the economic, environmental and transit benefits of the \$585 million debt financing, which would accelerate project delivery and avoid inflationary cost escalation, exceed issuance and interest costs.

Adopted this ____th day of March, 2026.

Signed:

Board Clerk
Los Angeles County Metropolitan
Transportation Authority



Measure R Sales Tax: 2026 Bond Financing

**Measure R Independent Taxpayers
Oversight Committee Meeting
March 9, 2026**



Measure R Ordinance

18	4.	Review all proposed debt financing and make a finding as to
19		whether the benefits of the proposed financing for accelerating project delivery,
20		avoiding future cost escalation, and related factors exceed issuance and interest
21		costs.

6 Metro is authorized to issue limited tax bonds, from time to time, payable
7 from and secured by Sales Tax Revenues to finance any program or project in the
8 Expenditure Plan, pursuant to Sections 130500 et seq. of the Public Utilities Code,
9 and any successor act. ...



Measure R 2026 Bond Financing

Bond Financing

Seeking a Finding of Benefit for a \$585 million bond issuance to:

- Reimburse incurred expenses
- Pay upcoming capital project financing costs
- Tax-exempt fixed-rate bonds with a final maturity expected to be 2039
- Sale in April of 2026
- Bond issue will conform to the guidelines established by Metro's Board approved Debt Policy

Form of Liquidity Management

- Metro's liquidity relies heavily on sales tax, reimbursement-based grants, and reimbursements from bond proceeds
- Metro must pay project costs upfront and seek reimbursement later
- Without sufficient liquidity, Metro will be faced with operational inefficiencies and forced to delay future projects until enough funds accumulate to continue on a pay-as-you-go basis
- This may result in higher total project costs due to inflation and rising construction expenses

Benefits

Benefits of Measure R Bonds Financing

- Align useful life of project with expense of debt and prevent the misalignment of short-term cash demands with long-term assets
- Replenish short-term borrowing capacity and manage future funding for projects
- Take advantage of the difference in tax-exempt borrowing rates and investment yields to reduce overall borrowing costs or improve financial efficiency

Current Investment Rate Exceed Financing Cost

Investment Opportunities for Excess Cash

1-Month US Treasury Rate ¹	3.69%
3-Month US Treasury Rate ¹	3.68%
6-Month US Treasury Rate ¹	3.65%
1-Year US Treasury Rate ¹	3.49%
Metro External Portfolio Managers ²	3.80%

Projected Tax-Exempt Bonds Financing Cost

Measure R Tax-Exempt Bond Financing ³	2.39%
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¹Rates as of February 4, 2026

²Yield to Maturity at Market as of December 31, 2025

³Preliminary Financing Cost as of January 12, 2026

Recommendation & Next Steps

- Adopt a Resolution finding that the benefits of a New Money Measure R Bonds financing accelerating project delivery and avoiding future cost escalation exceeds issuance and interest costs.
- Next Steps:
 - Request authorization from Metro Board for the New Money and Refunding Bonds issuance
 - Obtain ratings on the New Money and Refunding Bonds
 - Complete legal documentation, distribute the preliminary official statement to potential investors, and initiate pre-marketing efforts
 - Negotiate the sale of the New Money and Refunding Bonds with the underwriters
 - Price and deliver the New Money and Refunding Bonds in April of 2026



Board Report

File #: 2026-0060, **File Type:** Informational Report

Agenda Number: 5.

MEASURE R INDEPENDENT TAXPAYERS OVERSIGHT COMMITTEE MARCH 9, 2026

SUBJECT: MEASURE R AUDITS OF FISCAL YEAR 2025

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE the Independent Auditor's Report on:

- A. Schedule of Revenues and Expenditures for Measure R Special Revenue Fund for the Fiscal Year ended June 30, 2025 (Attachment A) completed by BCA Watson Rice, LLP (BCA);
- B. Compliance with Requirements Applicable to Measure R Ordinance and Measure R Local Return Guidelines for the Fiscal Year ended June 30, 2025 (Attachment B) completed by Vasquez & Company, LLP (Vasquez); and
- C. Compliance with Requirements Applicable to Measure R Ordinance and Measure R Local Return Guidelines for the Fiscal Year ended June 30, 2025 (Attachment C) completed by Simpson and Simpson, LLP (Simpson).

ISSUE

The oversight process requires that an annual audit be conducted 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 Measure R Independent Taxpayers Oversight Committee (Committee) so that the Committee can determine whether the Los Angeles County Metropolitan Transportation Authority (LACMTA) and local subrecipients have complied with the Measure R requirements.

BACKGROUND

On November 4, 2008, Los Angeles County voters approved Measure R, which imposed a half-cent transaction and use tax to fund transportation improvements in the County. Measure R, also known as the Traffic Relief and Rail Expansion Ordinance, establishes an Independent Taxpayers Oversight Committee and an oversight process to ensure that LACMTA complies with the terms of the

Ordinance.

DISCUSSION

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

Management Audit Services (MAS) 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 R Revenues and Expenditures (Schedule) is free of material misstatement.

The auditors found that the Schedule referred to above presents fairly, in all material respects, the Measure R Revenues and Expenditures of LACMTA for the fiscal year ended June 30, 2025, in accordance with accounting principles generally accepted in the United States. The auditors also found that LACMTA complied, in all material respects, with the requirements of the Ordinance for the fiscal year ended June 30, 2025.

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

MAS contracted with two firms, Vasquez and Simpson, to conduct the audits of Measure R sales tax revenues used by the County of Los Angeles (County) as well as the 88 cities (Cities).

Vasquez concluded that the County and the 39 Cities complied in all material respects with the requirements in the Ordinance and the Measure R Local Return Guidelines applicable to the Measure R Local Return program for the fiscal year ended June 30, 2025. Vasquez found nine instances of noncompliance, summarized in Schedule 2 of Attachment B, four of which were repeat findings from the prior two years.

Simpson concluded that the 49 Cities complied in all material respects with the requirements in the Ordinance and the Measure R Local Return Guidelines applicable to the Measure R Local Return program for the fiscal year ended June 30, 2025. Simpson found nine instances of noncompliance, summarized in Schedule 2 of Attachment C, three of which were repeat findings from the prior two years.

EQUITY PLATFORM

The Measure R Independent Auditor Reports summarized in this report support compliance with the applicable ordinance and guidelines, as well as assist program managers in effectively managing and administering the Measure R-funded programs that serve all communities throughout the County. There are no known equity impacts or concerns from audit services conducted to complete the annual audits.

NEXT STEPS

As required by the Ordinance section 8(i)(2), the Committee will prepare an annual report detailing the results of the annual audit process and any findings, which will be reported to the Metro Board through the Consolidated Audit report. In addition, a public hearing is anticipated to be scheduled in early June 2026 to receive public input.

ATTACHMENT(S)

- A. Measure R Special Revenue Fund Independent Auditor's Report (BCA FY25)
- B. Report on Compliance with Requirements Applicable to Measure R Ordinance and Measure R Local Return Guidelines (Vasquez FY25)
- C. Report on Compliance with Requirements Applicable to Measure R Ordinance and Measure R Local Return Guidelines (Simpson FY25)

Prepared by: Kimberly Houston, Deputy Chief Auditor, (213) 922-4720
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Reviewed by: Sharon Gookin, Deputy Chief Executive Officer, (213) 418-3101

Los Angeles County
Metropolitan Transportation Authority

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

**For the Fiscal Year Ended June 30, 2025
(With Comparative Totals For 2024)**



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Los Angeles County Metropolitan Transportation Authority
Measure R Special Revenue Fund
For the Year Ended June 30, 2025

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Independent Auditor's Report

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

Report on the Audit of the Schedule of Measure R Revenues and Expenditures

Opinion

We have audited the accompanying Schedule of Measure R Revenues and Expenditures (the Schedule) of the Los Angeles County Metropolitan Transportation Authority (LACMTA) for the fiscal year ended June 30, 2025, 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 presents fairly, in all material respects, the Measure R Revenues and Expenditures of LACMTA for the fiscal year ended June 30, 2025, 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 the financial audit 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 R Fund is intended to present the revenues and expenditures attributable to the Measure R Fund. They do not purport to, and do not, present fairly the financial position of the LACMTA, as of June 30, 2025, 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.

Responsibility of Management for the Schedule of Measure R 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.

Auditor's Responsibilities for the Audit of the Schedule of Measure R 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 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 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.

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

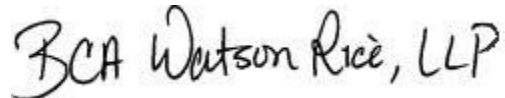
Accounting principles generally accepted in the United States of America require that the budgetary comparison information be presented to supplement the basic Schedule. Such information is the responsibility of management and, although not a part of the basic Schedule, is required by the Governmental 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 R Revenues and Expenditures of LACMTA, and we expressed an unmodified audit opinion in our report dated December 2, 2024. In our opinion, the summarized comparative information presented herein for the fiscal year ended June 30, 2025, is consistent, in all material respects, with the audited Schedule from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2025, on our consideration of LACMTA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LACMTA's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "BCA Watson Rice, LLP". The signature is written in a cursive, flowing style.

Torrance, CA
December 2, 2025

Los Angeles County Metropolitan Transportation Authority
Measure R Special Revenue Fund
Schedule of Revenues and Expenditures
For the Fiscal Year Ended June 30, 2025
(With Comparative Totals for 2024)
(Amounts expressed in thousands)

	<u>2025</u>	<u>2024</u>
Revenues		
Sales tax	\$ 1,079,808	\$ 1,092,876
Intergovernmental	105,873	58,922
Investment income	37,846	40,005
Net appreciation in fair value of investments	10,560	8,843
Other	-	7,273
Total revenues	<u>1,234,087</u>	<u>1,207,919</u>
Expenditures		
Administration and other	258,517	318,095
Transportation subsidies	375,946	416,533
Capital outlay - long-term lease arrangement	14,743	779
Debt and interest expenditures:		
Principal	531	9
Interest and fiscal charges	285	3
Total expenditures	<u>650,022</u>	<u>735,419</u>
Excess of revenues over expenditures	<u>584,065</u>	<u>472,500</u>
Other financing sources (uses)		
Transfers in	68,072	120,185
Transfers out	(1,088,895)	(617,662)
Long-term lease arrangement issued	14,743	779
Total other financing sources (uses)	<u>(1,006,080)</u>	<u>(496,698)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (422,015)</u>	<u>\$ (24,198)</u>

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

Los Angeles County Metropolitan Transportation Authority
Measure R Special Revenue Fund
Notes to the Schedule of Revenues and Expenditures
For the Fiscal Year Ended June 30, 2025

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 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 R

Measure R, also known as the Traffic Relief and Rail Expansion Ordinance is a special revenue fund used to account for the proceeds of the voter-approved one-half percent sales tax that became effective on July 1, 2009, and continuing on for the next 30 years. Revenues collected are required to be allocated in the following manner: 1) 2% for rail capital improvements; 2) 3% for Metrolink capital improvement projects within Los Angeles County; 3) 5% for rail operations for new transit project operations and maintenance; 4) 15% for local return; 5) 20% for county-wide bus service operations, maintenance, and expansion; 6) 20% for highway capital projects; and 7) 35% for transit capital specific projects.

2. Summary of Significant Accounting Policies

The Schedule of Revenues and Expenditures for the Measure R Special Revenue Fund have been 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 R Special Revenue Fund
Notes to the Schedule of Revenues and Expenditures
For the Fiscal Year Ended June 30, 2025

2. Summary of Significant Accounting Policies (Continued)

The most significant of LACMTA's accounting policies regarding 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 the governmental fund type Special Revenue Fund to account for Measure R 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 on 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 R Special Revenue Fund
Notes to the Schedule of Revenues and Expenditures
For the Fiscal Year Ended June 30, 2025

2. Summary of Significant Accounting Policies (Continued)

Investment Income and Net Appreciation (Decline) in Fair Value of Investments

Investment income and net appreciation (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, 2025, the Measure R fund had an investment income of \$37,846 and a net appreciation in fair value of investments of \$10,560. The net appreciation in the fair value of investments was mainly due to an increase in the fair market value of the investment portfolios mostly invested in bonds, which are sensitive to changes in interest rates.

The LACMTA issues a publicly available annual comprehensive financial report that includes complete disclosures related to the entire cash and investment pool. The report may be obtained at the LACMTA's website <https://www.metro.net/about/financebudget/>.

Leases

In FY 2022, LACMTA implemented GASB Statement No. 87, *Leases*, which addresses accounting and financial reporting for leases by governments. GASB Statement No. 87, requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

LACMTA is a lessee for a noncancellable lease of office space recorded under the Measure R fund. At the commencement of a lease, LACMTA initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payment made at or before the lease commencement date, plus certain indirect costs. Subsequently, the leased asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

LACMTA determines the discount rate it uses to discount the expected lease payments to the present value. LACMTA uses the interest rate charged by the lessor as the discount rate. When the interest rate is not provided in the lease agreement, LACMTA uses its estimated incremental borrowing rate as the discount rate for leases. The future lease payments expected to be made are discounted using the interest rate implicit in the lease agreement given an average lease term of 5 to 7 years. The lease terms and lease payments used are those that are stated in the executed agreement. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the LACMTA is reasonably certain to exercise.

Los Angeles County Metropolitan Transportation Authority
Measure R Special Revenue Fund
Notes to the Schedule of Revenues and Expenditures
For the Fiscal Year Ended June 30, 2025

2. Summary of Significant Accounting Policies (Continued)

Leases (continued)

LACMTA monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease assets and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

The aforementioned accounting practice is in conformity with GASB 87, *Leases*.

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 2024 in the accompanying Schedule are included only to provide a basis for comparison with 2025 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 R Special Revenue Fund

The Schedule is intended to reflect the revenues and expenditures of the Measure R fund only. Accordingly, the Schedule does not purport to, and does not, present fairly the financial position of the LACMTA and changes in the 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 R Special Revenue Fund have been made in accordance with all expenditure requirements of the Measure R Ordinance.

Los Angeles County Metropolitan Transportation Authority
Measure R Special Revenue Fund
Notes to the Schedule of Revenues and Expenditures
For the Fiscal Year Ended June 30, 2025

6. Leases

LACMTA, as a lessee, has entered into lease agreements involving office space/building. These leases have non-cancellable periods of more than 12 months and for accounting purposes are reported as financing leases.

In fiscal year 2025, LACMTA recorded at present value a lease liability and right-to-use lease assets of \$14,743 and \$14,743, respectively, related to a newly executed lease contract, using the current fiscal year's discount rate of 2.90%.

As of June 30, 2025, LACMTA has 2 active lease agreements with a total outstanding lease liability of \$14,981 and a total right-to-use lease asset recognized at present value, net of accumulated amortization, of \$14,874, presented in the LACMTA's government-wide financial statement. During the year, LACMTA recorded principal and interest payments of \$531 and \$285, respectively, representing the total amount of periodic lease payments per executed contract.

At June 30, 2025, the principal and interest requirements to maturity for this lease are presented below:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 393	\$ 497	\$ 890
2027	385	417	802
2028	424	407	831
2029	466	393	859
2030	509	379	888
2031-2035	3,048	1,645	4,693
2036-2040	4,525	1,101	5,626
2041-2045	5,231	395	5,626
Total	<u>\$ 14,981</u>	<u>\$ 5,234</u>	<u>\$ 20,215</u>

7. Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses

The Measure R fund at June 30, 2025 had a deficiency of revenues over expenditures and other financing uses of \$422,015 primarily due to the transfers out for operating, planning, and capital projects. This factor resulted in a decrease in Measure R's fund balance from \$977,969 to \$555,954.

8. Audited Financial Statements

The audited financial statements for the Measure R Special Revenue Fund for the fiscal year ended June 30, 2025, are included in LACMTA's Audited Annual Comprehensive Financial Report (ACFR).

Los Angeles County Metropolitan Transportation Authority
Measure R Special Revenue Fund
Notes to the Schedule of Revenues and Expenditures
For the Fiscal Year Ended June 30, 2025

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. Subsequent Events

In preparing the Schedule of Measure R Revenues and Expenditures, LACMTA has evaluated events and transactions for potential recognition or disclosure through December 2, 2025, the date the schedule was available to be issued. Based on this evaluation, it was determined that no subsequent events occurred that required recognition or additional disclosure in the schedule.

Los Angeles County Metropolitan Transportation Authority
Measure R Special Revenue Fund
Schedule of Revenues and Expenditures – Budget and Actual
For the fiscal year ended June 30, 2025
(Amounts expressed in thousands)

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Sales tax	\$ 1,156,000	\$ 1,156,000	\$ 1,079,808	\$ (76,192)
Intergovernmental	132,721	128,167	105,873	(22,294)
Investment income	-	-	37,846	37,846
Net appreciation in fair value of investments	-	-	10,560	10,560
Total revenues	<u>1,288,721</u>	<u>1,284,167</u>	<u>1,234,087</u>	<u>(50,080)</u>
Expenditures:				
Administration and other	545,334	453,330	258,517	194,813
Transportation subsidies	541,798	574,298	375,946	198,352
Capital outlay - long-term lease arrangement issued	-	-	14,743	(14,743)
Debt and interest expenditures:				
Principal	-	-	531	(531)
Interest and fiscal charges	-	-	285	(285)
Total expenditures	<u>1,087,132</u>	<u>1,027,628</u>	<u>650,022</u>	<u>377,606</u>
Excess of revenues over expenditures	201,589	256,539	584,065	327,526
Other financing sources (uses)				
Transfers in	261,148	281,383	68,072	(213,311)
Transfers out	(978,254)	(1,056,737)	(1,088,895)	(32,158)
Long-term lease arrangement issued	-	-	14,743	14,743
Total other financing sources (uses)	<u>(717,106)</u>	<u>(775,354)</u>	<u>(1,006,080)</u>	<u>(230,726)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (515,517)</u>	<u>\$ (518,815)</u>	<u>\$ (422,015)</u>	<u>\$ 96,800</u>



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

Measure R 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 R Special Revenue Fund of the Los Angeles County Metropolitan Transportation Authority (LACMTA) for the fiscal year ended June 30, 2025, and the related notes to the Schedule, which collectively comprised LACMTA's basic Schedule, and have issued our report thereon dated December 2, 2025.

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 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 or significant deficiencies may exist that were not 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.

A handwritten signature in black ink that reads "BCA Watson Rice, LLP". The signature is written in a cursive, flowing style.

Torrance, California
December 2, 2025



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**Independent Auditor's Report on Compliance with Requirements Applicable to
Measure R Revenues and Expenditures in Accordance with the
*Traffic Relief and Rail Expansion Ordinance No. 08-01***

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

Report on Compliance

Opinion on Measure R Revenues and Expenditures

We have audited the Los Angeles County Metropolitan Transportation Authority's (LACMTA) compliance with the *Traffic Relief and Rail Expansion Ordinance No. 08-01* (the Ordinance) applicable to LACMTA's Measure R revenues and expenditures for the fiscal year ended June 30, 2025.

In our opinion, LACMTA complied, in all material respects, with the requirements referred to above that are applicable to the Measure R revenues and expenditures for the fiscal year ended June 30, 2025.

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 R 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 R 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 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 R revenues and expenditures as a whole.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, 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 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 R 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 weaknesses 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 the 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 R revenues and expenditures. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "BCA Watson Rice, LLP". The signature is written in a cursive, flowing style.

Torrance, California
December 2, 2025

Los Angeles County Metropolitan Transportation Authority
Measure R Special Revenue Fund
Summary of Current Year Audit Findings
For the Fiscal Year Ended June 30, 2025

None noted.

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

None noted.



**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE
WITH THE REQUIREMENTS APPLICABLE TO MEASURE R ORDINANCE
AND MEASURE R LOCAL RETURN GUIDELINES**

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2025



**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Consolidated Audit Report
Fiscal Year Ended June 30, 2025**

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**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE
WITH THE REQUIREMENTS APPLICABLE TO MEASURE R ORDINANCE
AND MEASURE R LOCAL RETURN GUIDELINES**

**To the Board of Directors of the Los Angeles County
Metropolitan Transportation Authority
and Measure R Independent Taxpayers 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 R Ordinance enacted through a Los Angeles County voter-approved law in November 2008; Measure R Local Return Guidelines, issued by the Los Angeles County Metropolitan Transportation Authority (Metro), approved by its Board of Directors on October 22, 2009 (collectively, the Guidelines); and the respective Assurances and Understandings Regarding Receipt and Use of Measure R Local Return Funds, executed by Metro, the County and the respective Cities for the year ended June 30, 2025 (collectively, the Requirements). Compliance area tested and related findings are identified in the accompanying Compliance Area Tested and 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 R Local Return program for the year ended June 30, 2025.

Basis for Opinion

We conducted our audits 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 audits. 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 of the County and the Cities is responsible for their 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 grant agreements applicable to the County and each City's Measure R 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 #2025-001 through #2025-009. Our opinion is not modified with respect to these matters.

Government Auditing Standards require 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 in internal control over compliance may exist that have not been identified. However, as discussed below, we did identify certain deficiency in internal control over compliance that we consider to be a material weakness and 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 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 deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2025-002 and #2025-008 to be material weaknesses.

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 #2025-004 and #2025-005 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 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 31, 2025**

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
List of Package A Jurisdictions
Fiscal Year Ended June 30, 2025**

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 R Local Return Fund
Compliance Area Tested
Fiscal Year Ended June 30, 2025**

1. Funds were expended for transportation purposes.
2. Separate Measure R Local Return Account was established.
3. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R 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 One or electronic equivalent) was submitted on time.
9. Annual Expenditure Report (Form 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 R 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 were approved by Metro.
16. Accounting procedures, record keeping and documentation are adequate.

SUMMARY OF AUDIT RESULTS

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Compliance Findings
Fiscal Year Ended June 30, 2025**

The audits of the County of Los Angeles and 39 cities have resulted in nine (9) findings. The table below summarizes these findings:

Compliance Areas	# of Findings	Responsible Cities/ Finding No. Reference	Questioned Costs	Resolved During the Audit
Funds were expended with Metro's approval.	4	Cudahy (Finding #2025-003)	\$ 29,045	\$ 29,045
		Culver City (Finding #2025-005)	377,855	377,855
		Huntington Park (Finding #2025-006)	300,000	300,000
		San Fernando (Finding #2025-009)	97,632	97,632
Administrative expenses were within the 20% cap.	1	Cudahy (Finding #2025-004)	13,840	13,840
The Expenditure Plan (Form One or electronic equivalent) was submitted on time.	2	Calabasas (Finding #2025-001)	None	None
		Huntington Park (Finding #2025-007)	None	None
Accounting procedures, recordkeeping and documentation are adequate.	2	Compton (Finding #2025-002)	None	None
		Huntington Park (Finding #2025-008)	None	None
Total Findings and Questioned Costs	9		\$ 818,372	\$ 818,372

Details of the above findings are presented in Schedule 2.

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025**

Finding #2025-001	City of Calabasas
Compliance Reference	Section II(B) Expenditure Plan (Form One) of the Measure R Local Return Guidelines states, "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdictions shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1st of each year".
Condition	The City missed the August 1, 2024 filing deadline for Form One, submitting the 8/1 Table late. The City submitted Form One on August 5, 2024.
Cause	Due to staffing changes in the Public Works Department, there was a transition period that affected the changeover of required reporting communications with Metro.
Effect	The City submitted the Form One 8/1 Table after the August 1, 2024 deadline, resulting in the City's noncompliance with the Guidelines.
Recommendation	We recommend the City submit Form One via LRMS prior to the August 1 st deadline to ensure compliance with this requirement at all times.
Management's Response	The City will ensure the 8/1 Table is submitted in a timely manner by August 1 st for each fiscal year.
Finding Corrected During the Audit	The City submitted the 8/1 Table on August 5, 2024. No additional follow-up is required.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-002 (Material Weakness)	City of Compton
Compliance Reference	Measure R Local Return Guidelines Section VII states that, "It is the jurisdictions' responsibility to maintain proper accounting records and documentation to facilitate the performance of the audit as prescribed in these Guidelines".
Condition	As of the date of the audit on December 30, 2025, the City's year-end closing process was still ongoing. We noted the following critical observations: • Cut-off procedures related to year-end accruals were inadequate to ensure that transactions were recorded in the proper period. This resulted in the City's adjustments that affected prior period's account balances. • Beginning fund balances were not reconciled with prior year's audited reports. • The audits of the City's financial statements for the fiscal years 2024 and 2025 have not yet been completed due to the ongoing clean-up and closing process. This is a repeat finding from the fiscal year 2024.
Cause	During the fiscal years 2017 through 2025, the City lost several key employees in the Finance and Accounting department. As a result, there were delays in the closing of the City's books for the fiscal year 2024 and prior years. Currently, accounting personnel and support staff are working toward closing the books and preparing the closing entries, trial balances, schedules, reconciliations, account analyses, and other financial reports needed by management and the auditors.
Effect	The City was not in compliance with the audit requirements of the Local Return Guidelines.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-002 (Material Weakness) (Continued)	City of Compton
Recommendation	We recommend the City implement a monthly and year-end closing process in a timely manner. We also recommend that the City establish and document proper closing and reconciliation procedures and assign responsibility for completing these procedures to specific City personnel. The closing procedures should be documented in a checklist that indicates who is responsible for each task, the expected and actual completion dates. The timing of specific procedures could be coordinated with management's or the auditor's need for the related information. These reconciliations will help ensure that the financial statements are updated and provided to the users in a timely manner.
Management's Response	The City is in the process of catching up on accounting processes that were not completed due to staff turnover and other factors. The new management team in the Finance and Accounting Department is implementing procedures to ensure that monthly and annual year-end closing processes are well documented and completed on time.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-003	City of Cudahy
Compliance Reference	Section B (II)(1) Expenditure Plan (Form One) of Measure R Local Return Program Guidelines state that, "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdiction shall submit to Metro an Expenditure Plan (Form One) or its electronic equivalent, annually, by August 1st of each year. "Expenditure Plan (Form One) provides a listing of projects funded with Measure R LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. For capital projects (projects over \$250,000), Part II is required. Pursuant to AB2321, Metro will provide LR funds to a capital project or program sponsor who submits the required expenditure plan.
Condition	The City claimed expenditures prior to receiving approval from Metro under Project Code 302, Active Transportation Program, totaling \$29,045. Although the expenditures were determined to be eligible for Local Return funding, this project did not have prior approval from Metro.
Cause	The project was inadvertently omitted from the City's budget request for FY2024/25.
Effect	By claiming \$29,045 of Measure R funds prior to Metro's approval, the City did not comply with the Guidelines.
Recommendation	We recommend the City establish procedures and internal controls to ensure that Metro's approval is obtained before incurring expenditures on Local Return-funded projects.
Management's Response	The City submitted a budget request to Metro Program Manager and obtained retroactive approval of the budget for the project on December 23, 2025.
Finding Corrected During the Audit	Metro Program Manager granted retroactive approval of the budget for the project on December 23, 2025. No additional follow up is required.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-004 (Significant Deficiency)	City of Cudahy
Compliance Reference	Section A II 8 Transportation and Administration of the Measure R Local Return Guidelines states that, "Transportation Administration expenditures for those administrative costs associated with and incurred for the aforementioned eligible projects/programs. Direct administration includes those fully burdened costs that are directly associated with administering LR program or projects, and includes salaries and benefits, office supplies and equipment, and other overhead costs. All costs must be associated with developing, maintaining, monitoring, coordinating, reporting and budgeting specific LR project(s). Expenditures must be reasonable and appropriate to the activities undertaken by the locality. The administrative expenditures for any year shall not exceed twenty percent (20%) of the total LR annual expenditures."
Condition	The City claimed MRLRF administrative expenses in excess of the 20% cap, totaling \$3,023. This is a repeat finding from prior year's audit relating to the MRLRF's prior period adjustment which increased the FY2023/24 expenditures for Project Code 630, Fund Administration to \$13,274, resulting in an excess of \$10,817.
Cause	The City has reassessed and reallocated its expenses for FY2023/24 and has performed similar reallocations for FY2024/25.
Effect	The City is required to return to the Local Return Account the amount exceeding the 20% cap.
Recommendation	We recommend the City establish procedures and internal controls to ensure that administrative expenditures charged to the LR funds do not exceed the allowable limit.
Management's Response	The City will return to the Local Return Account the amount over the 20% cap, totaling \$13,840.
Finding Corrected During the Audit	The City has recorded a due from General Fund in FY2024/25. No additional follow up is required.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-005 (Significant Deficiency)	City of Culver City
Compliance Reference	Section B (II) Expenditure Plan (Form One) of Measure R Local Return Program Guidelines states that, "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdiction shall submit to Metro an Expenditure Plan (Form One), annually, by August 1st of each year. "Expenditure Plan (Form One) provides a listing of projects funded with Measure R LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. For capital projects (projects over \$250,000), Part II is required. Pursuant to AB2321, Metro will provide LR funds to a capital project or program sponsor who submits the required expenditure plan."
Condition	The City claimed expenditures under the following projects prior to approval from Metro: a. Project code 705, Culver City Street Improvements, totaling \$962; and b. Project code 806 MOVE Culver City Mobility Lane, totaling \$376,893. Although we found the expenditures to be eligible for Local Return funding, these projects had no prior approval from Metro. This is a repeat finding from the fiscal year 2024.
Cause	The projects were inadvertently excluded from the submitted budget request. Due to the resignation of a key staff member, the project was not added to the FY 2024-2025 budget request.
Effect	The City claimed expenditures totaling \$377,855 of Measure R LR funds prior to approval by Metro. The City did not comply with the Guidelines.
Recommendation	We recommend that the City establish procedures and internal controls to ensure that approval is obtained from Metro prior to spending on Measure R-funded projects.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-005 (Significant Deficiency) (Continued)	City of Culver City
Management's Response	The City submitted a budget request via LRMS on December 11, 2025. Moving forward, the City will ensure that budget requests are made timely to Metro and match the City's approved CIP budget.
Finding Corrected During the Audit	Retroactive approval of the said projects was obtained via LRMS on December 16, 2025. No additional follow-up is required.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-006	City of Huntington Park
Compliance Reference	Section B (II)(1) Expenditure Plan (Form One) of Measure R Local Return Program Guidelines state that, "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdiction shall submit to Metro an Expenditure Plan (Form One) or its electronic equivalent, annually, by August 1st of each year. "Expenditure Plan (Form One) provides a listing of projects funded with Measure R LR funds, along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. For capital projects (projects over \$250,000), Part II is required. Pursuant to AB2321, Metro will provide LR funds to a capital project or program sponsor who submits the required expenditure plan."
Condition	The City claimed expenditures prior to obtaining approval from Metro under Project Code 780, Engineering Administration, totaling \$300,000. Although the expenditures were determined to be eligible for Local Return funding, this project did not have prior approval from Metro.
Cause	This condition was caused by turnover of the City staff responsible for completing the Expenditure Plan. A City staff member who is currently assigned to monitor the Measure R Local Return Expenditure Plan was unaware of all the expenses that have been budgeted for Measure R Local Return Expenditure Plan in previous fiscal years.
Effect	The City claimed expenditures totaling \$300,000 in Measure R funds prior to approval by Metro. The City did not comply with the Guidelines.
Recommendation	We recommend the City establish procedures and internal controls to ensure that approval is obtained from Metro before incurring expenditures on Local Return-funded projects.
Management's Response	The City submitted a Budget Request via LRMS and obtained retroactive approval for the project on December 11, 2025.
Finding Corrected During the Audit	Retroactive approval for the project was obtained through LRMS on December 11, 2025. No additional follow-up is required.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-007	City of Huntington Park
Compliance Reference	Section II(B) Expenditure Plan (Form One) of the Measure R Local Return Guidelines states, "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdictions shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1 st of each year".
Condition	The City missed the August 1, 2024 deadline of Form One, submitting the 8/1 Table late. Form One was submitted on October 15, 2024.
Cause	This condition was caused by turnover of the City staff responsible for completing Form One, 8/1 Table. A City staff member who is currently assigned to submit Form One, 8/1 Table was unaware of the requirements to submit Form One, 8/1 Table by August 1 of each year.
Effect	The City submitted the Form One 8/1 Table after the August 1, 2024 deadline, resulting in the City's noncompliance with the Guidelines.
Recommendation	We recommend the City submit Form One via LRMS prior to the August 1 deadline to ensure compliance with this requirement at all times.
Management's Response	The City will ensure 8/1 Table is submitted in a timely manner by August 1st of each fiscal year.
Finding Corrected During the Audit	The City submitted the 8/1 Table on October 15, 2024. No additional follow-up is required.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-008 (Material Weakness)	City of Huntington Park
Compliance Reference	Measure R Local Return Guidelines Section VII states that, "It is the jurisdictions' responsibility to maintain proper accounting records and documentation to facilitate the performance of the audit as prescribed in these Guidelines".
Condition	As of the date of audit fieldwork on December 29, 2025, the City's year-end closing process was still ongoing for the fiscal year 2025. The following critical observations have been identified: • Cut-off procedures relating to year-end accruals were inadequate to ensure that transactions were recorded in the proper period. This resulted in the City's adjustments that affected the prior period's account balances. • Certain accounts and beginning fund balances were not reconciled to the City's published 2024 audited reports. Accordingly, the audit of the City's financial statements for the fiscal year 2025 remains in progress due to the ongoing clean-up and closing process. This is a repeat finding from the fiscal years 2023 and 2024.
Cause	During the fiscal years 2021 through 2025, the City lost several key employees, particularly in the Finance and Accounting Department. This resulted in delays in closing the City's books for the fiscal year 2025 and prior years. Currently, the accounting personnel and support staff are working toward closing the books and preparing the closing entries, trial balances, schedules, reconciliations, account analyses, and other financial reports needed by management and the auditors.
Effect	The City was not in compliance with the audit requirements of the Local Return Guidelines.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-008 (Material Weakness) (Continued)	City of Huntington Park
Recommendation	The City should implement a monthly and year-end closing process in a timely manner. We also recommend that the City establish and document proper closing and reconciliation procedures and assign responsibility for completing these procedures to specific City personnel. The closing procedures should be documented in a checklist that indicates who is responsible for each task and the expected and actual completion dates. The timing of specific procedures should be coordinated with management's or the auditor's need for the related information. These reconciliations will help ensure that the financial statements are updated and provided to users on a timely basis. We further recommend that the City maintain a separate account for its local return. This will also help in monitoring and tracking the activities and balances of local return funds.
Management's Response	The City is in the process of catching up on accounting processes that were not completed due to staff turnover and other factors. The new management team in the Finance and Accounting Department is implementing procedures to ensure that monthly and annual year-end closing processes are well documented and completed on time.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-009	City of San Fernando
Compliance Reference	Section B (II)(1) Expenditure Plan (Form One) of Measure R Local Return Program Guidelines state that, "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdiction shall submit to Metro an Expenditure Plan (Form One) or its electronic equivalent, annually, by August 1st of each year. "Expenditure Plan (Form One) provides a listing of projects funded with Measure R LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. For capital projects (projects over \$250,000), Part II is required. Pursuant to AB2321, Metro will provide LR funds to a capital project or program sponsor who submits the required expenditure plan."
Condition	The City claimed expenditures prior to approval from Metro under Project code 170, Parking Lots Maintenance Project, totaling \$97,632. Although we found the expenditures to be eligible for Local Return funding, this project had no prior approval from Metro.
Cause	The delay in submitting the project budget update to the granting agency was attributable to temporary staffing constraints that impacted the timely completion of required reporting activities.
Effect	The City claimed expenditure totaling \$97,632 of Measure R funds prior to approval by Metro. The City did not comply with the Guidelines.
Recommendation	We recommend the City establish procedures and internal controls to ensure that approval is obtained from Metro prior to spending on Local Return-funded projects.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-009 (Continued)	City of San Fernando
Management's Response	Management acknowledges this deficiency and has corrective action to prevent recurrence. Specifically, responsibilities for grant reporting will be restructured to ensure adequate staffing coverage, and cross-training initiatives are implemented to mitigate the risk of delays arising from personnel changes or absences. These measures will strengthen internal capacity and ensure the timely fulfillment of all reporting obligations in the future. The City submitted a Budget Request to Metro Program Manager and obtained retroactive approval of the budget for said project on September 30, 2025.
Finding Corrected During the Audit	Metro Program Manager granted retroactive approval of the budget for said project on September 30, 2025. No additional follow up is required.



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**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE
WITH THE REQUIREMENTS APPLICABLE TO MEASURE R ORDINANCE
AND MEASURE R LOCAL RETURN GUIDELINES**

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2025



Simpson & Simpson, LLP
Certified Public Accountants

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Consolidated Audit Report
Fiscal Year Ended June 30, 2025**

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**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE
WITH THE REQUIREMENTS APPLICABLE TO MEASURE R ORDINANCE
AND MEASURE R LOCAL RETURN GUIDELINES**

To: Board of Directors of the Los Angeles County Metropolitan Transportation Authority and Measure R
Independent Taxpayers 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 R Ordinance enacted through a Los Angeles County voter-approved law in November 2008; Measure R Local Return Guidelines, issued by the Los Angeles County Metropolitan Transportation Authority (Metro), approved by its Board of Directors on October 22, 2009 (collectively, the Guidelines); and the respective Assurances and Understandings Regarding Receipt and Use of Measure R Local Return Funds, executed by Metro, the respective Cities for the year ended June 30, 2025 (collectively, the Requirements). Compliance areas tested and related findings are identified in the accompanying Compliance Areas tested and Summary of Audit Results, Schedule 1 and Schedule 2.

In our opinion, the Cities complied, in all material respects, with the Guidelines and the Requirements referred to above that could have a direct and material effect on the Measure R Local Return program for the year ended June 30, 2025.

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.



Responsibilities of Management for Compliance

Management of the Cities are responsible for their 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 grant agreements applicable to each City's Measure R 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 instances of noncompliance, which are required to be reported in accordance with the Guidelines and the Requirements and which are described in the accompanying Summary of Compliance Findings (Schedule 1) and Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2025-001 through #2025-009. 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 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. *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 #2025-003, #2025-004, #2025-007, and #2025-008 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 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.

Simpson & Simpson

Los Angeles, California
December 31, 2025

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
List of Package B Jurisdictions
Fiscal Year Ended June 30, 2025**

- | | |
|----------------------------------|-----------------------------------|
| 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 GLENORA | 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 R Local Return Fund
Compliance Areas Tested
Fiscal Year Ended June 30, 2025

1. Funds were expended for transportation purposes.
2. Separate Measure R Local Return Account was established.
3. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R 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 One or electronic equivalent) was submitted on time.
9. Annual Expenditure Report (Form 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 R 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 were approved by Metro.
16. Accounting procedures, record keeping and documentation are adequate.

SUMMARY OF AUDIT RESULTS

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Compliance Findings
Fiscal Year Ended June 30, 2025**

The audits of the 49 cities have resulted in nine (9) findings. The table below summarizes these findings:

Compliance Area	# of Findings	Responsible Cities/ Finding Reference	Questioned Costs	Resolved During the Audit
Funds were expended with Metro's approval.	2	Downey (#2025-002)	\$ 137,503	\$ 137,503
		Palos Verdes Estates (#2025-006)	232,074	232,074
Timely use of funds.	1	Glendale (#2025-003)	1,522,484	1,522,484
Administrative expenses exceed the 20% cap.	1	Artesia (#2025-001)	4,127	4,127
Accounting procedures, record keeping and documentation are adequate.	5	Glendora (#2025-004)	None	None
		Glendora (#2025-005)	212,403	212,403
		Palos Verdes Estates (#2025-007)	None	None
		Redondo Beach (#2025-008)	None	None
		West Covina (#2025-009)	48,729	48,729
Total Findings and Questioned Costs	9		\$ 2,157,320	\$ 2,157,320

Details of the findings are in Schedule 2.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025

Finding #2025-001	City of Artesia
Compliance Reference	According to Measure R Local Return Guidelines, Section A (II) 8, Transportation Administration, "Transportation Administration expenditures for those administrative costs associated with and incurred for the aforementioned eligible projects/programs.... The administrative expenditures for any year shall not exceed twenty percent (20%) of the total LR annual expenditures."
Condition	The City's administrative expenditure exceeded 20 percent of its total Measure R Local Return Fund (MRLRF) annual expenditures by \$4,127. This amount represents the excess over the 20 percent administrative expenditure limitation.
Cause	This was an oversight on the part of the City.
Effect	The City's Measure R Local Return Administration (Project Code 630 - General Program Administration) exceeded the allowable 20 percent of total MRLRF annual expenditure. Accordingly, the City did not comply with the Measure R Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that administrative expenditures do not exceed the 20 percent cap of the MRLRF's total annual expenditures.
Management's Response	In the future, the City will monitor the administrative expenditures that they will not exceed more than 20 percent cap of MRLRF's total expenditures.
Finding Corrected During the Audit	The Metro Program Manager granted the City a waiver to reimburse its MRLRF account for the questioned cost of \$4,127 on December 29, 2025. No follow-up is required.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-002	City of Downey
Compliance Reference	According to Measure R Local Return Guidelines, Section B.VII.A, Financial and Compliance Provisions, “The Measure R 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 the MRLRF’s Lakewood Traffic Signal Upgrades Project Code 302, in the total amount of \$137,503, were incurred prior to Metro’s approval. However, the City subsequently received an approved budget from Metro in the total amount of \$137,505 on October 10, 2025.
Cause	The request for Metro’s approval of the project budget was overlooked.
Effect	The City did not comply with the Measure R Local Return Guidelines, as expenditures for the MRLRF project 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 R Local Return projects, and properly enter the budgeted amount for each project in the Local Return Management System (LRMS) and submit it before the requested due date so that the City’s expenditures of Measure R Local Return Funds are in accordance with Metro’s approval and the Guidelines.
Management’s Response	The City’s management agrees with the finding. In the future, the City will review all project costs and ensure to request the appropriate Metro approved budget prior to the fiscal year end.
Finding Corrected During the Audit	Metro Program Manager granted retroactive approval of the said project on October 10, 2025. No follow-up is required.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-003 (Significant Deficiency)	City of Glendale
Compliance Reference	According to Measure R Local Return Guidelines, Section B (III), Timely Use of Funds, “Measure R LR funds have five (5) years to be expended. Funds must be expended within five years of the first day of the fiscal year in which funds were originally allocated or received.”
Condition	The City’s fiscal year 2019–20 lapsed fund balance of \$1,522,484 was not fully expended within the required five-year period as of June 30, 2025, nor was it reserved for capital projects in accordance with the Measure R Local Return Guidelines. This is a repeat finding from the fiscal year 2024.
Cause	This was an oversight by the City for not tracking the timely use of funds.
Effect	The City was not in compliance with the Measure R Local Return Guidelines.
Recommendation	We recommend that the City establish procedures requiring City staff to review the estimated annual fund balance to ensure that funds are expended in a timely manner or appropriately set aside in a capital reserve account.
Management’s Response	The City will program the funding to ensure the lapsed amount is spent in a timely manner.
Finding Corrected During the Audit	On November 17, 2025, Metro granted the City an extension on the usage of the lapsed funds until June 30, 2026. No follow-up is required.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-004 (Significant Deficiency)	City of Glendora
Compliance Reference	According to Measure R Local Return Guidelines, Section VII, "It is the jurisdictions' responsibility to maintain proper accounting records and documentation to facilitate the performance of the audit prescribed in these guidelines..."
Condition	The bank reconciliation process was significantly delayed, and the year-end closing process had not been finalized as of the date of our audit on December 25, 2025. The most recent completed bank reconciliation was for June 2024. This is a repeat finding from the fiscal year 2024.
Cause	The Finance Department experienced staff turnover in key positions, and the City transitioned to a new financial system effective January 1, 2024. These factors contributed to the delays in completing bank reconciliations and year-end closing procedures, and compensating controls were not fully implemented to ensure these activities continued to be performed on a monthly basis.
Effect	The delay in preparing the bank reconciliations and finalizing the year-end closing process increases the risk of inaccuracies in the financial records, which could lead to misstated financial statements. This also limits the ability to ensure the integrity of cash balances and related accounts and to properly support financial reporting.
Recommendation	We recommend that the Finance Department implement a more structured process for both bank reconciliations and year-end closing procedures to ensure they are completed on a timely basis. This should include assigning clear responsibilities and deadlines for staff, as well as providing adequate training on the new financial system, and monitoring progress to ensure that discrepancies are identified and resolved promptly.
Management's Response	The Finance Department has hired contract and part-time staff to assist with completing bank reconciliations and year-end closing activities, and to help train employees on the new financial system. The Department is also establishing procedures designed to ensure that these activities are completed timely going forward.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-005	City of Glendora
Compliance Reference	According to Measure R Local Return Guidelines, Section A.I: Program Summary, states, “The Measure R Ordinance specifies that Local Return funds are to be used for transportation purposes. No net revenue distributed to Jurisdictions may be used for purposes other than transportation purposes.” and Section B.VII: Audit Section, “It is the Jurisdictions’ responsibility to maintain proper accounting records and documentation to facilitate the performance of audit prescribed in these guidelines.” In addition, the Metro Local Return Program Manager issued a memo dated on April 29, 2014 to jurisdictions to provide recommendations that ensure jurisdictions have adequate evidence to support its compliance with the Local Return Guidelines. The recommendations state “that an electronic system is acceptable as long as how much time is identified on the project (i.e. not just a clock-in-clock-out system) and this non-timesheet system, excel file or other, is authenticated by the employee and approved by one’s supervisor.” Also, the memo states that: “(4) Where employees work on multiple activities or cost objectives, a distribution or their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on: : (b) A Federal award and non-Federal award. (5) Personnel activity reports or equivalent documentation must meet the following standards: : (a) They must reflect an after the fact distribution of the actual activity of each employee, : (e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that: (i) the governmental unit’s system for establishing the estimates produces reasonable approximations of the activity actually performed; (ii) at least quarterly, comparisons of actual costs to budgeted distributions based on monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and (iii) the budget estimates or other distribution percentages are revised as least quarterly, if necessary, to reflect changed circumstances.”

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-005 (Continued)	City of Glendora
Condition	During our payroll testing, we noted that the payroll costs allocated to the Measure R Local Return Fund's (MRLRF) Street Repair and Maintenance I Project Code 705 were not supported by documentation showing the actual hours worked on the related activities. Instead, the City allocated salaries based on estimated percentages of time, and a year-end true-up was not performed to adjust the charges to actual activities. In addition, the employees' timesheets did not identify the specific hours worked on the above projects for the following payroll periods tested: (a) October 27, 2024 (b) December 22, 2024 (c) February 2, 2025 (d) March 30, 2025 As a result, we were also unable to verify that the payroll costs and employee benefits charged to the projects were based on actual time spent on eligible MRLRF activities for total amounts of \$212,403.
Cause	The fiscal year 2024-25 was the City's first full fiscal year operating under a new Time and Attendance system. During system implementation, the City relied on guidance provided by the implementation representative and configured payroll cost allocations in accordance with that guidance. At that time, it was assumed that this configuration would meet Metro's cost allocation and documentation requirements. However, it was determined that this setup did not fully capture or report actual hours worked by project or activity as required for detailed payroll and benefit cost allocation.
Effect	The payroll costs and employee benefits charged under the MRLRF projects may include expenditures that are not allowable under the respective program guidelines. These resulted in questioned costs of \$212,403.
Recommendation	We recommend that the City strengthen its controls over the allocation of payroll costs by using a supported allocation basis, time sheets or similar documentation to substantiate the actual hours worked by employees charged to the programs.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-005 (Continued)	City of Glendora
Management's Response	The City acknowledges the finding and has taken corrective action to ensure full compliance with Metro requirements. The City has engaged a third-party consultant with specialized expertise in Time and Attendance system configuration and Metro grant compliance. The City is currently developing and implementing detailed activity and project codes to capture actual hours worked by employee and by specific project. Updating Time and Attendance system configurations will ensure that payroll costs and employee benefits are allocated based on actual hours worked and supported by timesheet documentation. Reviewing internal payroll and reporting procedures will also help ensure consistent application and ongoing compliance. These actions will strengthen internal controls, improve payroll cost transparency, and ensure all future personnel cost charges to Metro-funded projects are fully supported and compliant with Metro requirements. The City met with a third-party consultant specializing in Time and Attendance system configuration and job costing to evaluate options for achieving full compliance with Metro's payroll documentation requirements. During this discussion, the consultant proposed implementing job costing within the Time and Attendance system as a means to independently track employee time by project. The conversation also emphasized the need for a structured and consistent method of time tracking and project management, particularly to distinguish hours worked on local transportation projects from those charged to the General Fund. This approach will allow the City to accurately capture actual hours worked at the employee level and allocate payroll costs and related benefits directly to the appropriate funding source. Based on this guidance, the City is moving forward with: • Establishing job costing and project/activity codes within the Time and Attendance system; • Requiring employees to record time worked by project, including transportation-related projects funded by Metro; • Aligning payroll reporting with Metro's documentation and compliance requirements. These enhancements will improve accuracy, transparency, and auditability of personnel cost allocations going forward.
Finding Corrected During the Audit	On December 26, 2025, Metro waived the questioned costs of \$212,403 and requested that the City implement a corrective action for this finding. The implementation of the new system will be verified during the fiscal year 2026 audit.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-006	City of Palos Verdes Estates
Compliance Reference	According to Measure R Local Return Guidelines, Section B.VII.A, Financial and Compliance Provisions, “The Measure R 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 City incurred expenditures totaling \$232,074 for Project Code 705 – FY 23/24 Annual Resurfacing Project prior to receiving Metro approval. These expenditures related to the fiscal year 2024 and were subsequently recorded as a prior period adjustment in the fiscal year 2025.
Cause	This oversight by the City resulted from recent turnover in administrative staff and management, including the departure of the Public Works Director in early August 2024 and the Finance Director position remaining vacant since March 2023.
Effect	The City did not comply with the Measure R Local Return Guidelines as expenditures for the MRLRF project were incurred prior to Metro’s approval.
Recommendation	We recommend that the City establish and implement procedures to ensure that all project expenditures receive formal approval from Metro prior to the expenditure of funds. In addition, the City should implement onboarding and training procedures to ensure that newly assigned personnel receive appropriate instruction on the Measure R Local Return Guidelines to maintain ongoing compliance with program requirements.
Management’s Response	The City accepts the finding. The City has updated the projects and budgets accordingly. This issue stemmed from a misunderstanding that projects and budgets do not automatically carry forward and must be resubmitted each fiscal year. The City will immediately implement procedures to ensure projects and budgets are updated and provided to Metro on a timely basis and will assign targeted training to staff to ensure compliance going forward.
Finding Corrected During the Audit	On December 18, 2025, the City received retroactive approval from Metro for the budget associated with Project Code 705 — FY 23-24 Annual Resurfacing Project, in the amount of \$232,100. No follow-up is required.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-007 (Significant Deficiency)	City of Palos Verdes Estates
Compliance Reference	According to Measure R Local Return Guidelines, Section B.VII, Audit Section, "It is the jurisdictions' responsibility to maintain proper accounting records and documentation to facilitate the performance of the audit as prescribed in these guidelines. Jurisdictions are required to retain Local Return records for at least three years following the year of allocation and be able to provide trial balances, financial statements, worksheets and other documentation required by the auditor. Jurisdictions are advised that they can be held accountable for excess audit costs arising from poor cooperation and inaccurate accounting records that would cause delays in the completion of the required audits."
Condition	During the procedures performed to reconcile the beginning balances of the fiscal year 2025 financial statements to the audited ending balances as of June 30, 2024, we noted that the City recorded certain fiscal year 2024 Local Return Funds project expenditures after the completion and issuance of the fiscal year 2024 Local Return Funds audit reports. These transactions were not recorded in the City's accounting records at the time the fiscal year 2024 audits were completed and were subsequently recorded by the City at the beginning of the fiscal year 2025. As a result of these post-year entries, cash and investments were overstated and expenditures were understated in the following fund: • MRLRF: \$232,074 Because these transactions related to fiscal year 2024 activities but were recorded after the issuance of the fiscal year 2024 Local Return Funds audit reports, they were recorded as prior period adjustments in the fiscal year 2025.
Cause	This oversight by the City resulted from recent turnover in administrative staff and management, including the departure of the Public Works Director in early August 2024 and the Finance Director position remaining vacant since March 2023. In addition, the City personnel were unfamiliar with the City's fund requirements and Local Return reporting processes, and the City engaged an external accounting support team to assist with the year-end closing process. Collectively, these circumstances adversely affected controls over the Local Return Funds and Metro-related projects, and contributed to delays in critical reconciliations, account analyses, and the preparation of supporting documentation required for year-end financial reporting and audit purposes.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-007 (Significant Deficiency) (Continued)	City of Palos Verdes Estates
Effect	Although supporting documentation was maintained by the external accounting support team, the City personnel were unable to readily locate or provide the documentation upon request, resulting in unresolved differences between amounts recorded in the City's general ledger and those reported to Metro. As a result, these conditions increased the risk of: (a) inaccurate or misstated financial records and reports; and (b) noncompliance with applicable local return guidelines. In addition, deficiencies in the City's year-end closing and documentation processes contributed to delays in the completion of the required audits.
Recommendation	We recommend that management prioritize timely completion of the year-end closing process and strengthen controls over period-end financial reporting. This should include implementing a structured closing process with clearly defined roles, responsibilities, and timelines. In addition, management should ensure appropriate supervisory review and oversight to verify that all required reconciliations, documentation, and adjustments are completed accurately and timely prior to finalizing the year-end close.
Management's Response	The City has updated the projects and budgets accordingly. This issue stemmed from a misunderstanding that projects and budgets do not automatically carry forward and must be resubmitted each fiscal year. The City will immediately implement procedures to ensure projects and budgets are updated and provided to Metro on a timely basis and will assign targeted training to staff to ensure compliance going forward.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-008 (Significant Deficiency)	City of Redondo Beach
Compliance Reference	According to Measure R Local Return Guidelines, Section VII, "It is the jurisdictions' responsibility to maintain proper accounting records and documentation to facilitate the performance of the audit prescribed in these Guidelines."
Condition	As of the date of the audit on December 16, 2025, the City's year-end closing process had not yet been completed. Accordingly, we noted the following matters: (a) Bank reconciliations for May and June 2025 had not been completed due to unresolved reconciling items. (b) Interest income allocations for all local return funds had not been finalized, and interest earned but not yet received as of June 30, 2025 had not been accrued. (c) Unrealized gains and losses on investments had not been recorded as of year-end.
Cause	The City implemented a new permit management and financial system in August 2024, which created in reconciliation challenges between permit payment activity and bank records. Due to ongoing issues, the City discontinued the system and transitioned to a new system in April 2025. While the new system is operating more effectively, unresolved reconciliation issues remain for the March through April 2025 transition period, primarily related to transactions recorded in both systems. In addition, staffing shortages within the Finance Department further contributed to delays in completing year-end reconciliations and closing activities. As a result, the City was unable to finalize the year-end closing process and related allocations prior to the audit.
Effect	Delays in preparing bank reconciliations and year-end closing procedures increase the risk of errors or omissions in the City's financial records. Because interest allocations, accrued interest, and unrealized gains and losses were not recorded, interest income, interest receivable, investment balances, and related fund balances may be misstated or not properly allocated among Local Return funds. These conditions also limit management's ability to detect and correct errors on a timely basis and weaken internal controls over financial reporting.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-008 (Significant Deficiency) (Continued)	City of Redondo Beach
Recommendation	We recommend that the Finance Department establish and follow a documented year-end closing process to ensure that: • Bank reconciliations are completed monthly and reviewed. • Interest income allocations and accruals are finalized prior to closing. • Unrealized investment gains and losses are recorded at year-end, and all closing entries are subject to supervisory review. • We further recommend prioritizing completion of the outstanding reconciliations for May and June 2025 and providing additional training to staff on the new financial system and year-end procedures.
Management's Response	Management agrees with the recommendation and will strengthen the financial statement closing process by enhancing year-end procedures through improved documentation, clearer task assignments, and the implementation of a structured close checklist and timeline. The Finance Department will complete interest allocations, along with pooled cash and related bank reconciliations, on a monthly basis with established internal deadlines, and supervisor will perform monthly reviews to ensure accuracy and completeness. Responsibilities for bank reconciliations and interest allocations have been reassigned to designated staff to provide continuity. Progress will be monitored regularly to ensure alignment with financial reporting and audit timelines.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-009	City of West Covina
Compliance Reference	According to Measure R Local Return Guidelines, Section A.I: Program Summary, “The Measure R Ordinance specifies that LR (Local Return) funds are to be used for transportation purposes. No net revenue distributed to Jurisdictions may be used for purposes other than transportation purposes.” and Section B.VII: Audit Section states, “It is the Jurisdictions’ responsibility to maintain proper accounting records and documentation to facilitate the performance of audit prescribed in these guidelines.” In addition, the Metro Local Return Program Manager issued a memo dated on April 29, 2014 to jurisdictions to provide recommendations that ensure jurisdictions have adequate evidence to support its compliance with the Local Return Guidelines. The recommendations state, “that an electronic system is acceptable as long as how much time is identified on the project (i.e. not just a clock-in-clock-out system) and this non-timesheet system, excel file or other, is authenticated by the employee and approved by one’s supervisor.” Also, the memo states that “(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on: : (b) A Federal award and non-Federal award. : (5) Personnel activity reports or equivalent documentation must meet the following standards: (a) They must reflect an after the fact distribution of the actual activity of each employee, : (e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that: (i) the governmental unit’s system for establishing the estimates produces reasonable approximations of the activity actually performed; (ii) at least quarterly, comparisons of actual costs to budgeted distributions based on monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and (iii) the budget estimates or other distribution percentages are revised as least quarterly, if necessary, to reflect changed circumstances.”

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-009 (Continued)	City of West Covina
Condition	During our payroll testing, we noted that the payroll costs allocated to the Measure R Local Return Fund (MRLRF) Administration Project Code 630 (Project) were not supported by documentation showing the actual hours worked on the related activities. Instead, the City allocated salaries based on estimated percentages of time, and a year-end true-up was not performed to adjust the charges to actual activities. In addition, the employees' timesheets did not identify the specific hours worked on the Project for the following payroll periods tested: (a) August 30, 2024 (b) December 6, 2024 (c) March 14, 2025 (d) May 23, 2025 As a result, we were unable to verify that the payroll costs and employee benefits charged to the Project were based on actual time spent on eligible MRLRF activities for a total amount of \$48,729.
Cause	During the fiscal year 2024-25, the City converted its system to Tyler Munis ERP and planned to use this new system to streamline payroll processing and track the actual hours spent by the employees on each project. The City eliminated the use of the hard copy timesheets. However, due to the delay in the application of the new software, the estimated percentages were used to allocate the salaries to MRLRF.
Effect	The payroll costs and employee benefits claimed under the MRLRF projects may include disallowed Measure R project expenditures. This resulted in questioned costs of \$48,729 for MRLRF.
Recommendation	We recommend that the City strengthen its controls over the allocation of payroll costs by using a supported allocation basis, time sheets or similar documentation to substantiate the actual hours worked by employees charged to the programs.
Management's Response	The City management acknowledges the audit finding regarding the use of budgeted allocations for administrative costs instead of actual hours. Beginning January 2026, the City will implement the timesheet tracking for all administrative personnel to ensure costs are accurately allocated based on actual time spent on each project.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-009 (Continued)	City of West Covina
Finding Corrected During the Audit	On December 26, 2025, Metro waived the questioned costs of \$48,729 and requested that the City implement a corrective action for this finding. The implementation of the new system will be verified during the fiscal year 2026 audit.

FISCAL YEAR 2025 MEASURE R 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 R INDEPENDENT TAXPAYERS OVERSIGHT COMMITTEE

MARCH 9, 2026



*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 R Revenues and Expenditures
 - Design, implementation and maintenance of internal control – free from material misstatement, whether due to fraud or error.
- Auditor's Responsibilities:
 - Express an opinion on the fair presentation on the Schedule of Measure R Revenues and Expenditures based on our audit.
 - Express an opinion on compliance with the *Traffic Relief and Rail Expansion Ordinance 08-01* (Measure R Ordinance).

Summary of Audit Results

- Schedule of Measure R Revenues and Expenditures Audit
 - Unmodified opinion
- No internal control material weaknesses or significant deficiencies over financial reporting were identified.
- No significant internal control deficiencies over compliance were identified.
- LACMTA complied with the *Traffic Relief and Rail Expansion Ordinance 08-01 (Measure R Ordinance)*

Financial Highlights

- Sales tax revenue decreased by \$13.1 million compared to prior year (1.2% change from prior year). The decrease was mainly due to a decrease in consumer spending during FY 2024-2025.
- Actual expenditures decreased by \$85.4 million compared to prior year (11.6% change from prior year) due primarily to a decrease in spending in administration and other expenditures by \$59.6 million and by a decrease in transportation subsidies by \$40.6 million.
- Transfers-in decreased by \$52.1 million from the previous year (43.4% change from prior year). Decrease was mainly attributed to zero billings for the Sepulveda Transit Corridor project.
- Transfers-out increased by \$471.2 million compared to prior year (76.3% change from prior year). Increase was due primarily to lower than anticipated expenditures for various transit capital projects.

Financial Highlights (Continued)

- Actual sales tax revenue was less than budgeted by \$76.2 million.
- Actual expenditures were less than budgeted by \$377.6 million, mainly due to actual amounts for professional and technical services for capital projects and transportation subsidies coming in less than the budgeted amount.
- Actual transfers in were less than budgeted by \$213.3, mainly due to the actual amount received from other funds being less than the anticipated amount for the South Bay Transit Invest Program and the Sepulveda Transit Corridor.
- Actual transfers out were more than budgeted by \$32.2 million, mainly due to operating expenditures (bus and rail) being more than the budgeted amount during FY 2025.
- Measure R fund at June 30, 2025, had a deficiency of revenues and other financing sources over expenditures and other financing uses of \$422.0 million, decreasing Measure R fund balance from \$977.9 million to \$555.9 million at June 30, 2025.

Required Communications

with Those Charged with Governance

Items to be Communicated

Auditor's Responsibilities Under Generally Accepted Auditing Standards

- To express an opinion on the Schedule of Measure R 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 significant difficulties in dealing with management in performing and completing conducting our audit.

Required Communications (Continued)

- Management consultations with other independent accountants
 - To our knowledge, there were no such consultations with other accountants.
- 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 R Revenues and Expenditures or the auditor's report.
 - No such disagreements occurred during the audit.
- Management representation
 - We requested certain representations from management which are included in the management representation letter dated December 2, 2025.

Management Letter Comments

- There are no management letter comments.

Audited Financial Statements for Measure R Special Revenue Fund

- Included in LACMTA's June 30, 2025 Annual Comprehensive Financial Report (ACFR)

BCA Watson Rice LLP

Audit Engagement Team

- Marialyn Labastilla, Engagement Partner (mslabastilla@bcawr.com)
- Helen Chu, Quality Control Partner (hchu@bcawr.com)
- Ihab Fakhreddine, Audit Manager (ifakhreddine@bcawr.com)
- Kristen Reyes, Senior Auditor (kreyes@bcawr.com)

QUESTIONS AND ANSWERS

**Measure R Local Return Fund Audit Results
For the Fiscal Years Ended June 30, 2025
(Package B)**

Simpson & Simpson, LLP



Measure R Independent Taxpayers Oversight Committee Meeting
Date: March 9, 2026

Agenda

- ❖ Presenters: Etta Hur, CPA, Partner
Austine Cho, CPA, Senior Audit Manager
 - Background
 - Summary of Audit Results - Findings and Questioned Costs
 - Analysis of Measure R Audit Results
 - S&S Contact Information
 - Questions



Background



Simpson and Simpson, LLP

- We have audited the compliance of the following 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 GLEN DORA | 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 R Ordinance, the Measure R Local Return Guidelines and the respective Assurances and Understandings Regarding Receipt and Use of Measure R Local Return Funds.



Summary of Audit Results – Findings and Questioned Costs



Summary of Audit Results

❖ Audit Summary: FY2025

Audits were performed for all 49 jurisdictions in FY2025:

- Total dollar amounts associated with the findings are as follows:
 - **FY2025:** Increase from \$1,832,895 in FY2024 to \$2,157,320 in FY2025.



Summary of Audit Results (Cont.)

FY2025 Audit Summary:

- **Total Questioned Costs:** \$2,157,320 (approximately 1.9% of the FY2025 Measure R allocations of \$108,550,831 under Package B).
- **Resolution:** All questioned costs were resolved during the audits.

Types of Questioned Costs:

- a) \$369,577: Funds expended on Measure R eligible project prior to Metro's approval (resolved during the audits).
- b) \$1,522,484: Untimely use of funds (resolved during the audit).
- c) \$4,127: Administrative expenses exceed the 20% cap (resolved during the audit).
- d) \$261,132: Accounting procedures, record keeping and documentation are adequate (resolved during the audit).



Summary of Audit Results (Cont.)

During our audit, we identified a total of 9 instances of non-compliance. The following were categorized as Significant Deficiencies:

- Significant Deficiencies (4 instances)
 - City of Glendale (#2025-003)
 - City of Glendora (#2025-004)
 - City of Palos Verdes Estates (#2025-007)
 - City of Redondo Beach (#2025-008)

Further details about the specific conditions leading to these significant deficiencies in internal control over compliance will be explained as each finding is presented.



Summary of Audit Results (Cont.)

Findings	# of Findings	Responsible Cities/ Finding Reference	Questioned Costs	Resolved During the Audit
Funds were expended with Metro's approval.	2	Downey (#2025-002) Palos Verdes Estates (#2025-006)	\$ 137,503 232,074	\$ 137,503 232,074
Timely use of funds.	1	Glendale (#2025-003)	1,522,484	1,522,484
Administrative expenses exceed the 20% cap.	1	Artesia (#2025-001)	4,127	4,172



Summary of Audit Results (Cont.)

Findings	# of Findings	Responsible Cities/ Finding Reference	Questioned Costs	Resolved During the Audit
Accounting procedures, record keeping, and documentation are adequate.	5	Glendora (#2025-004) Glendora (#2025-005) Palos Verdes Estates (#2025-007) Redondo Beach (#2025-008) West Covina (#2025-009)	None 212,403 None None 48,729	None 212,403 None None 48,729
Total Findings and Questioned Cost	9		\$ 2,157,320	\$ 2,157,320



Significant Deficiencies In Internal Controls over Compliance

➤ Significant Deficiency 1 of 4 :

City of Glendora (Finding #2025-003):

- **Issue:** The City's Fiscal Year 2020 MRLRF ending fund balance of \$1,522,484 was neither fully expended within five years as of June 30, 2025, nor reserved for capital projects, as required by the Measure R Local Return Guidelines.
- **Reason:** Oversight on the part of the City.
- **Repeat Finding:** Repeat finding from the fiscal year 2024.
- **Resolution:** On November 17, 2025, Metro granted the City an extension to use the lapsed funds until June 30, 2026. No further follow-up is required.



Significant Deficiencies In Internal Controls over Compliance (Cont.)

➤ Significant Deficiency 2 of 4:

City of Glendora (Finding #2025-004):

- **Issue:** The bank reconciliation process was significantly delayed, and the year-end closing process had not been finalized as of the date of our audit on December 25, 2025. The most recent completed bank reconciliation was for June 2024.
- **Reason:** The Finance Department experienced staff turnover in key positions, and the City transitioned to a new financial system effective January 1, 2024. These factors contributed to delays in completing bank reconciliations and year-end closing procedures, and compensating controls were not fully implemented to ensure these activities continued to be performed on a monthly basis.
- **Repeat Finding:** Repeat finding from the fiscal year 2024.
- **Management's response:** The Finance Department has hired contract and part-time staff to assist with completing bank reconciliations and year-end closing activities, and to help train employees on the new financial system. The Department is also establishing procedures designed to ensure that these activities are completed timely going forward.



Significant Deficiencies In Internal Controls over Compliance (Cont.)

➤ Significant Deficiency 3 of 4:

City of Palos Verdes Estates (Finding #2025-007):

- **Issue:** During the FY 2025 beginning balance reconciliation, the City recorded \$232,074 of FY 2024 Local Return Funds expenditures after completion of the FY 2024 audit (prior period adjustment), resulting in an overstatement of cash and understatement of MRLRF expenditures.
- **Reason:** Oversight resulted from recent administrative and management turnover, including the Public Works Director's departure in August 2024 and the Finance Director position remaining vacant since March 2023, further compounded by staff unfamiliarity with fund requirements and reliance on external accounting support, which contributed to delays in reconciliations, analyses, and year-end reporting.
- **Management's response:** The City has updated the projects and budgets and will implement procedures and provide staff training to ensure timely updates and compliance with Metro requirements going forward.



Significant Deficiencies In Internal Controls over Compliance (Cont.)

➤ Significant Deficiency 4 of 4:

City of Redondo Beach (Finding #2025-008):

- **Issue:** As of the audit date of December 16, 2025, the City's year-end closing process was incomplete, with May and June 2025 bank reconciliations pending, interest income allocations and accruals not finalized, and unrealized investment gains and losses not recorded.
- **Reason:** The City's transition between permit and financial systems from August 2024 to April 2025, combined with Finance Department staffing shortages, caused reconciliation challenges and delays that prevented completion of the year-end closing process and related allocations before the audit.
- **Management's response:** Management will strengthen the year-end closing process through improved documentation, a structured checklist, and clear task assignments. Interest allocations and bank reconciliations will be completed monthly with supervisor review, responsibilities will be reassigned to ensure continuity, and progress will be regularly monitored to ensure timely and accurate financial reporting.

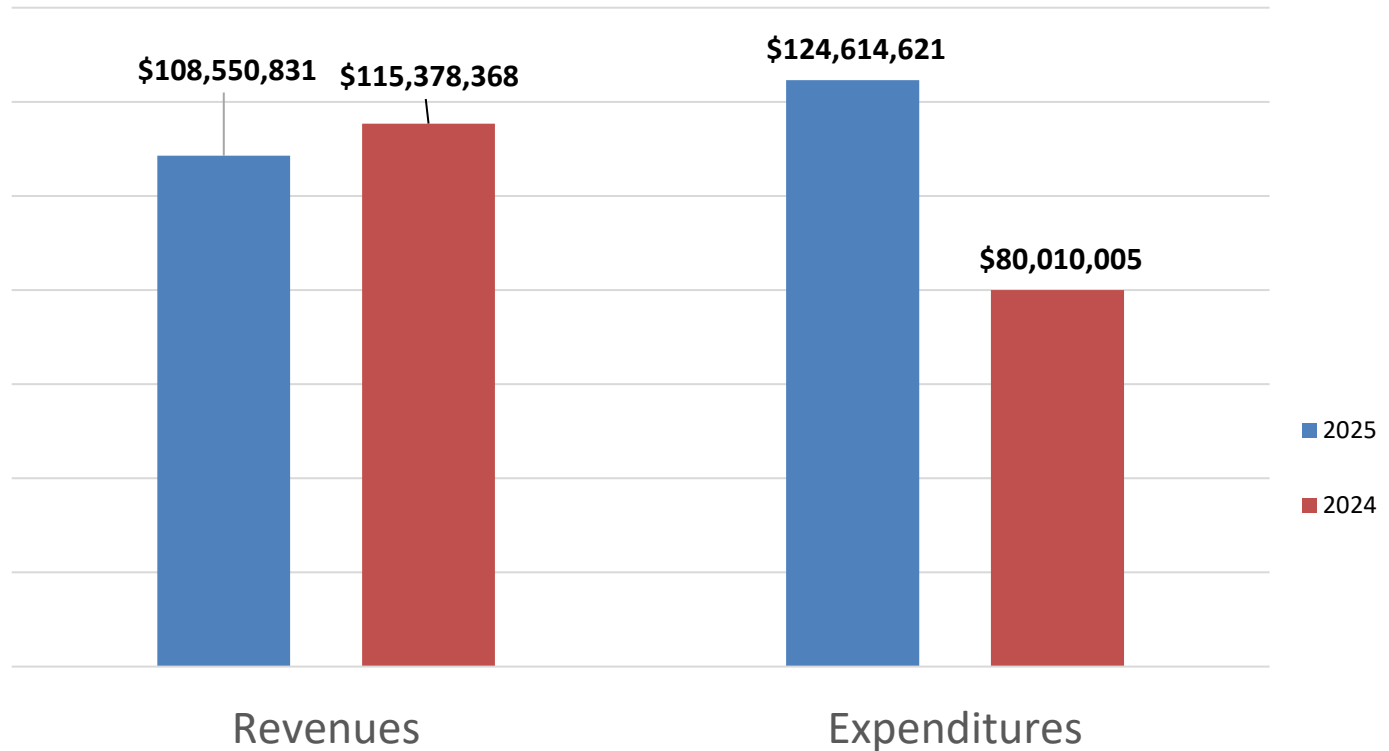


Analysis of Measure R Audit Results



Revenue and Expenditures of 49 Jurisdictions

FY 2025 and FY 2024
Revenues and Expenditures



S&S Contact information

Team member	Contact information
Grace Yuen Lead Engagement Partner	Email: gyuen@simpsonllp.com
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Questions





Metro®

**PRESENTATION
TO THE MEASURE R
INDEPENDENT TAXPAYERS
OVERSIGHT COMMITTEE
AUDIT RESULTS OF MEASURE R
LOCAL RETURN FUNDS
Package A**

March 9, 2026



VASQUEZ
+ COMPANY LLP



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/ Scope of the Audits



/ Scope of the Audits

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

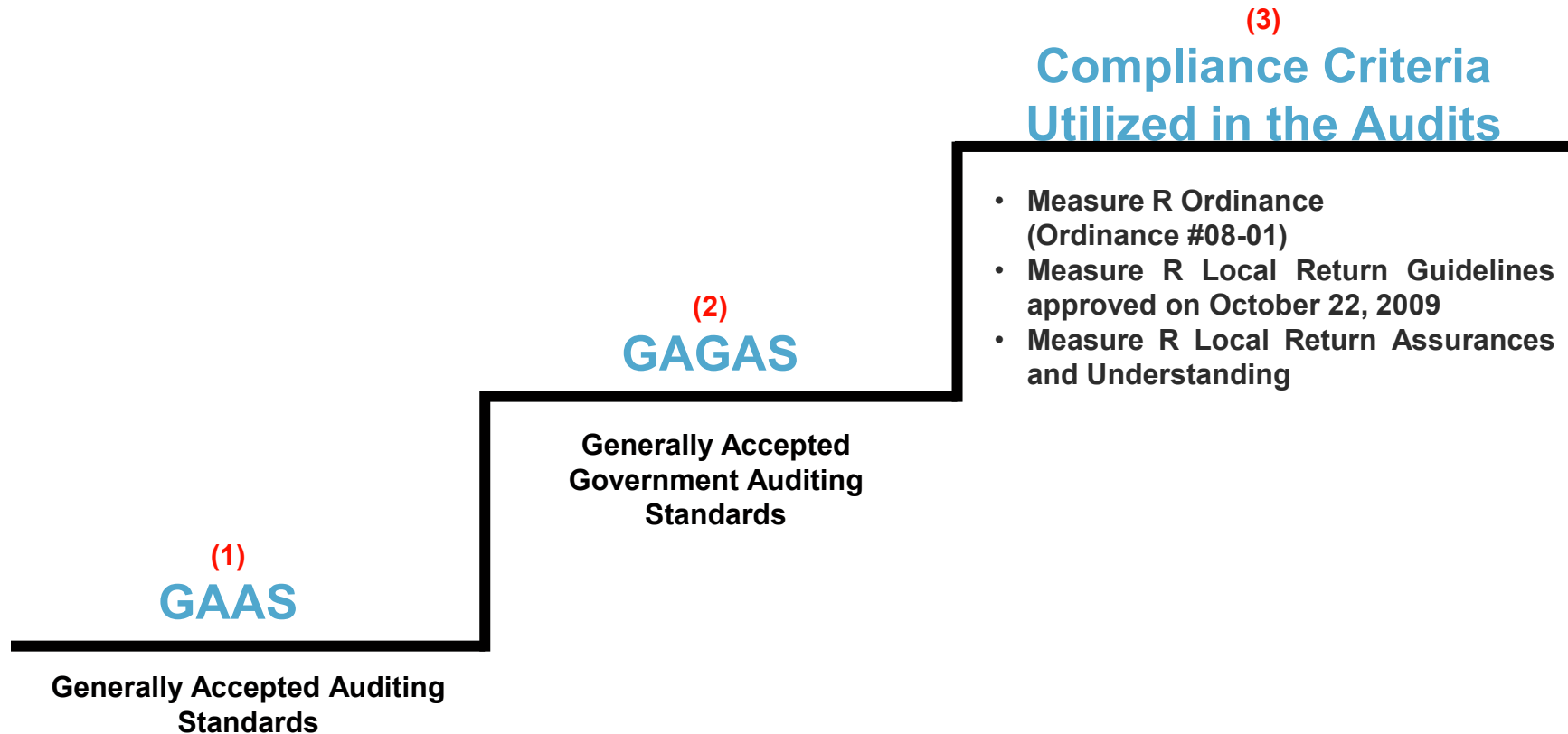
- | | | | |
|--------------------------|---------------------|-------------------|----------------------|
| 1. County of Los Angeles | 11. Compton | 21. Irwindale | 31. Rosemead |
| 2. Agoura Hills | 12. Cudahy | 22. La Puente | 32. San Fernando |
| 3. Azusa | 13. Culver City | 23. Lawndale | 33. Santa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



/ Levels of Assurance, Compliance Criteria and Auditing Standards Utilized



/ Levels of Assurance, Compliance Criteria and Auditing Standards Utilized

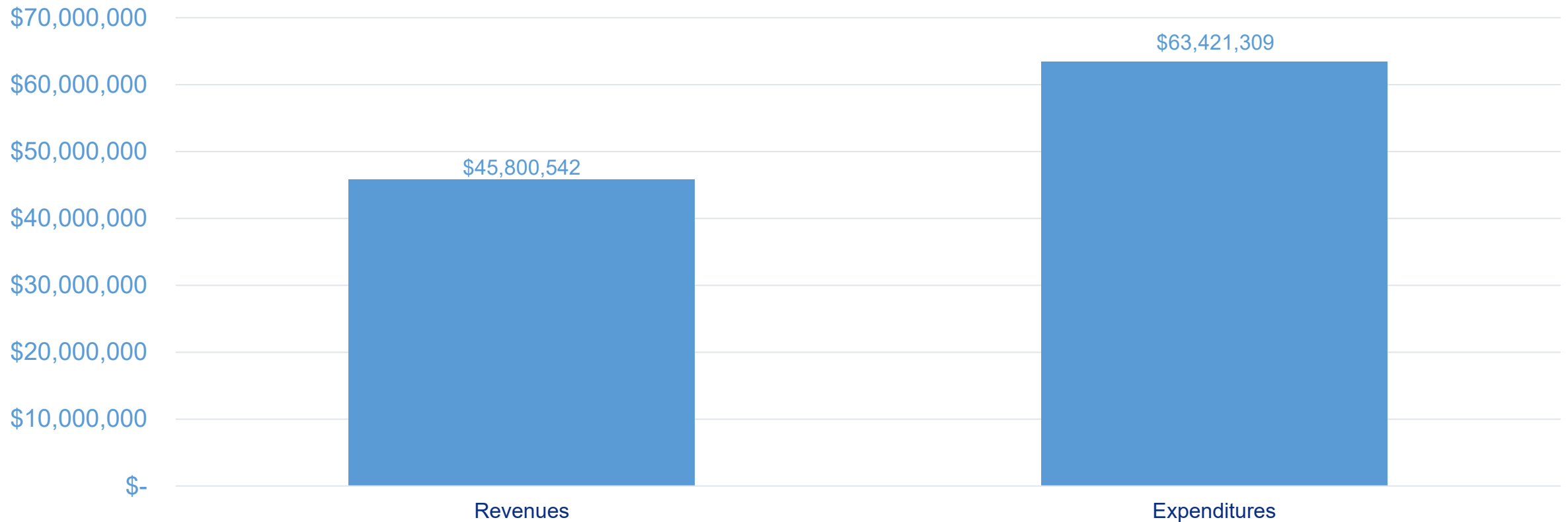


/ Revenue and Expenditures of the County of Los Angeles and 39 Cities



/ Revenue and Expenditures of the County of Los Angeles and 39 Cities

FY 2025 Revenues and Expenditures



/ Overview of the Audit Results



/ Overview of the Audit Results

FY 2025 Summary of Audit Results

- Dollars associated with the findings have decreased from \$2,662,109 in FY2024 to \$818,372 in FY2025 audit.
- This represents about 1.79% of the total Measure R FY2025 allocations of \$45,800,542 to the County of Los Angeles and 39 cities under Package A.

Questioned Costs

- The questioned cost of \$804,532 relates to Measure R funds expended on eligible projects prior to Metro's approval.
- The questioned cost of \$13,840 relates to administrative expenses more than the 20% cap.

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 B(II) Expenditure Plan (Form One) of the Measure R Local Return Program Guidelines state that, "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdiction shall submit to Metro an Expenditure Plan (Form One), annually, by August 1st of each year".
- Number of cities involved: 4 of 39 cities
- Questioned costs for 2025:

	Total Expenditures Claimed for 2025	Questioned	Resolved During the Audit	Report Reference
1. Cudahy	\$ 95,755	\$ 29,045	\$ 29,045	Finding #2025-003, Page 11
2. Culver City	377,855	377,855	377,855	Finding #2025-005, Page 13
3. Huntington Park	727,954	300,000	300,000	Finding #2025-006, Page 15
4. San Fernando	491,233	97,632	97,632	Finding #2025-009, Page 19
	<u>\$ 1,692,797</u>	<u>\$ 804,532</u>	<u>\$ 804,532</u>	

/ Details of Audit Results, Continued

B. Administrative expenses were within the 20% cap.

- Compliance Reference: Section A II 8 Transportation and Administration of the Measure R Local Return Guidelines states that, “Transportation Administration expenditures for those administrative costs associated with and incurred for the aforementioned eligible projects/programs. Direct administration includes those fully burdened costs that are directly associated with administering LR program or projects, and includes salaries and benefits, office supplies and equipment, and other overhead costs. All costs must be associated with developing, maintaining, monitoring, coordinating, reporting and budgeting specific LR project(s). Expenditures must be reasonable and appropriate to the activities undertaken by the locality. The administrative expenditures for any year shall not exceed twenty percent (20%) of the total LR annual expenditures.”
- Number of cities involved: 1 of 39 cities
 - City of Cudahy (Finding #2025-004, Page 12)
- Questioned costs for 2025: \$13,840

/ Details of Audit Results, Continued

C. The Expenditure Plan (Form One or electronic equivalent) was submitted on time.

- Compliance Reference: Section II(B) Expenditure Plan (Form One) of the Measure R Local Return Guidelines states, “To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdictions shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1st of each year”.
- Number of cities involved: 2 of 39 cities
 - City of Calabasas (Finding #2025-001, Page 8)
 - City of Huntington Park (Finding #2025-007, Page 16)
- Questioned costs for 2025: None

/ Details of Audit Results, Continued

D. Accounting procedures, recordkeeping and documentation were not adequate.

- Compliance Reference: Section VII of the Measure R Local Return Program Guidelines states that, “It is the jurisdictions’ responsibility to maintain proper accounting records and documentation to facilitate the performance of the audit as prescribed in these Guidelines”.
- Number of cities involved: 2 of 39 cities
 - City of Compton (Finding #2025-002, Page 9)
 - City of Huntington Park (Finding #2025-008, Page 17)
- Questioned costs for 2025: None

/ Material Weaknesses and Significant Deficiencies in Internal Control Over Compliance



/ Material Weaknesses and Significant Deficiencies in Internal Control Over Compliance

(1) Material Weaknesses

City of Compton

Finding #2025-002

- During the fiscal years 2017 through 2025, the City lost several key employees in the Finance and Accounting department. As a result, there were delays in the closing of the City's books for the fiscal year 2025 and prior years. As of December 30, 2025, accounting personnel and support staff are working toward closing the books and preparing the closing entries, trial balances, schedules, reconciliations, account analyses, and other financial reports needed by management and the auditors.
- A qualified opinion was issued on the City's MRLRF financial statements as of and for the year ended June 30, 2025.

/ Material Weaknesses and Significant Deficiencies in Internal Control Over Compliance, Continued

(2) Material Weaknesses

City of Huntington Park

Finding #2025-008

- During the fiscal years 2021 through 2025, the City lost several key employees, particularly in the Finance and Accounting Department. This resulted in delays in closing the City's books for the fiscal year 2025 and prior years. As of December 29, 2025, the accounting personnel and support staff are working toward closing the books and preparing the closing entries, trial balances, schedules, reconciliations, account analyses, and other financial reports needed by management and the auditors.
- A qualified opinion was issued on the City's MRLRF financial statements as of and for the year ended June 30, 2025.

/ Material Weaknesses and Significant Deficiencies in Internal Control Over Compliance, Continued

(4) Significant Deficiency (repeat finding)

City of Cudahy

Finding #2025-004

- The City claimed MRLRF administrative expenses in excess of the 20% cap, totaling \$3,023.
- This is a repeat finding from prior year's audit relating to the MRLRF's prior period adjustment which increased the FY2023/24 expenditures for Project Code 630, Fund Administration to \$13,274, resulting in an excess of \$10,817.

/ Material Weaknesses and Significant Deficiencies in Internal Control Over Compliance, Continued

(3) Significant Deficiency (repeat finding)

City of Culver City

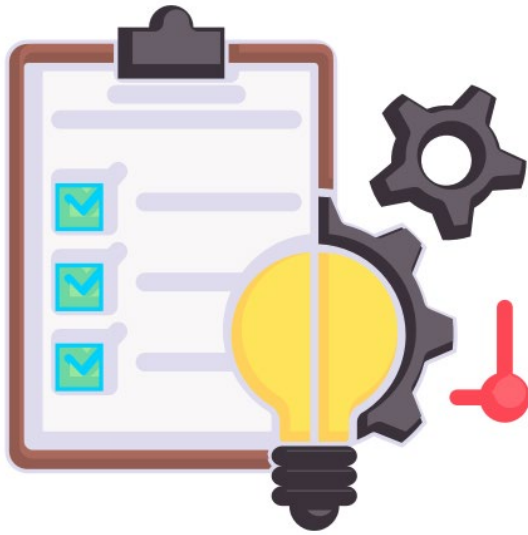
Finding #2025-005

- The City claimed expenditures totaling \$377,855 with no prior approval from Metro.
- This is a repeat finding from prior year.

/ Required Communications to the Measure R Independent Taxpayers Oversight Committee



/ Required Communications to the Measure R Independent Taxpayer 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 R Independent Taxpayer Oversight Committee based upon the results of our audit of the Measure R Local Return Funds of the County of Los Angeles and the 39 cities.

/ Required Communications to the Measure R Independent Taxpayer 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 R Independent Taxpayer Oversight Committee, Continued

Disagreements with Management

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

Significant Accounting Policies

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

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 R Independent Taxpayer Oversight Committee, Continued

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 signed copies of the management representation letters prior to issuance of our auditor's opinions.

QUESTIONS

/ Contact Information

Vasquez + Company LLP has over 55 years of experience in performing audit, accounting, and consulting services for all types of private companies, nonprofit organizations, and governmental entities.

Vasquez + Company LLP is proud to be part of Aprio Alliance—a national association created by accounting professionals to help collaborative, growth-minded CPA firms thrive. This affiliation gives us access to leading expertise, resources, and best practices, while preserving what matters most: the personalized service and local insight you expect from an independent firm. Aprio Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from Aprio. “Aprio” is the brand name under which Aprio, LLP and Aprio Advisory Group, LLC (and its subsidiaries) provide professional services.

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





Board Report

File #: 2026-0093, File Type: Oral Report / Presentation

Agenda Number: 6.

MEASURE R INDEPENDENT TAXPAYERS OVERSIGHT COMMITTEE MARCH 9, 2026

SUBJECT: BUDGET OUTREACH AND ENGAGEMENT REPORT

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE an oral report and live demonstration of the My Metro Budget Activity and the My Metro Priorities.

ISSUE

Metro remains dedicated to fostering transparency with riders, the public, and stakeholders. To uphold this commitment, the budget outreach process continues to engage the public through both traditional and new methods. This includes an interactive budget platform designed for public education and feedback. The "My Metro Budget Activity" aims to educate the public about the complexities of Metro's annual budget and to gather valuable information from riders. New this year, "My Metro Priorities" is a youth-focused (under 18) activity designed to advance the same mission in a simpler format. The insights gained will be instrumental in shaping the development of Metro's Fiscal Year (FY) 2027 budget.

EQUITY PLATFORM

Marketing efforts have been designed to actively engage residents of Equity Focus Communities (EFCs). These efforts have resulted in increased participation from historically underrepresented populations, including individuals who do not have regular access to a vehicle, those with a household income of less than \$25,000, and BIPOC communities. Analysis shows that 44% of "My Metro Budget" respondents and 60% of "My Metro Priorities" respondents reside in EFCs (excluding those outside the analysis area). These demographics closely mirror both LA County's overall population and Metro's ridership profile.

For FY 2027, the budget development process was promoted through a comprehensive outreach strategy, including the online budget portal, e-blasts, social media campaigns, traditional advertising, flyer distribution by station staff, and youth-group engagement. Metro's goal is to ensure all LA County residents are informed of the opportunity to make their voices heard. This year, the budget activity features a new "Impacts" tool, allowing users to view the staffing impacts of budget changes in real time.

This approach aligns with Metro's Equity Platform-specifically the "Listen and Learn" and "Focus and Deliver" pillars-reflecting a steadfast commitment to equitable engagement.

Metro remains focused on riders' priorities through these interactive activities. Feedback is compiled into reports for department use during budget development, guiding decision-making to ensure the final budget aligns with the public's priorities. Key outcomes from this process include increased investments in safety and security, cleanliness, and service frequency and reliability.

Prepared by: Oren Ben-Joseph, Senior Director, Finance, 213-922-5523
Giovanna Gogreve, Senior Director, Finance, 213-922-2835

Reviewed by: Michelle Navarro, Chief Financial Officer (Interim), 213-922-3056



Measure R Independent Taxpayers Oversight Committee

Office of Management & Budget
Giovanna M. Gogreve
Oren Ben-Joseph

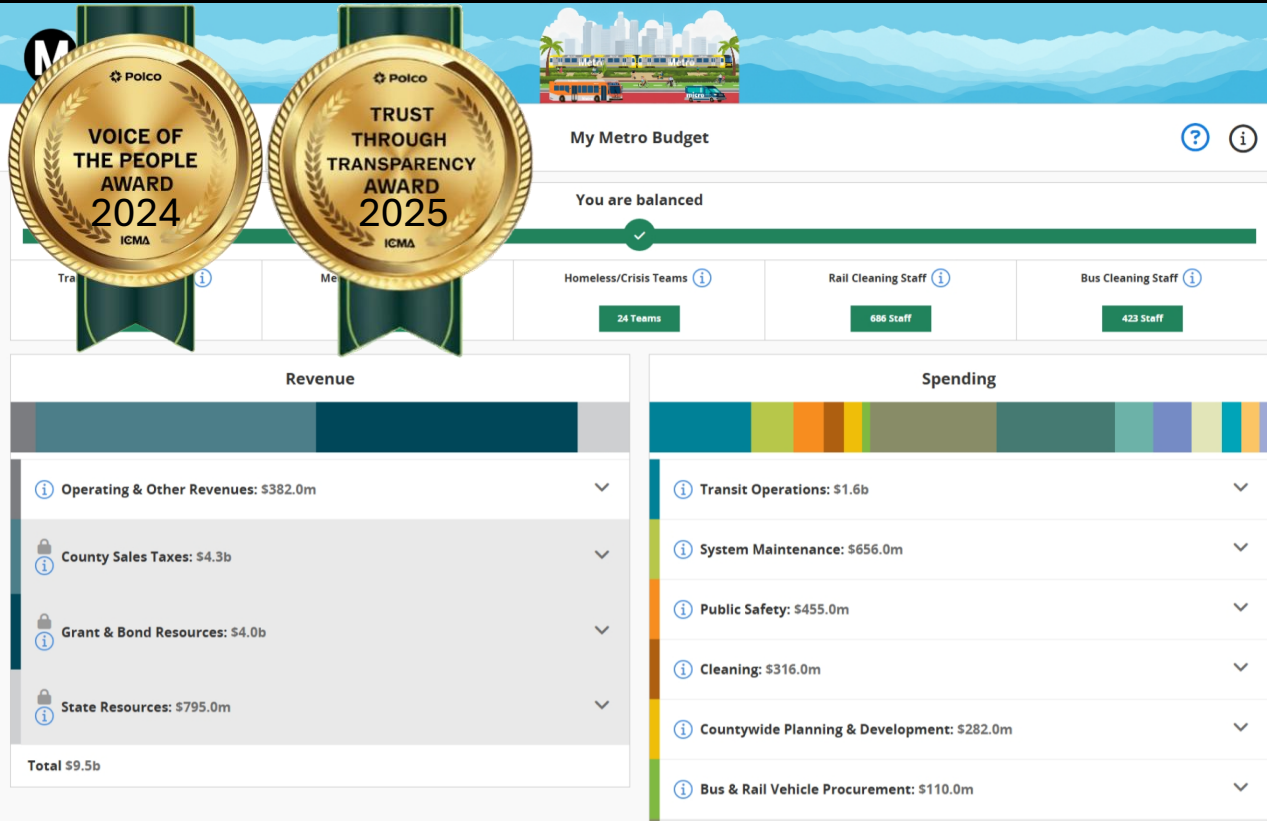
March 9, 2026

Agenda

- Overview
- My Metro Budget Activity & My Metro Priorities - Overview
- Fiscal Year 2027 My Metro Budget Activity & My Metro Priorities - Demo
- My Metro Budget Activity & My Metro Priorities – Preliminary Results
- Questions



My Metro Budget Activity - Overview



- Interactive experience designed to educate and allow public feedback on Metro's budget items
 - Collection Nov. 31, 2025 - May 2026
- ICMA Multi-award Winning – Voice of the People Award (2024) & Trust Through Transparency Award (2025)

New Features

1

Impacts Feature

View staffing impacts of budget changes in real time



2

Scenario Questions

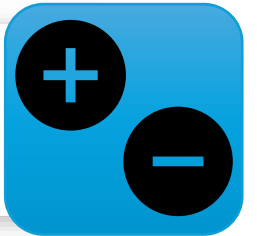
Three new scenario questions allowing the public to help guide leadership decisions



3

Additional +/- options

More subcategories to add/subtract funds

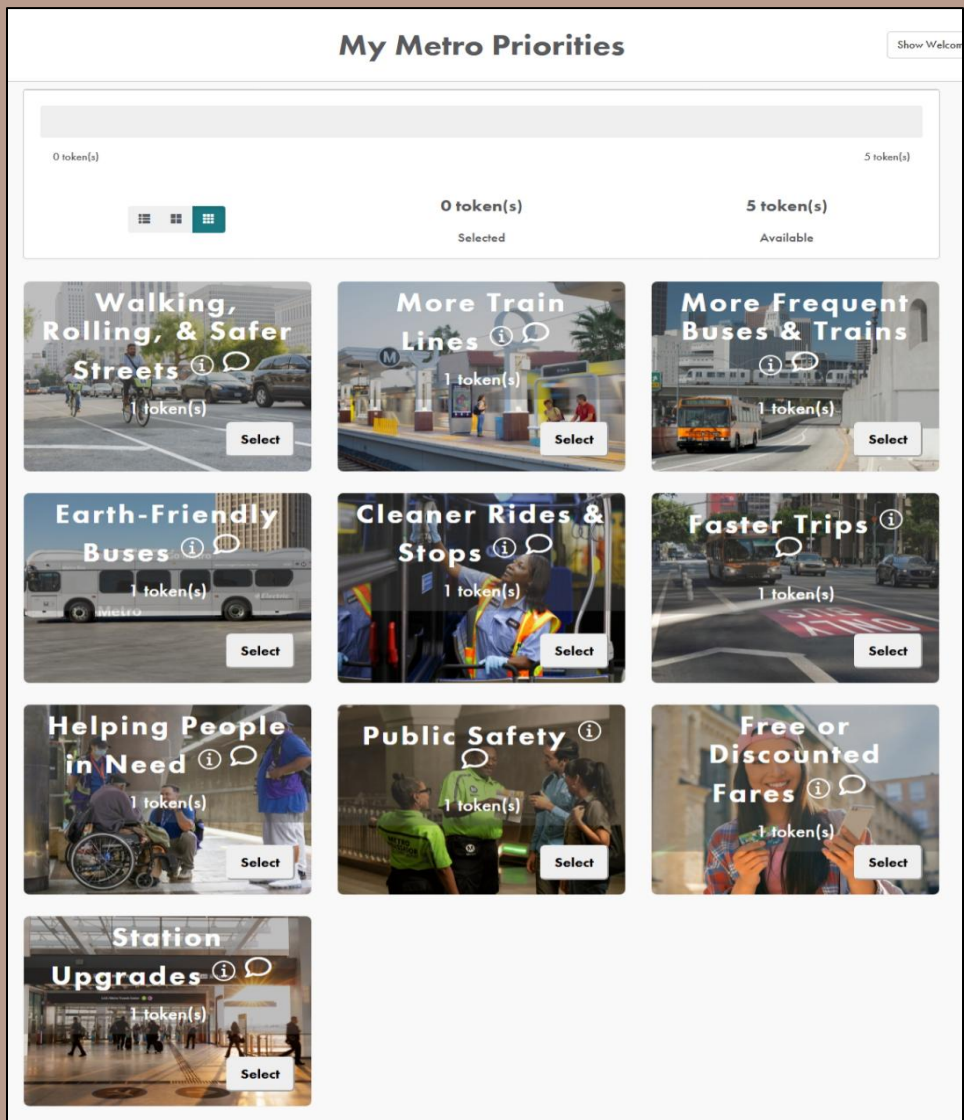


4

90+ comment options

More than 90 unique feedback categories are available





My Metro Priorities

What It Is

1

Youth-Focused

A new, fast, and easy way for youth (under 18) to learn about Metro's initiatives and provide feedback



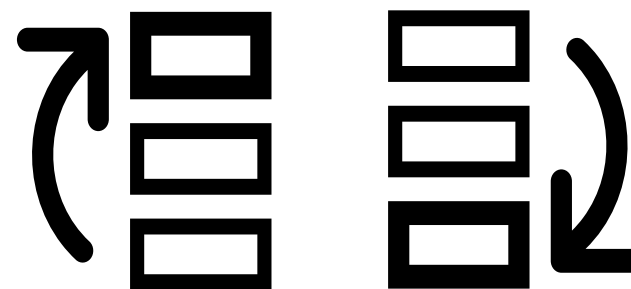
2

Simple & Easy

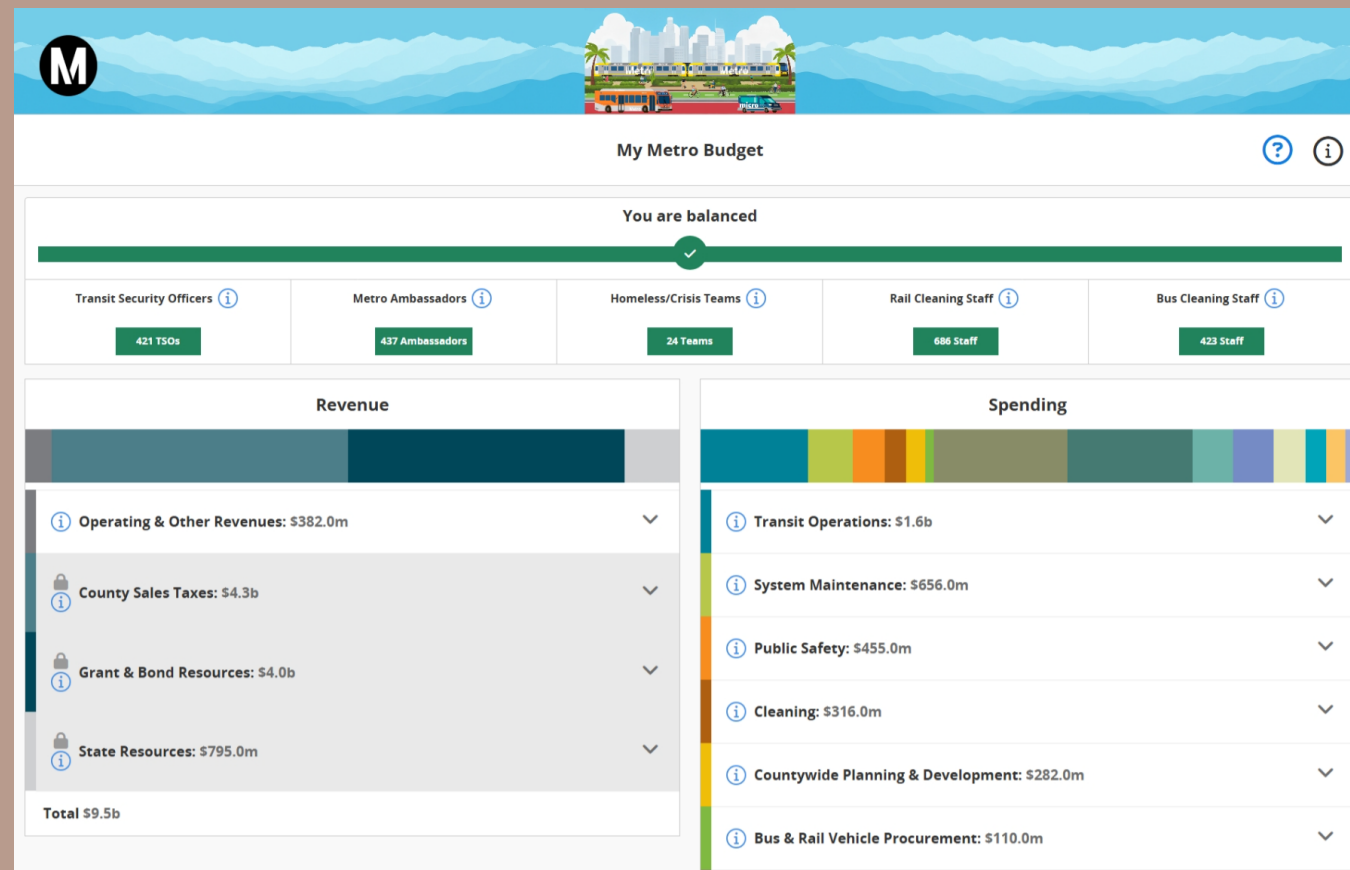
Participants select five of ten priorities, and rank them from most to least important



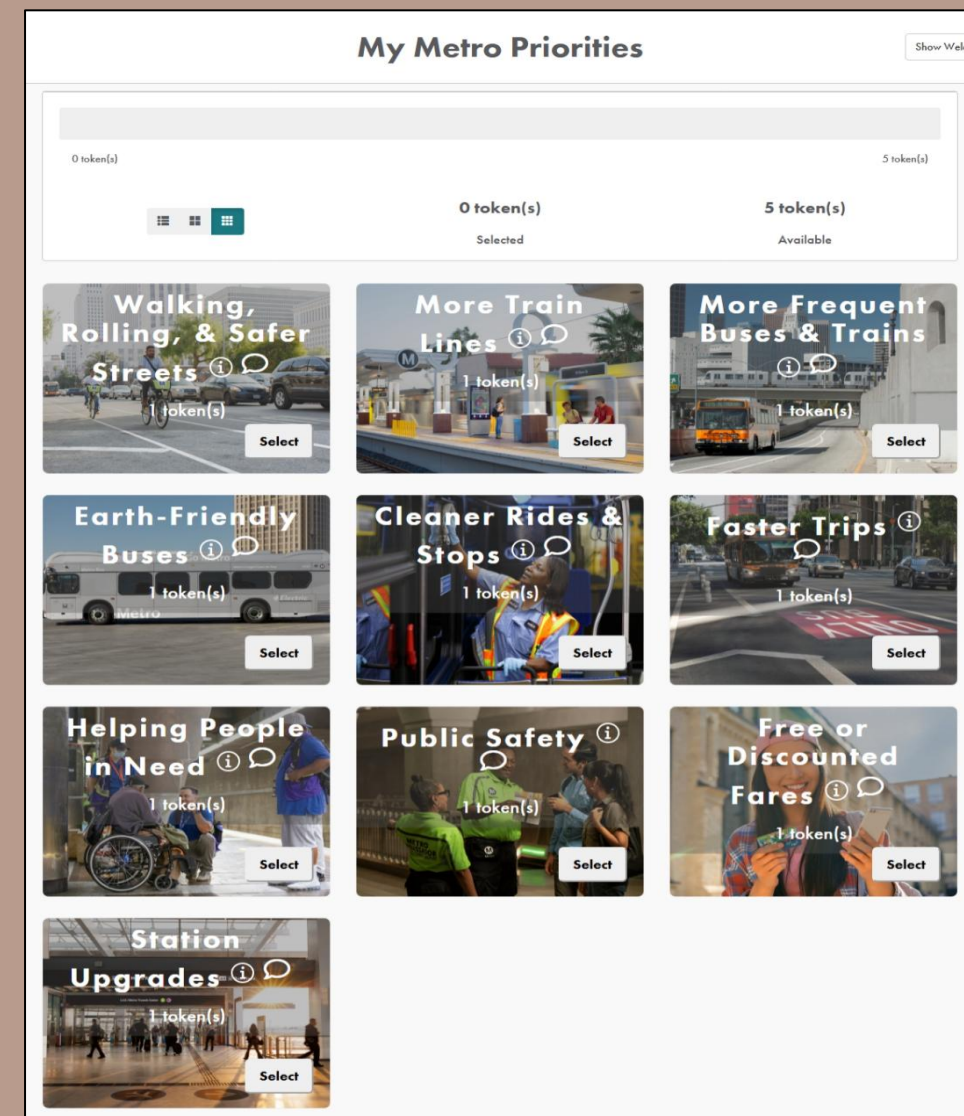
- Collection Sept. 13, 2025 - May 2026



My Metro Budget Activity –
<https://mybudget.metro.net/online>



My Metro Priorities –
<https://mybudget.metro.net/prioritize>



My Metro Budget Activity



2,680+ Respondents



3,000+ Comments



44% EFC Response Rate

Note:

Collection period: November 29, 2025 - May 2026
Responses to Date (January 30, 2026)

My Metro Priorities - Youth Focused



575+ Respondents
(348 under 18, +278% from FY26)



65+ Comments



60% EFC Response Rate

Note:

Collection period: September 13, 2025 - May 2026
Responses to Date (January 30, 2026)

QUESTIONS

Giovanna Gogreve – gogreveg@metro.net

Oren Ben-Joseph – benjosepho@metro.net

Scan below!



Metro Budget Portal



Board Report

File #: 2026-0057, **File Type:** Oral Report / Presentation

Agenda Number: 7.

MEASURE R INDEPENDENT TAXPAYERS OVERSIGHT COMMITTEE MARCH 9, 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

This report provides an annual update and presents the status of actual Measure R Local Return fund usage in FY25, audit updates, 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 15% revenue share of the Measure R Ordinance funding that is 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 programs 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

Prepared by: Chelsea Meister, Manager, Transportation Planning, Local Programming,
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Susan Richan, Senior Director, Local Programming, (213) 922-3017

Cosette Stark, Executive Officer, Local Programming, (213) 922-2822

Reviewed by: Michelle Navarro, Chief Financial Officer (Interim), (213) 922-3056



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 R Local Return

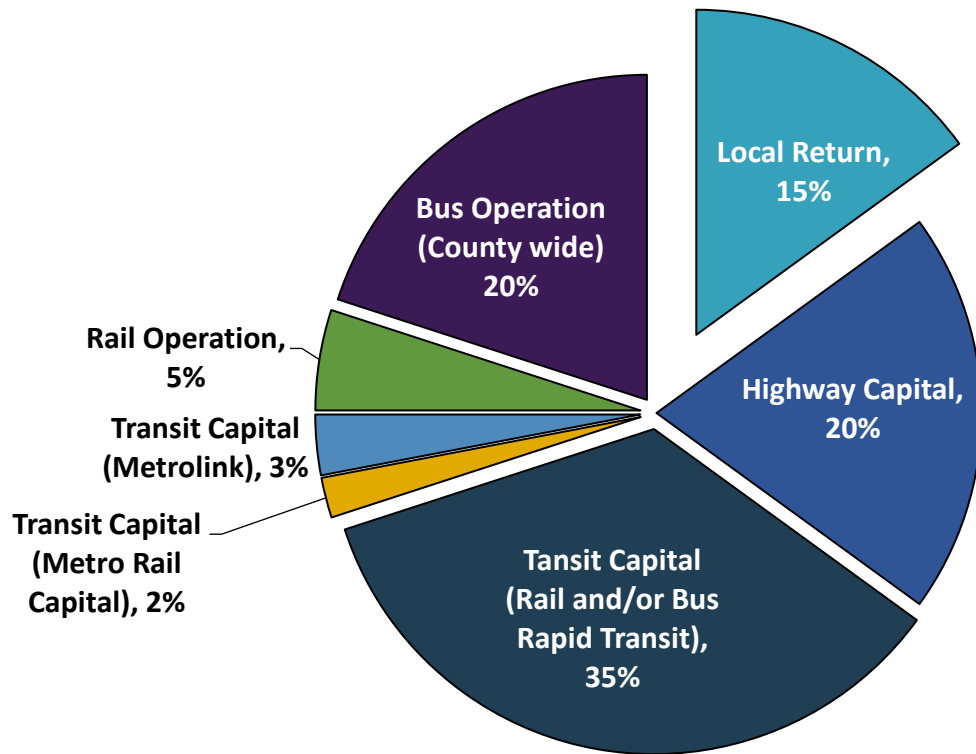


Measure R Independent Taxpayers Oversight Committee
Local Programming
March 2026 Update



Metro

Local Return (LR) – Measure R



- **Measure R**
 - Approved 2008
 - Funding started FY10
- **LR share 15%**
- **Requires Assurances and Understanding agreement**
- **Due Dates (same for all LR funds)**
 - August 1 – Budget
 - October 15 – Expenditures
- **Annual Compliance Audits**

Local Return – Updates

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

- Six repeat findings from the previous fiscal year
- 13 cities with 18 audit findings
- Notifications sent on due dates and potential lapsing dates

Metro Board Bus Shelters Motion (March 2023)

- Investigate Local Return investments in bus stops and other efforts
- To date in 2026, 3 cities are using Measure R LR funds for bus stops with a total of 5 projects
- 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

Summary of Audit Findings

FY24-25 Audit		
City	# of MR findings	Finding
Artesia	1	Admin expenses were over 20% cap
Calabasas	1	Late submission of 1)Expenditure Plan (Form 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
Glendale	1	Lapsed funds resolved by extension
Glendora	2	1) Inadequate payroll tracking; 2) Year end closing records not completed on time (This is a repeat finding)
Huntington Park	3	1) Funds were expended before approval; 2) Late submission of Expenditure Plan (Form One); 3) Accounting procedures were inadequate (this is a repeat finding)
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
West Covina	1	Accounting procedures were inadequate

FY25 Actual Measure R Local Return Fund Usage

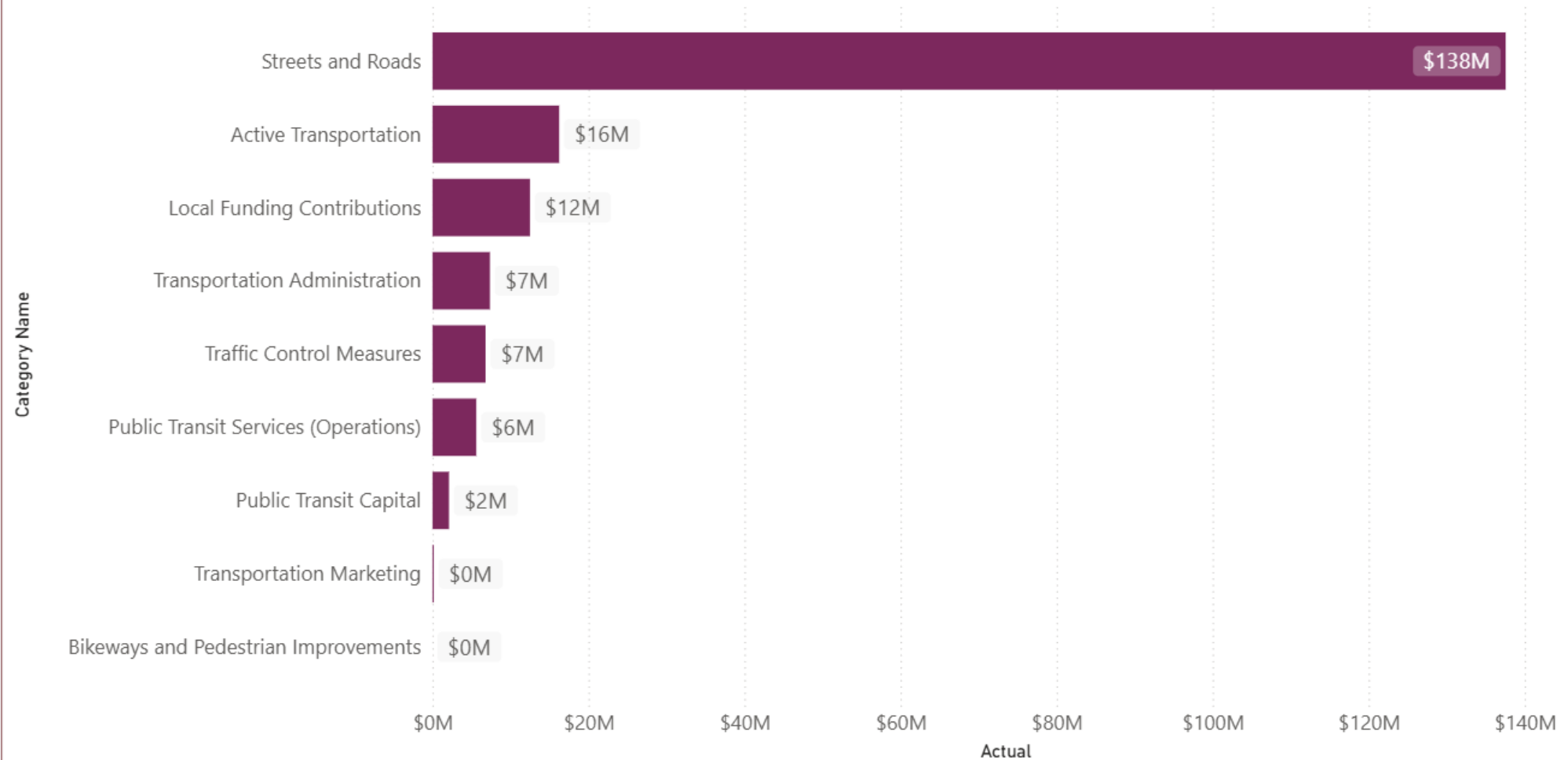
Actual Spend 2025

\$188M

% of Budget

35.08%

Actual by Category Name



THANK YOU

Questions?

Local Programming

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