



Board Report

File #: 2017-0284, File Type: Program

Agenda Number: 9.

FINANCE, BUDGET AND AUDIT COMMITTEE JUNE 14, 2017

SUBJECT: LOCAL RETURN PROPOSITION A AND PROPOSITION C CAPITAL RESERVE

ACTION: ESTABLISH NEW ACCOUNTS AND AMEND EXISTING CAPITAL RESERVE ACCOUNT FOR THE CITIES OF ARCADIA, BELL, DUARTE, SOUTH EL MONTE AND LYNWOOD

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to negotiate and execute all necessary agreements between Los Angeles County Metropolitan Transportation Authority (LACMTA) and the Cities for their Capital Reserve Accounts as approved; and:

- A. ESTABLISH Proposition A and Proposition C Local Return funded Capital Reserve Account for the Cities of Bell, Duarte and South El Monte, as described in Attachment A; and
- B. APPROVE ~~three~~ four-year extension of Proposition A and Proposition C Local Return Capital Reserve Account for the Cities of Arcadia and Lynwood, as described in Attachment A.

ISSUE

A local jurisdiction may need additional time to accumulate sufficient funding to implement a project or to avoid lapsing of fund. Board approval is required if there is a need to extend beyond the normal lapsing deadline for Local Return Funds. The local jurisdiction may request that funding be dedicated in a Capital Reserve Account. Once approved, a local jurisdiction may be allowed additional years to accumulate and expend its Local Return funds from the date that the funds are made available.

DISCUSSION

Proposition A and Proposition C Local Return Guidelines require that Local Return funds be expended before a four-year lapsing deadline (the year of allocation plus three years). However, Capital Reserve Accounts are permitted under the Local Return Guidelines, with approval from the Board of Directors, the accounts may be established so that Los Angeles County local jurisdictions may extend the life of their Local Return revenue to accommodate longer term financial and planning commitments for specific capital projects.

Some of the Proposition A and Proposition C Local Return funds could lapse due to time constraints. According to the Local Return Guidelines, the lapsed funds then would be returned to LACMTA so that the Board may redistribute the funds for reallocation to Jurisdictions for discretionary programs of county-wide significance, or redistribute to each Los Angeles County local jurisdiction by formula on a per capita basis.

DETERMINATION OF SAFETY IMPACT

Approval of the project will allow for improvements to the streets and roads improvements and match for Gold Line Rail transit station as listed on Attachment A.

FINANCIAL IMPACT

With our recommendation, there would be no impact on the LACMTA Budget, or on LACMTA's Financial Statements. The Capital Reserve Account funds originate from the portion of Proposition A and Proposition C funds that are allocated to each Local Angeles County local jurisdiction by formula. Some of the city funds could lapse due to time constraints and other cities with small apportionments need the additional time in order to accumulate the needed funds for large capital projects.

ALTERNATIVES CONSIDERED

The cities have no other funds, and the projects could not be construction in a timely manner. If the Board does not approve the accounts, which we do not recommend, the Cities may not be able to accumulate sufficient funds necessary for their large capital projects as described in Attachment A. For example, the City of Duarte receives an annual Local Return Proposition C allocation of \$340,000. Therefore, a Capital Reserve is necessary to give them time to accumulate the \$1.7 million need for their project. The City of South El Monte receives an annual allocation of \$320,000 and needs time to fund their \$1.1 million needed. Arcadia is almost finished and needs additional time to complete the project. The Cities of Bell and Lynwood would lapse some of their funds. Final determination of lapsed funds is based on their annual audit. It is estimated that Bell and Lynwood could lapse \$400,000 and \$1.747 million respectively.

NEXT STEPS


With Board approval of our recommendation, we will negotiate and execute all necessary agreements between LACMTA and the listed cities for their Capital Reserve Accounts as approved. We will monitor the account to ensure that the cities comply with the Local Return Guidelines and the terms of the agreement.

ATTACHMENTS

Attachment A - Project Summary for Proposed or Amended Capital Reserve Accounts

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Phillip A. Washington
Chief Executive Officer

ATTACHMENT A

PROJECT SUMMARY FOR PROPOSED NEW AND AMENDED
CAPITAL RESERVE ACCOUNTS

JURISDICTION	PROJECT	AMOUNT	FUND	AGREEMENT TERMINATION/ REVIEW DATE
<p>City of Bell 380-03 (New)</p> <p>Estimated lapse of \$400,000 on 6/30/17</p>	<p><u>Project</u> Street Intersection, striping and Landscaped Median Improvements along Atlantic Ave</p> <p><u>Justification:</u> The capital reserve will assist in the accumulation of funds and in the non-lapsing of funds to provide improvements along Atlantic Ave between Florence Ave and Randolph</p>	\$400,000	Proposition C 20% Local Return	<p>6/30/20</p> <p>An estimated potential lapsing of \$400,000 on 6/30/17</p>
<p>City of Duarte #01-380 (New)</p> <p>Estimated annual lapse of \$340,000 6/30/20 6/30/21 6/30/22 6/30/23 6/30/24</p>	<p><u>Project</u> Duarte's Local Match for Gold Line Rail Project</p> <p><u>Justification:</u> The capital reserve will assist in the accumulation of funds to fund the local match for the Gold Line Light Rail Station and related station capital projects.</p> <p>The City anticipates using their annual funding apportionment for this project, on an annual basis, in order to achieve the desired total capital reserve amount.</p>	\$1,718,047	Proposition A 25% Local Return	<p>6/30/20</p> <p>This is for additional time to accumulate funding for larger projects</p>
<p>City of South El Monte #01-380 (New)</p> <p>Estimated annual lapse of \$320,000 6/30/20 6/30/21 6/30/22</p>	<p><u>Project:</u> Durfee Median Improvement & Striping</p> <p><u>Justification:</u> The capital reserve will assist in the accumulation of funds to provide Improvements on Durfee between Thienes and Rush.</p> <p>The City anticipates using their annual funding apportionment for this project, on an annual basis, in order to achieve the desired total capital reserve amount.</p>	\$1,100,000	Proposition C 20% Local Return	<p>6/30/20</p> <p>This is for additional time to accumulate funding for larger projects</p>

JURISDICTION	PROJECT	AMOUNT	FUND	AGREEMENT TERMINATION/ REVIEW DATE
<p>City of Arcadia #04-380 (Amended)</p> <p>Original MOU termination date 9/2/06. This is the 4th amendment</p>	<p>Project: Gold Line Foothill Extension Related Improvements</p> <p>Justification: The capital reserve will assist in the completion of this project. This request is for an extension to 6/30/20.</p>	<p>\$2,000,000 (Prop A)</p> <p>\$3,000,000 (Prop C)</p>	<p>Proposition A 25% and Proposition C 20% Local Return</p>	<p>6/30/20</p> <p>This project is almost complete. Request for more time to complete the project</p>
<p>City of Lynwood #58-380 (Amended)</p> <p>Estimated lapse of \$1,747,000 on 6/30/19.</p>	<p>Project: Long Beach Blvd Improvement Project (Phase II)</p> <p>Justification: The capital reserve will assist in the non-lapsing of funds to provide improvements. This is to amend amount from original MOU of \$1,747,000 to revised \$4,255,275 to fund Phase II of project.</p>	<p>\$4,255,275 (Revised)</p> <p>\$1,747,000 (Original)</p>	<p>Proposition C 20% Local Return</p>	<p>6/30/20</p> <p>This project is now in Phase II. Request to increase amount.</p>