



Board Report

File #: 2019-0366, **File Type:** Formula Allocation / Local Return

Agenda Number: 15.

**FINANCE, BUDGET AND AUDIT COMMITTEE
JUNE 19, 2019**

SUBJECT: LOCAL RETURN PROPOSITION C AND MEASURE R CAPITAL RESERVE

ACTION: APPROVE RECOMMENDATIONS

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 Account as approved; and:

- A. ESTABLISH Proposition C Local Return funded Capital Reserve Account for the Cities of Bell, El Monte, and South Gate; and
- B. ESTABLISH Measure R Local Return funded Capital Reserve Account for the Cities of El Monte and Glendale.

ISSUE

Local Jurisdictions may need additional time to accumulate sufficient funding to implement a project or to avoid lapsing of funds.

BACKGROUND

According to the Local Return Guidelines, 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

Findings

Staff has calculated on a First-In-First-Out (FIFO) calculation that some cities may be in jeopardy of losing their Local Return Funds. Proposition C has a “three year plus current year” date for a total of four years for the timely use of funds. Measure R requires a timeline of five years for expenditure of

Local Return funds.

Considerations

Local Return Guidelines has a timely-use-of funds requirement with a lapsing deadline. However, Capital Reserve Accounts are permitted with approval from the Board of Directors, the accounts may be established so that Los Angeles County local jurisdiction may extend the life of their Local Return revenue to accommodate longer term financial and planning commitments for specific capital projects.

Some of the Local Return funds could lapse due to time constraints. According to the Local Return Guidelines, the lapsed funds 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, traffic signal upgrades and maintenance facility as listed on Attachment A.

FINANCIAL IMPACT

Impact to Budget

Adoption of staff recommendations would have no impact on the LACMTA Budget, or on LACMTA's Financial Statements. The Capital Reserve Account funds originate from the portion of Proposition C and Measure R funds that are allocated to each Los Angeles County local jurisdiction by formula. Some of the cities' funds could lapse due to time constraints and other cities with small apportionments need additional time in order to accumulate the needed funds for capital projects.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

These are the Local Jurisdictions' apportionment of the funds. The four cities listed on Attachment A have identified improvement projects that assist in achieving Metro's Strategic Plan Goals #1 and #2 by improving mobility, ease of travel, and safety.

ALTERNATIVES CONSIDERED

The Board could choose not to approve the proposed reserve account, which is not recommended by staff. The cities have no other funds and the projects could not be constructed in a timely manner. Cities may not be able to accumulate sufficient funds necessary for their capital projects as described in Attachment A.

NEXT STEPS

With Board approval of our recommendation, Metro will negotiate and execute all necessary

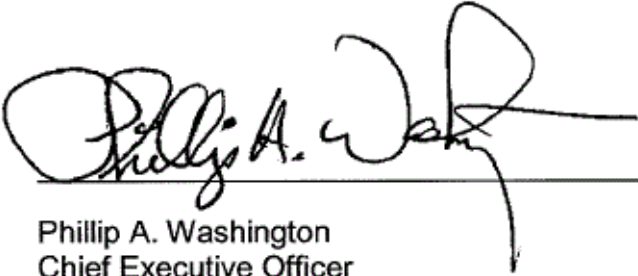
agreements between LACMTA and the listed cities for their Capital Reserve Accounts as approved. Metro staff will monitor the account to ensure that the cities comply with the Local Return Guidelines and the terms of the agreement.

ATTACHMENTS

Attachment A - Project Summary for Proposed Capital Reserve Accounts

Prepared by: Susan Richan, Senior Manager, Transportation Planning, (213) 922-3017
Drew Phillips, Director, Budget, (213) 922-2109

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



Phillip A. Washington
Chief Executive Officer

ATTACHMENT A

**PROJECT SUMMARY FOR PROPOSED NEW
CAPITAL RESERVE ACCOUNTS**

JURISDICTION	PROJECT	AMOUNT	FUND	AGREEMENT TERMINATION/ REVIEW DATE
City of Bell 380-04 (New)	<u>Project:</u> Traffic Signal Equipment Upgrades <u>Justification:</u> The capital reserve will assist in the accumulation of funds and in the non-lapsing of funds	\$100,000	Proposition C 20% Local Return	6/30/24
City of Bell 380-05 (New)	<u>Project:</u> Florence Ave. & Slauson Ave. Bridge Maintenance <u>Justification:</u> This is a required bridge maintenance as recommended by Caltrans	\$128,000	Proposition C 20% Local Return	6/30/24
City El Monte #01-380 (New)	<u>Project:</u> Ramona Blvd/Bradilo St/Covina Blvd.TSSP/BSP <u>Justification:</u> The capital reserve will assist in the completion of funding this intersection for Traffic Signal Synchronization Project (TSSP) and Bus Speed Project (BSP) Improvements	\$141,262	Proposition C 20% Local Return	6/30/24
City of El Monte 1.90 (New)	<u>Project:</u> Citywide Street Improvement <u>Justification:</u> The capital reserve will assist in the completion of this long term project and in the non-lapsing of funds	\$10,00,000	Measure R 15% Local Return	6/30/24
City of Glendale 5.15 (New)	<u>Project:</u> Beeline Maintenance Facility <u>Justification:</u> The capital reserve will assist in the completion of this long term project and in the non-lapsing of funds	\$2,000,000	Measure R 15% Local Return	6/30/24

JURISDICTION	PROJECT	AMOUNT	FUND	AGREEMENT TERMINATION/ REVIEW DATE
City of South Gate 380-01 (New)	<u>Project:</u> Firestone Blvd Capacity <u>Justification:</u> The capital reserve will assist in the completion of this long term project and in the non-lapsing of funds	\$3,500,000	Proposition C 20% Local Return	6/30/24