Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

Metro

Board Report

File #: 2020-0265, **File Type:** Formula Allocation / Local Return **Agenda Number:** 9.

FINANCE, BUDGET, AND AUDIT COMMITTEE
SEPTEMBER 16, 2020

SUBJECT: LOCAL RETURN PROPOSITION A AND PROPOSITION C CAPITAL RESERVE AND LAPSING EXTENSION

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 Accounts as approved; and:

A. ESTABLISH Proposition A Local Return funded Capital Reserve Account for the Cities of Industry and Lynwood

B. ESTABLISH Proposition C Local Return funded Capital Reserve Account for the Cities of Beverly Hills, Manhattan Beach, Pomona, Redondo Beach, San Marino, and Whittier

C. AUTHORIZE a one-time, one year extension of Local Return funds allocated in FY20 or previously, as a result of the COVID-19 pandemic.

ISSUE

A local jurisdiction may need additional time to accumulate sufficient funding to implement a project, or to avoid lapsing of funds. This year in particular, many cities may require a lapsing extension due to the limited spending caused by project shut down during the Safer at Home Order. Metro staff is requesting that the lapsing policy be extended by one year to assist all cities with their spending.

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. Typically, the local jurisdiction requests 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.

powered by Legistar™

DISCUSSION

Staff uses a First-In-First-Out (FIFO) calculation to determine if a city may be in jeopardy of losing their Local Return Funds. Proposition A and Proposition C utilizes a "three year plus current year" period for a total of four years for the timely use of funds.

Local Return Guidelines have a timely-use-of funds requirement with a lapsing deadline. However, Capital Reserve Accounts are permitted with approval from the Board of Directors. These accounts may be established so that Local 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.

Should Local Return funds lapse due to time constraints, per Local Return Guidelines, those lapsed funds would then be returned to LACMTA so that the Board may redistribute the funds 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 new Capital Reserve Accounts will allow for projects such as a Park and Ride Lot, Transit Center, and Street and Bicycle Path improvements, which would provide for additional safety features with local communities. (See Attachment A for detailed list of projects.)

FINANCIAL IMPACT

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 Propositions A & C and Measure R funds, as specified that are allocated to each Los Angeles County local jurisdiction by formula and are held by each City. Some of the city's funds could lapse due to time constraints and other cities with small apportionments may need additional time to accumulate the needed funds for capital projects.

Impact to Budget

Adoption of staff recommendations would have no impact on the LACMTA Budget as these funds have been previously disbursed to the cities.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Recommendation supports Metro's Strategic Plan Goals #1 and #2 by improving mobility, ease of travel, and safety. Attachment A shows the the Local Jurisdictions' apportionment of the funds and the improvement projects that assist in achieving those goals.

ALTERNATIVES CONSIDERED

Should the Board choose not to approve the recommendations above, which staff does not recommend, the Cities may not be able to accumulate sufficient funds necessary to implement the capital projects as described in Attachment A and the projects may not be constructed in a timely manner.

NEXT STEPS

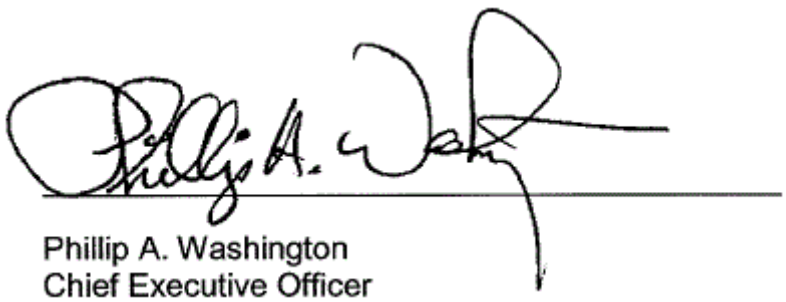
With Board approval of our recommendation, staff will negotiate and execute all necessary agreements between LACMTA and the listed cities for their Capital Reserve Accounts as approved. Staff will continue to monitor the accounts, including the annual Local Return audit, to ensure that the cities comply 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, Senior Director, Finance, (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 Beverly Hills 380-01 (New)	Project: Wilshire Blvd Subway Streetscape Improvements Justification: The capital reserve will assist in the accumulation of funds and in the non-lapsing of funds	$2,000,000	Proposition C 20% Local Return	6/30/25
City of Industry 380-02 (New)	Project: Park and Ride Lot Justification: The capital reserve will assist in the accumulation of funds and in the non-lapsing of funds	$289,325	Proposition A 25% Local Return	6/30/25
City of Industry 380-03 (New)	Project: Fairway Grade Separation Project Justification: The capital reserve will assist in the accumulation of funds and in the non-lapsing of funds	$2,000,000	Proposition A 25% Local Return	6/30/25
City Lynwood 380-59 (New)	Project: Transit Center Improvement Justification: The capital reserve will assist in the accumulation of funds and in the non-lapsing of funds	$2,363,966	Proposition A 25% Local Return	6/30/25
City of Manhattan Beach 380-01 (New)	Project: Sepulveda Blvd Bridge Widening Project – Local Match Justification: The capital reserve will assist in the completion of this long term project and in the non-lapsing of funds	$2,561,806	Proposition C 20% Local Return	6/30/25

JURISDICTION	PROJECT	AMOUNT	FUND	AGREEMENT TERMINATION/ REVIEW DATE
City of Pomona 380-01 (New)	Project: Major Street Rehabilitation -2015 Metro Call CIP#67918 Justification: The capital reserve will assist in the completion of this long term project and in the non-lapsing of funds	$2,773,590	Measure R 15% Local Return	6/30/25
City of San Marino 380-01 (New)	Project: Oak Knoll and Huntington Street Improvements Justification: The capital reserve will assist in the completion of this long term project and in the non-lapsing of funds	$203,351	Proposition C 20% Local Return	6/30/25
City of Redondo Beach 380-02 (New)	Project: Transit Center Construction Justification: The capital reserve will assist in the completion of this long term project and in the non-lapsing of funds	$1,282,870	Proposition C 20% Local Return	6/30/25
City of Whittier 380-01 (New)	Project: Greenway Trail Bike Path Extension Gap Closure Project Justification: The capital reserve will assist in the completion of this long term project and in the non-lapsing of funds	$1,228,462	Proposition C 20% Local Return	6/30/25