



Board Report

File #: 2018-0270, File Type: Formula Allocation / Local Return

Agenda Number: 7.

FINANCE, BUDGET AND AUDIT COMMITTEE JUNE 20, 2018

**SUBJECT: PROPOSITION A AND PROPOSITION C LOCAL
RETURN CAPITAL RESERVES**

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. ESTABLISHING Proposition A and Proposition C Local Return funded Capital Reserve Account(s) for the Cities of Covina, Hidden Hills, La Mirada, Lawndale, San Dimas, Santa Monica, and Signal Hill, as described in Attachment A;
- B. APPROVING four year extension of Proposition A and Proposition C Local Return Capital Reserve Account(s) for the Cities of El Monte, Lomita, and Redondo Beach, as described in Attachment A;
- C. AUTHORIZING the Chief Executive Officer to negotiate and execute all necessary agreements between the Los Angeles County Metropolitan Transportation Authority (LACMTA) and the Cities in Attachment A for their Capital Reserve Accounts as approved.

ISSUE

A local jurisdiction that needs additional time to accumulate sufficient funding to implement a project may be at risk of lapsing of funds. To avoid lapsing, a local jurisdiction may request that funding be dedicated in a Capital Reserve Account. Upon Board approval, as required for Local Return Funds, a local jurisdiction may be allowed additional years to accumulate and expend its Local Return funds from the date that the funds are originally made available.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. Capital Reserve 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 cities requests will allow for improvements to the streets and roads, intersections, signal synchronization, transit center, and city wide bus stops as listed on Attachment A.

FINANCIAL IMPACT

The adoption of staff recommendation would have no impact on the LACMTA Budget or 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.

ALTERNATIVES CONSIDERED

The Board could choose not to approve staff recommendations. Staff does not recommend this alternative as the Cities may not be able to accumulate sufficient funds necessary for their large capital projects as described in Attachment A. The cities often have no other funds and these local projects could otherwise be unable to proceed to construction in a timely manner.

NEXT STEPS

Upon Board approval, staff will negotiate and execute all necessary agreements between LACMTA and the listed cities for their Capital Reserve Accounts as approved. We will monitor the accounts to ensure that the cities comply with the Local Return Guidelines and the terms of the agreements.

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
City of Covina 380-01 (New)	<u>Project:</u> Grand Avenue Rehabilitation <u>Justification:</u> The capital reserve will assist in the accumulation of funds and in the non-lapsing of funds to provide improvements along Grand Avenue	\$1,131,000	Proposition C 20% Local Return	6/30/23 Estimated lapse of \$800,000 on 6/30/18
City of Hidden Hills 380-01 (New)	<u>Project:</u> Long Valley Improvement Project <u>Justification:</u> The capital reserve will assist in the accumulation of funds and in the non-lapsing of funds to provide improvements along Long Valley Road	\$200,000	Proposition C 20% Local Return	6/30/23 An estimated lapsing of \$80,000 on 6/30/18
City of La Mirada #01-380 (New)	<u>Project :</u> La Mirada Blvd/Alondra Blvd Intersection Improvement <u>Justification:</u> The capital reserve will assist in the non-lapsing of funds for improvements at the La Mirada Blvd and Alondra Blvd intersection	\$200,000	Proposition C 20% Local Return	6/30/23 An estimated lapse of \$200,000 on 6/30/18
City of Lawndale #05-380 (New)	<u>Project :</u> Citywide Pavement Cracking Sealing and Repairs <u>Justification:</u> The capital reserve will assist in the non-lapsing of funds for street improvements citywide	\$550,000	Proposition C 20% Local Return	6/30/23 An estimated lapse of \$550,000 on 6/30/18
City of San Dimas #02-380 (New)	<u>Project:</u> San Dimas Ave – Puddingstone to Via Verde road reconstruction project <u>Justification:</u> This project's total costs is \$2.1 million with the city looking to use \$1.15 million of Prop C to complete the project.	\$1,150,000	Proposition C 20% Local Return	6/30/23 An estimated lapse of \$560,000 on 6/30/18

JURISDICTION	PROJECT	AMOUNT	FUND	AGREEMENT TERMINATION/ REVIEW DATE
City Santa Monica #10-380 (New)	<p><u>Project:</u> Montana Avenue Signal Synchronization</p> <p><u>Justification:</u> The capital reserve will assist in the accumulation of funds and in the non-lapsing of funds for this heavily used transit corridor.</p>	\$1,540,000	Proposition C 20% Local Return	<p>6/30/23</p> <p>An estimated lapse of \$870,000 on 6/30/18</p>
City Signal Hill #01-380 (New)	<p><u>Project:</u> City Wide Bus Stop Pads</p> <p><u>Justification:</u> The capital reserve will assist in the accumulation of funds and in the non-lapsing of funds for improvements to the bus stops</p>	\$380,000	Proposition A 25% Local Return	<p>6/30/23</p> <p>An estimated lapse of \$250,000 on 6/30/18</p>
City El Monte #01-380 (Amended) Original MOU termination date 6/30/13. This is the 2nd amendment	<p><u>Project:</u> Ramona Blvd at Valley Blvd Intersection Improvement</p> <p><u>Justification:</u> The capital reserve will assist in the completion of funding this intersection improvement. This will add the costs from the no longer active project "El Monte Santa Anita Bridge Overcrossing" of \$400,000 to the existing budget of \$771,600 for a total of \$1,171,000.</p>	\$1,171,600	Proposition C 20% Local Return	<p>6/30/23</p> <p>At this time no funds are estimated to lapse. This request is for Board approval to add \$400,000 to existing project and give time extension</p>
City of Lomita #01-380 (Amended) Original MOU termination date 6/30/12. This is the 3 rd amendment	<p><u>Project:</u> Crenshaw Blvd – Lomita Blvd Rebuild/Overlay project</p> <p><u>Justification:</u> The capital reserve will assist in the completion of this project</p>	\$600,000	Proposition C 20% Local Return	<p>6/30/23</p> <p>This project is almost complete. Request for more time to complete the project</p> <p>An estimated lapse of \$250,000 on 6/30/18</p>

JURISDICTION	PROJECT	AMOUNT	FUND	AGREEMENT TERMINATION/ REVIEW DATE
<p>City of Redondo Beach #01-380 (Amended)</p> <p>Original MOU termination date 6/30/14. This is the 2nd amendment</p>	<p><u>Project:</u> Transit Center Construction</p> <p><u>Justification:</u> The capital reserve will assist in the accumulation of funds and in the non-lapsing of funds for matching of total project estimates at \$5.14 million</p>	<p>\$2,050,000</p>	<p>Proposition C 20% Local Return</p>	<p>6/30/23</p> <p>This project is almost complete. Request for more time to complete the project</p> <p>An estimated lapse of \$2,000,000 on 6/30/18</p>