



Board Report

File #: 2021-0284, **File Type:** Formula Allocation / Local Return

Agenda Number: 6.

**FINANCE, BUDGET, AND AUDIT COMMITTEE
JUNE 16, 2021**

SUBJECT: LOCAL RETURN PROPOSITION A, PROPOSITION C, MEASURE R AND MEASURE M CAPITAL RESERVE

ACTION: AMEND EXISTING CAPITAL RESERVE PERIOD FOR ARCADIA, BELL, AND BEVERLY HILLS; AND ESTABLISH NEW ACCOUNTS FOR THE CITIES OF BEVERLY HILLS, BRADBURY, EI SEGUNDO, LOMITA, NORWALK, POMONA, AND SAN MARINO

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(s) as detailed in Attachment A by:

- A. AMENDING the termination date of the Proposition A and Proposition C Local Return funded Capital Reserve Accounts for the City of Arcadia;
- B. AMENDING the termination date of the Proposition C Local Return funded Capital Reserve Account for the City of Bell;
- C. AMENDING the Proposition C Local Return funded Capital Reserve Account for the City of Beverly Hills by adding \$750,000 to the already approved \$2 million to a total of \$2.75 million; and
- D. ESTABLISHING new Local Return funded Capital Reserve Account for the Cities of Beverly Hills (Proposition A, Measure R), Bradbury (Measure M and Measure R), El Segundo (Proposition C and Measure R), Hermosa Beach (Proposition C), Lomita, (Proposition C), Norwalk (Proposition C), Pomona (Proposition C), and San Marino (Proposition C).

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.

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.

DISCUSSION

Findings

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. Measure R and Measure M utilizes a five-year period for the timely use of funds.

Considerations

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 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.

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, Transit Center, Intersection, and Street and Road improvements, that 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, Measure R and Measure M 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. These are the Local Jurisdictions' apportionment of the funds as on Attachment A have determined the identified improvement projects 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

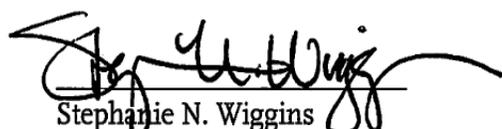
With Board approval of our recommendation, staff will negotiate and execute all necessary agreements between LACMTA and the listed cities for their Capital Reserve Accounts as approved. We will continue to monitor the accounts, including our annual Local Return audit, to ensure that the cities comply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

ATTACHMENTS

Attachment A - Project Summary for Proposed Capital Reserve Accounts

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ATTACHMENT A

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

JURISDICTION	PROJECT	AMOUNT	FUND	AGREEMENT TERMINATION/ REVIEW DATE
City of Arcadia (Extension)	<u>Project:</u> Goldline Foothill Extension – Future Mass Transit Station project	\$2,000,000	Proposition A 25% Local Return	Original date of termination 6/30/21
	<u>Justification:</u> The capital reserve will assist in the accumulation of funds and in the non-lapsing of funds	\$3,000,000	Proposition C 20% Local Return	New date of termination 6/30/26
City Bell (Extension)	<u>Project:</u> Street Intersection Striping and Landscaped and Median Improvements along Atlantic Ave	\$400,000	Proposition C 20% Local Return	Original date of termination 6/30/21
	<u>Justification:</u> The capital reserve will assist in the completion of funding this intersection			New date of termination 6/30/26
City of Beverly Hills (Amend)	<u>Project:</u> Wilshire Blvd Streetscapes	Existing amount \$2,000,000	Proposition C 20% Local Return	Existing 6/30/25
	<u>Justification:</u> The capital reserve will assist in the completion of this long term project and in the non-lapsing of funds	Amend to add \$750,000		
City of Beverly Hills (New)	<u>Project:</u> Wilshire Blvd Subway Streetscape Improvements	\$1,000,000	Measure R 15% Local Return	6/30/26
	<u>Project:</u> Wilshire/Rodeo Station Improvements	\$2,000,000	Proposition A 25% Local Return	6/30/26
	<u>Justification:</u> The capital reserve will assist in the completion of this long term project and in the non-lapsing of funds			
City of Bradbury (New)	<u>Project:</u> Widen Bradbury Road from Winding Oak Lane to Oakleaf Ave	\$84,718	Measure R 15% Local Return	6/30/26
	<u>Justification:</u> The capital reserve will assist in the completion of this long term project and in the non-lapsing of funds	\$58,719	Measure M 17% Local Return	6/30/26

JURISDICTION	PROJECT	AMOUNT	FUND	AGREEMENT TERMINATION/ REVIEW DATE
City of El Segundo (New)	<u>Project:</u> Park Place Extension Street Improvements and Rail Separation	\$1,000,000	Prop C 20% Local Return	6/30/26
	<u>Justification:</u> The capital reserve will assist in the completion of this long term project and in the non-lapsing of funds	\$1,000,000	Measure R 15% Local Return	6/30/26
City of Hermosa Beach (New)	<u>Project:</u> Bus Stop Improvements	\$900,000	Prop C 20% Local Return	6/30/26
	<u>Justification:</u> The capital reserve will assist in the completion of this long term project and in the non-lapsing of funds			
City of Lomita (New)	<u>Project:</u> Narbonne/Lomita Intersection Project	\$883,000	Prop C 20% Local Return	6/30/26
	<u>Justification:</u> The capital reserve will assist in the completion of this long term project and in the non-lapsing of funds			
City of Norwalk (New)	<u>Project:</u> Rosecrans Ave (Pioneer to Studebaker 7184)	\$892,652	Prop C 20% Local Return	6/30/26
	<u>Project:</u> Alondra Blvd. from Gridley Rd to Pioneer Blvd 7921	\$990,000	Prop C 20% Local Return	6/30/26
	<u>Justification:</u> The capital reserve will assist in the completion of this long term project and in the non-lapsing of funds			
City of Pomona (New)	<u>Project:</u> Major Street Rehabilitation	\$6,000,000	Prop C 20% Local Return	6/30/26
	<u>Justification:</u> The capital reserve will assist in the completion of this long term project and in the non-lapsing of funds			
City of San Marino (New)	<u>Project:</u> Westbound Huntington Blvd Improvements Between El Molino and Los Robles	\$419,195	Proposition C 20% Local Return	6/30/26
	<u>Justification:</u> The capital reserve will assist in the completion of this long term project and in the non-lapsing of funds			