



Board Report

File #: 2022-0225, File Type: Formula Allocation / Local Return

Agenda Number: 13.

FINANCE, BUDGET, AND AUDIT COMMITTEE JUNE 15, 2022

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

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

CONSIDER:

- A. AUTHORIZING 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
- B. ESTABLISHING new Local Return funded Capital Reserve Accounts for the Cities of La Puente (Proposition C), Montebello (Proposition A), San Marino (Proposition A), and Rolling Hills (Measure R and Measure M).

ISSUE

A local jurisdiction may need additional time to accumulate sufficient funding to implement a project, or to avoid lapsing of funds. This year, similar to last year, 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 to extend beyond the guidelines defined 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 requirement. Measure R and Measure M utilizes a five-year period for the timely use of funds requirement.

Considerations

Capital Reserve Accounts are permitted with approval from the Board of Directors. These accounts may be established to allow Los Angeles County local jurisdictions to 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 in local communities. (See Attachment A for a 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 and C, and Measures R and M funds. As specified by the ordinance, these funds are allocated to and held by each Los Angeles County local jurisdiction by formula. 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.

EQUITY PLATFORM

Under Board-adopted guidelines, this item enables the programming of funds to recipients to support the implementation of various transportation projects and improvements throughout the region. The projects referenced in the Capital Reserve Project Summary (Attachment A) are expected to provide benefits to people walking, biking, and taking transit, including those with disabilities. Through the process of public input and engagement, local decision making and project implementation, cities and unincorporated areas of the county are empowered to appropriately and equitably address the needs of their communities.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommendation supports Metro's Strategic Plan Goals #1 and #2 by improving mobility, ease of travel, and safety. The local jurisdictions' improvement projects to be funded by their apportionments and presented in Attachment A will 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

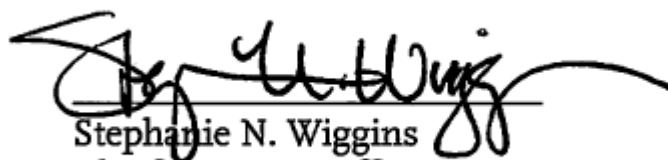
With Board approval of the recommendations, staff will negotiate and execute all necessary agreements between LACMTA and the listed cities for their Capital Reserve Accounts as approved. We will continue to monitor the accounts, including our annual Local Return audit, to ensure that the cities comply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

ATTACHMENTS

Attachment A - Project Summary for Proposed Capital Reserve Accounts

Prepared by: Susan Richan, Director, Budget, (213) 922-3017
Drew Phillips, Deputy Executive Officer, Finance, (213) 922-2109
Cosette Stark, Deputy Executive Officer, Finance, (213) 922-2822
Michelle Navarro, Senior Executive Officer, Finance, (213) 922-3056

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



Stephanie N. Wiggins
Chief Executive Officer

ATTACHMENT A

PROJECT SUMMARY FOR PROPOSED NEW CAPITAL RESERVE ACCOUNTS

| JURISDICTION | PROJECT | AMOUNT | FUND | AGREEMENT TERMINATION/ REVIEW DATE |
|-----------------------|--|-------------|-------------------------------|--|
| City of La Puente | <p><u>Project:</u> Amar Road Complete Streets in partnership with LA County Public Works</p> <p><u>Justification:</u> The capital reserve will assist in the completion of this long term project and in the non-lapsing of funds</p> | \$3,000,000 | Prop C 20% Local Return | 6/30/27 |
| City of Montebello | <p><u>Project:</u> Montebello Station Enhancement Project on the Metro L Line (Gold Line) Eastside Transit Corridor Phase 2</p> <p><u>Justification:</u> The capital reserve will assist in the completion of this long term project and in the non-lapsing of funds</p> | \$6,000,000 | Prop A 25% Local Return | 6/30/27 |
| City of San Marino | <p><u>Project:</u> Huntington Drive/Sierra Hwy Blvd Bus Stop with ADA compliance</p> <p><u>Justification:</u> The capital reserve will assist in the completion of this long term project and in the non-lapsing of funds</p> | \$350,000 | Prop A 25% Local Return | 6/30/27 |
| City of Rolling Hills | <p><u>Project:</u> Capital Reserves for public access, pedestrian, ADA accessibility and parking striping</p> <p><u>Justification:</u> The capital reserve will assist in the completion of this long term project and in the non-lapsing of funds</p> | \$150,000 | Measure R 15% Local Return | 6/30/27 |
| | | \$150,000 | Measure M 17% Local Return | 6/30/27 |