



Board Report

File #: 2023-0345, File Type: Program

Agenda Number: 16.

FINANCE, BUDGET, AND AUDIT COMMITTEE JUNE 14, 2023

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

ACTION: APPROVE RECOMMENDATIONS

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 Cudahy (Measure R), Glendora (Proposition C), Lawndale (Proposition A), Lomita (Proposition C), Montebello (Proposition C), South El Monte (Proposition C, Measure R, and Measure M), South Pasadena (Proposition A, Proposition C, and Measure M), Temple City (Proposition C), and amend the existing account for the City of Hidden Hills (Proposition C) (Attachment A).

ISSUE

A local jurisdiction may need additional time to accumulate sufficient funding to implement a project, or to avoid lapsing of funds. Similar to previous years, many cities require a lapsing extension due to the limited spending caused by project delays that occurred during the pandemic.

BACKGROUND

According to the Local Return Guidelines, Board approval is required to extend the deadline for lapsing Local Return funds. Typically, the local jurisdiction requests that funding be dedicated to 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

Staff uses a First-In-First-Out (FIFO) calculation to determine if a city may be in jeopardy of losing its Local Return funds. Proposition A and Proposition C utilize 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 utilize 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 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 the Local Return Guidelines, those lapsed funds would then be returned to Metro 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 a formula on a per capita basis.

The Cities of Cudahy, Glendora, Lomita, Montebello, South El Monte, South Pasadena, and Temple City are all working on large street improvement projects that are difficult to coordinate and construct. These projects experienced delays due to the pandemic.

Other projects, such as Lawndale's City Wide Bus Pads, South El Monte's Civic Center Inter-Jurisdiction Bikeway, South Pasadena's Arterial Traffic Signal Improvements and Prioritization and Electric Transit Buses/Vans and Charging Systems, are included so that these cities will not lapse their funds and have extra time to complete their projects.

The City of Hidden Hills, a small city, is utilizing their Proposition C Local Return funding for the Long Valley Street and ADA curb rehab Improvement Project. The city needs an extension to construct the project but also requires extra time to build up their funds because their Proposition C Local Return five-year average amounts to \$32,000 per year.

DETERMINATION OF SAFETY IMPACT

Approval of the new Capital Reserve Accounts will allow for projects such as Transit Vehicles, Bikeway, Bus Pads, and Street and Road improvements that would provide additional safety features for local communities.

FINANCIAL IMPACT

Adoption of staff recommendations would have no impact on the Metro Budget or on Metro's Financial Statements. The Capital Reserve Account funds originate from Propositions A and C, Measures R and Measure M funds. As specified by the ordinances, 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 Metro Budget as these funds have been previously disbursed to the cities. These funds are not eligible for Metro bus and rail operations.

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. For example, the City of South El Monte proposes to use its Capital Reserve for a Civic Center Inter-Jurisdiction Bikeway that will coordinate bike and pedestrian improvements to the Civic Center. This will include curb cuts and other ADA Improvements. Through the process of public input, engagement during 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 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

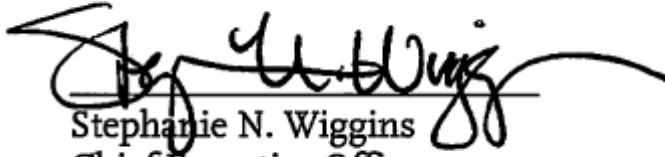
With the Board's approval of the recommendation, staff will negotiate and execute all necessary agreements between Metro and the listed cities for their Capital Reserve Accounts as approved. Staff will continue to monitor the accounts, including the annual Local Return audit, to ensure that the cities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

ATTACHMENTS

Attachment A - Project Summary for Proposed Capital Reserve Accounts

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ATTACHMENT A

**PROJECT SUMMARY FOR PROPOSED
CAPITAL RESERVE ACCOUNTS**

JURISDICTION	PROJECT	AMOUNT	FUND	AGREEMENT TERMINATION/ REVIEW DATE
City of Cudahy (New)	<u>Project:</u> Cudahy Citywide Complete Streets Improvement Project <u>Justification:</u> The capital reserve will assist in the accumulation of funds and in the non-lapsing of funds	\$4,000,000	Measure R 15% Local Return	6/30/28
City Glendora (New)	<u>Project:</u> Lone Hill Phase 1 Street Rehabilitation	\$469,000	Proposition C 20% Local Return	6/30/28
	<u>Project:</u> People Movement Project <u>Justification:</u> The capital reserve will assist in the completion of funding this intersection	\$327,000	Proposition C 20% Local Return	
City of Hidden Hills (Extension)	<u>Project:</u> Long Valley Improvement Project <u>Justification:</u> The capital reserve will assist in the completion of this long term project and in the non-lapsing of funds	Existing amount \$200,000	Proposition C 20% Local Return	Extension 6/30/28
City of Lawndale (New)	<u>Project:</u> Paratransit Buses	\$262,000	Proposition A 25% Local Return	6/30/28
	<u>Project:</u> City Wide Bus Pads Capital Improvement <u>Justification:</u> The capital reserve will assist in the completion of this long term project and in the non-lapsing of funds	\$560,000	Proposition A 25% Local Return	6/30/28
City of Lomita (New)	<u>Project:</u> Lomita Corridor Widening Project <u>Justification:</u> The capital reserve will assist in the completion of this long term project and in the non-lapsing of funds	\$7,000,000	Proposition C 20% Local Return	6/30/28
City of Montebello (New)	<u>Project:</u> Montebello Paving the Way <u>Justification:</u> The capital reserve will assist in the completion of this long term project and in the non-lapsing of funds	\$10,947,746	Prop C 20% Local Return	6/30/28

JURISDICTION	PROJECT	AMOUNT	FUND	AGREEMENT TERMINATION/ REVIEW DATE
City of South El Monte (New)	<u>Project:</u> Citywide Pavement Projects	\$1,000,000	Measure R 15% Local Return	6/30/28
	<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 M 17% Local Return	6/30/28
City of South El Monte (New)	<u>Project:</u> Civic Center Inter-Jurisdiction Bikeway <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	Prop C 20% Local Return	6/30/28
City of South Pasadena (New)	<u>Project:</u> Street Repairs per Pavement Management System	\$187,474	Measure M 17% Local Return	6/30/28
	<u>Justification:</u> The capital reserve will assist in the completion of this long term project and in the non-lapsing of funds	\$273,535	Prop C 20% Local Return	6/30/28
City of South Pasadena (New)	<u>Project:</u> South Pasadena Arterial Traffic Signal Improvements and Prioritization <u>Justification:</u> The capital reserve will assist in the completion of this long term project and in the non-lapsing of funds	\$324,573	Prop A 25% Local Return	6/30/28
City of South Pasadena (New)	<u>Project:</u> Electric Transit Buses/Vans & Charging Systems <u>Justification:</u> The capital reserve will assist in the completion of this long term project and in the non-lapsing of funds	\$325,000	Prop A 25% Local Return	6/30/28
City of Temple City (New)	<u>Project:</u> Lower Azusa from Baldwin Ave to East City Limit west of El Monte	\$1,250,000	Proposition C 20% Local Return	6/30/28
	<u>Project:</u> Santa Anita Rehab <u>Justification:</u> The capital reserve will assist in the completion of this long term project and in the non-lapsing of funds	\$1,300,000	Proposition C 20% Local Return	6/30/28