

**Metro**

Metropolitan Transportation Authority

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metro.net**FINANCE, BUDGET AND AUDIT COMMITTEE**
January 14, 2015

SUBJECT: PROPOSITION C LOCAL RETURN CAPITAL RESERVE NEW ACCOUNT FOR THE CITY OF SOUTH EL MONTE, AND AMEND EXISTING ACCOUNT FOR THE CITY OF REDONDO BEACH

ACTION: ESTABLISH NEW AND AMEND EXISTING CAPITAL RESERVE ACCOUNTS FOR CITIES

RECOMMENDATION

- A. Establish Proposition C Local Return funded Capital Reserve Account for the City of South El Monte, as described in Attachment A
- B. Approve additional funds of \$400,000 to the existing reserve of \$1,650,000, and extension of three years for the City of Redondo Beach Proposition C Local Return Capital Reserve Account as described in Attachment A
- C. 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.

ISSUE

A local jurisdiction may need additional time to accumulate sufficient funding to implement a project or to avoid lapsing of funds. Board approval is required if there is a need to extend beyond the normal four-year lapsing deadline for Local Return Funds. The local jurisdiction may request 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

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 Proposition A and

Proposition C Guidelines. With approval from the Board of Directors, the 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 C Local Return funds could lapse due to time constraints. According to the Proposition A and Proposition C 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 projects will allow for improvements to the streets and transit center construction as listed on Attachment A.

FINANCIAL IMPACT

With our recommendation, there would be no impact on the LACMTA Budget, or on LACMTA's Financial Statements. The Capital Reserve Account funds originate from the portion of Proposition C funds that are allocated to each Los Angeles County local jurisdiction by formula on a per capita basis.

ALTERNATIVE CONSIDERED

The cities have no other funds, and the projects could not be constructed in a timely manner.

NEXT STEPS

With Board approval of our recommendation, we will negotiate and execute all necessary agreements between LACMTA and the listed cities for their Capital Reserve Accounts as approved. We will monitor the account to ensure that the cities comply with the Proposition A and Proposition C Local Return Guidelines and the terms of the agreement.


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ATTACHMENT

A – Project Summary for Proposed New or Amended Capital Reserve Accounts



Nalini Ahuja
Executive Director, Finance and Budget



Arthur T. Leahy
Chief Executive Officer

**PROPOSITION C LOCAL RETURN FUNDS
PROJECT SUMMARY FOR PROPOSED NEW AND AMENDED
CAPITAL RESERVE ACCOUNTS**

JURISDICTION	PROJECT	AMOUNT	FUND	AGREEMENT TERMINATION/ REVIEW DATE
City of South El Monte #05-380 (New)	<p>Durfee Street Improvements <u>Project:</u> Replacement of asphalt, curb and gutter, pedestrian ADA ramps, beautification medians, bike lane striping <u>Justification:</u> The capital reserve will assist in the accumulation of funds and in the non-lapsing of funds to provide improvements.</p>	\$830,000	Proposition C 20% Local Return	6/30/17
City of Redondo Beach #01-380 (Amended)	<p>Transit Center Construction <u>Project:</u> Construction and contract management of a transit center for Redondo Beach <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>	\$400,000 (new) \$1,650,000 (existing) <hr/> \$2,050,000 (total)	Proposition C 20% Local Return	6/30/14 (original) 6/30/17 (amendment request)