



## 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may be allowed additional years to accumulate and expend its Local Return funds from the date that the funds are originally made available.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

Prepared by: Susan Richan, Senior Manager, Transportation Planning, (213) 922-3017  
Drew Phillips, Director, Budget, (213) 922-2109

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



Phillip A. Washington  
Chief Executive Officer