



## Board Report

**File #:** 2019-0366, **File Type:** Formula Allocation / Local Return

**Agenda Number:** 15.

### FINANCE, BUDGET AND AUDIT COMMITTEE JUNE 19, 2019

**SUBJECT: LOCAL RETURN PROPOSITION C AND MEASURE R CAPITAL RESERVE**

**ACTION: APPROVE RECOMMENDATIONS**

#### **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 as approved; and:

- A. ESTABLISH Proposition C Local Return funded Capital Reserve Account for the Cities of Bell, El Monte, and South Gate; and
- B. ESTABLISH Measure R Local Return funded Capital Reserve Account for the Cities of El Monte and Glendale.

#### **ISSUE**

Local Jurisdictions may need additional time to accumulate sufficient funding to implement a project or to avoid lapsing of funds.

#### **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. 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**

##### Findings

Staff has calculated on a First-In-First-Out (FIFO) calculation that some cities may be in jeopardy of losing their Local Return Funds. Proposition C has a “three year plus current year” date for a total of four years for the timely use of funds. Measure R requires a timeline of five years for expenditure of

Local Return funds.

### Considerations

Local Return Guidelines has a timely-use-of funds requirement with a lapsing deadline. However, Capital Reserve Accounts are permitted with approval from the Board of Directors, the accounts may be established so that Los Angeles County local jurisdiction may extend the life of their Local Return revenue to accommodate longer term financial and planning commitments for specific capital projects.

Some of the Local Return funds could lapse due to time constraints. According to the Local Return Guidelines, the lapsed funds 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 project will allow for improvements to the streets and roads, traffic signal upgrades and maintenance facility as listed on Attachment A.

### **FINANCIAL IMPACT**

#### Impact to Budget

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 the portion of Proposition C and Measure R funds that are allocated to each Los Angeles County local jurisdiction by formula. Some of the cities' funds could lapse due to time constraints and other cities with small apportionments need additional time in order to accumulate the needed funds for capital projects.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

These are the Local Jurisdictions' apportionment of the funds. The four cities listed on Attachment A have identified improvement projects that assist in achieving Metro's Strategic Plan Goals #1 and #2 by improving mobility, ease of travel, and safety.

### **ALTERNATIVES CONSIDERED**

The Board could choose not to approve the proposed reserve account, which is not recommended by staff. The cities have no other funds and the projects could not be constructed in a timely manner. Cities may not be able to accumulate sufficient funds necessary for their capital projects as described in Attachment A.

### **NEXT STEPS**

With Board approval of our recommendation, Metro will negotiate and execute all necessary

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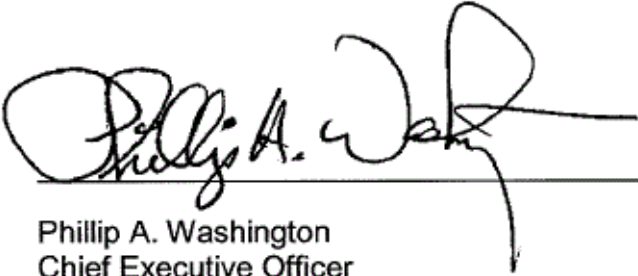
agreements between LACMTA and the listed cities for their Capital Reserve Accounts as approved. Metro staff will monitor the account to ensure that the cities comply with the Local Return Guidelines and the terms of the agreement.

**ATTACHMENTS**

Attachment A - Project Summary for Proposed Capital Reserve Accounts

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