



**Board Report**

**File #:** 2021-0284, **File Type:** Formula Allocation / Local Return

**Agenda Number:** 6.

**FINANCE, BUDGET, AND AUDIT COMMITTEE  
JUNE 16, 2021**

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

**ACTION: AMEND EXISTING CAPITAL RESERVE PERIOD FOR ARCADIA, BELL, AND BEVERLY HILLS; AND ESTABLISH NEW ACCOUNTS FOR THE CITIES OF BEVERLY HILLS, BRADBURY, EI SEGUNDO, LOMITA, NORWALK, POMONA, AND SAN MARINO**

**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(s) as detailed in Attachment A by:

- A. AMENDING the termination date of the Proposition A and Proposition C Local Return funded Capital Reserve Accounts for the City of Arcadia;
- B. AMENDING the termination date of the Proposition C Local Return funded Capital Reserve Account for the City of Bell;
- C. AMENDING the Proposition C Local Return funded Capital Reserve Account for the City of Beverly Hills by adding \$750,000 to the already approved \$2 million to a total of \$2.75 million; and
- D. ESTABLISHING new Local Return funded Capital Reserve Account for the Cities of Beverly Hills (Proposition A, Measure R), Bradbury (Measure M and Measure R), El Segundo (Proposition C and Measure R), Hermosa Beach (Proposition C), Lomita, (Proposition C), Norwalk (Proposition C), Pomona (Proposition C), and San Marino (Proposition C).

**ISSUE**

A local jurisdiction may need additional time to accumulate sufficient funding to implement a project, or to avoid lapsing of funds. This year in particular, many cities may require a lapsing extension due to the limited spending caused by project shut down during the Safer at Home Order.

**BACKGROUND**

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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. 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. Measure R and Measure M utilizes a five-year period for the timely use of funds.

### Considerations

Local Return Guidelines have a timely-use-of funds requirement with a lapsing deadline. However, 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 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 with local communities. (See Attachment A for 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 & C, Measure R and Measure M funds, as specified that are allocated to each Los Angeles County local jurisdiction by formula and are held by each City. 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.

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

Recommendation supports Metro's Strategic Plan Goals #1 and #2 by improving mobility, ease of travel, and safety. These are the Local Jurisdictions' apportionment of the funds as on Attachment A have determined the identified improvement projects 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**

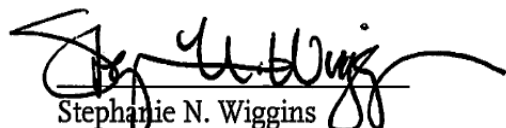
With Board approval of our recommendation, staff will negotiate and execute all necessary agreements between LACMTA and the listed cities for their Capital Reserve Accounts as approved. We will continue to monitor the accounts, including our annual Local Return audit, to ensure that the cities comply 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, Senior Director, Finance, (213) 922-2109

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

  
Stephanie N. Wiggins  
Chief Executive Officer