



Board Report

File #: 2016-0254, **File Type:** Formula Allocation / Local Return

Agenda Number: 16.

FINANCE, BUDGET AND AUDIT COMMITTEE JUNE 15, 2016

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

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

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 Accounts as approved; and:

- A. ESTABLISH **Measure R Local Return funded Capital Reserve Account for the City of Beverly Hills**, as described in Attachment A;
- B. ESTABLISH **Proposition A and Proposition C Local Return funded Capital Reserve Account for the City of Burbank**, as described in Attachment A;
- C. APPROVE three year extension of **Proposition C Local Return Capital Reserve Account for the Cities of Beverly Hills, El Monte, Lynwood and Manhattan Beach**, as described in Attachment A.

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 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

Measure R Local Return Guidelines require that Local Return funds be expended before a five-year

lapsing deadline. 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 both Local Return 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 Measure R and 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 projects will allow for improvements to the streets and roads improvements and vehicle equipment replacement 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 Measure R and Proposition A and Proposition C funds that are allocated to each Los Angeles County local jurisdiction by formula on a per capita basis.

ALTERNATIVES CONSIDERED

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

NEXT STEPS

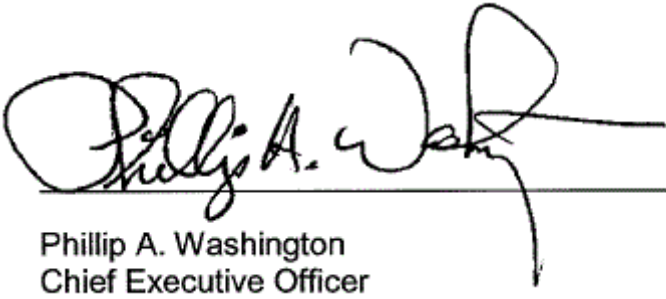
With Board approval of our recommendation, we will negotiate and execute all necessary agreements between LACMTA and the listed cities for their Capital Reserve Accounts as approved. We will monitor the account to ensure that the cities comply with the Local Return Guidelines and the terms of the agreement.

ATTACHMENTS

Attachment A - Project Summary for Proposed New or Amended Capital Reserve Accounts

Prepared by: Susan Richan, Program Manager (231) 922-3017
Kelly Hines, DEO Finance, Local Programming & TAP (213) 922-4569

Reviewed by: Nalini Ahuja, Executive Director, Finance and Budget, (213) 922-3088



Phillip A. Washington
Chief Executive Officer