



**PLANNING AND PROGRAMMING COMMITTEE
JANUARY 14, 2004**

SUBJECT: CAPITAL RESERVE ACCOUNT FOR THE CITY OF ARCADIA FROM PROPOSITION A AND PROPOSITION C LOCAL RETURN FUNDS

ACTION: APPROVE THE ESTABLISHMENT OF CAPITAL RESERVE ACCOUNT FOR ARCADIA

RECOMMENDATION

Approve the Capital Reserve Account of \$2,000,000 Proposition A and \$3,000,000 Proposition C Local Return funds for the City of Arcadia, so that funding may be used to finance the project as described in Attachment A.

ISSUE

In June 2003, the Board approved a capital reserve to extend the term of Arcadia's prior-approved capital reserve of \$1,000,000 Proposition A and \$500,000 Proposition C Local Return funds. The reserved funds are to be used for the design, engineering, and construction of a multi-modal transportation center should the Gold Line be extended to Arcadia. The original \$1,500,000 capital reserve was established as of August 1, 1999 and expired May 1, 2002. The June Board action requested an amendment to the Memorandum of Understanding (MOU) to re-establish the original reserve amount and allow the extension for an additional three years to 2006.

In October 2003, the Arcadia City Council passed a resolution to execute a MOU with the MTA to establish a capital reserve account to reserve \$2,000,000 Proposition A and \$3,000,000 Proposition C Local Return funds. MTA Board approval of the larger reserve amount is required before MTA staff can enter into an MOU with the City of Arcadia.

POLICY IMPLICATIONS

According to the Proposition A and Proposition C Local Return Guidelines, Los Angeles County local jurisdictions are required to obtain MTA Board approval to establish Capital Reserve Accounts with Proposition A and Proposition C Local Return revenues. A jurisdiction may request and secure such approval if the jurisdiction dedicates account funding to implement a larger capital project beyond the normal four-year lapsing deadline (year of allocation plus 3 years) for the jurisdiction's Proposition A and Proposition C Local Return funding.

With MTA Board approval, the local jurisdictions may establish Capital Reserve accounts that allow them to hold onto their Proposition A and Proposition C Local Return funds for three additional years for their larger capital projects, or seven years total (year of allocation plus 6 years).

OPTIONS

The Board may choose not to establish the account as proposed; however, staff does not recommend that option. If the Board does not approve the Capital Reserve Account, Arcadia would not be able to accumulate the funds necessary for the larger capital project described in Attachment A and the funds will lapse. Lapsed funds are returned to the MTA for reallocation for discretionary programs of countywide significance.

FINANCIAL IMPACT

There is no impact on the MTA Operating Budget, as the funds originate from the portion of Proposition A and Proposition C funds that are allocated to each Los Angeles County local jurisdiction by formula on a per capita basis. These funds are not available to the MTA and there will be no impact on MTA Financial Statements.

BACKGROUND

The Proposition A Local Return Program is funded from a half-cent sales tax measure that Los Angeles County voters approved in 1980. The Proposition C Local Return Program is funded from a half-cent sales tax measure that Los Angeles County voters approved in 1990. Twenty-five percent of Proposition A revenues and twenty percent of Proposition C revenues designated for the Local Return Program is returned to the cities and Unincorporated Los Angeles County so that they may be used for developing and/or improving public transit, paratransit and related transportation infrastructure.

Capital Reserve Accounts are permitted under the Proposition A and Proposition C Local Return Guidelines to allow Los Angeles County local jurisdictions an extra three years from the date the funds are available (seven years in total) to accumulate and expend the funds needed for large projects.


NEXT STEPS

With Board approval of the recommendation, staff will negotiate and execute a new MOU with Arcadia. Staff will monitor this account to ensure it complies with the Proposition A and Proposition C Local Return Guidelines and the terms of the Memorandum of Understanding.


ATTACHMENT

A. Project for Capital Reserve Accounts

Prepared by: M.J. West, Program Manager
Programming and Policy Analysis



James L. de la Loza
Executive Officer
Countywide Planning and Development



Roger Snoble
Chief Executive Officer

ATTACHMENT A

**PROPOSITION A AND PROPOSITION C LOCAL RETURN FUNDS
PROJECT FOR CAPITAL RESERVE ACCOUNTS**

JURISDICTION	PROJECT	AMOUNT	FUND
City of Arcadia # 01-380	<p>Pasadena Gold Line – future mass transit station</p> <p>Justification: The City of Arcadia has been reserving funds to fund the design, engineering, and construction of a multi-modal transportation center should the Metro Gold Line be extended to Arcadia.</p>	<p align="center">\$2,000,000</p> <p align="center">\$3,000,000</p> <p align="center">INCREASE AMOUNT OF CAPITAL RESERVE; REQUIRES MOU AMENDMENT</p>	<p>Proposition A Local Return (25%)</p> <p>Proposition C Local Return (20%)</p>

