



PLANNING AND PROGRAMMING COMMITTEE
SEPTEMBER 20, 2006

**SUBJECT: PROPOSITION C LOCAL RETURN CAPITAL RESERVE ACCOUNT
FOR CITY OF CALABASAS**

ACTION: ESTABLISH CAPITAL RESERVE ACCOUNT FOR CALABASAS

RECOMMENDATION

- A. Establish a Capital Reserve Account for the City of Calabasas for up to \$1,500,000 from its Proposition C 20% Local Return funds, so as to finance the construction of a transit maintenance facility and related improvements; and
- B. Authorize the Chief Executive Officer, or his designee, to negotiate and execute all necessary agreements between Metro and the City of Calabasas for its Capital Reserve Account as approved.

ISSUE

The City of Calabasas has requested that its Proposition C Local Return funds be reserved for the construction of a transit maintenance facility with a park-and-ride lot. The project includes land acquisition, design and construction of a transit maintenance facility for City buses. The project also includes a park-and-ride lot, bus shelter and other bus stop upgrades. The proposed site is located along Las Virgenes Road at the 101 Freeway. The facility would serve primarily the Calabasas Trolley and Calabasas Park Link Shuttle to Santa Monica.

POLICY IMPLICATIONS

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 Proposition A and Proposition C Guidelines. With approval from the Board of Directors, 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.

A local jurisdiction may secure Board approval if the local jurisdiction requests that funding be dedicated in a Capital Reserve Account that would be used to implement a project beyond the normal four-year lapsing deadline for Local Return Funds. In some cases, a local jurisdiction may need the additional time to accumulate sufficient funding to implement a project. With such Board approval, a local jurisdiction may be allowed additional years to accumulate and expend its Proposition A 25% and/or Proposition C 20% Local Return funds from the date that the funds are made available. We have reviewed the request from the City of Calabasas and have determined that its request has sufficient justification for establishing an account that would enable the City to complete its project.

OPTIONS

The Board of Directors may choose not to establish the account as proposed, and the City of Calabasas would not have the additional time allowance to accumulate the funds needed to complete its project. Some of the Proposition C 20% Local Return funds could lapse due to time constraints. According to Proposition A and Proposition C Guidelines, the lapsed funds then would be returned to Metro, so that the Board may redistribute the funds to each Los Angeles County local jurisdiction by formula on a per capita basis.

If the Board does not approve the account, which we do not recommend, the City of Calabasas cannot accumulate sufficient funds necessary for its transit maintenance facility. Calabasas currently has \$300,000 of Proposition C 20% Local Return funds and plans to set aside \$200,000 of Proposition C 20% Local Return funds annually for the next three years. Addressing the City's request would require that a Capital Reserve Account be established by agreement between the City and Metro that would terminate by June 30, 2009, unless amended thereafter.

FINANCIAL IMPACT

With our recommendation, there would be no impact on the Metro Budget or on Metro's Financial Statements. The Capital Reserve Account funds would originate from the portion of Proposition C funds that are allocated to each Los Angeles County local jurisdiction by formula on a per capita basis.

BACKGROUND

The Proposition C Local Return Program is funded from a half-cent sales tax measure that Los Angeles County voters approved in 1990. Twenty percent of Proposition C revenues designated for the Local Return Program are 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.

NEXT STEPS

With Board approval of our recommendation, we will negotiate and execute all necessary agreements between Metro and the City of Calabasas for its Capital Reserve Account as approved. We will monitor the account to ensure that the City complies with the Proposition A and Proposition C Local Return Guidelines and agreement terms.

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