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**PLANNING AND PROGRAMMING COMMITTEE
JANUARY 16, 2008**

**SUBJECT: PROPOSITION A AND PROPOSITION C LOCAL RETURN
CAPITAL RESERVE ACCOUNTS FOR THE CITIES OF DUARTE,
INDUSTRY AND PICO RIVERA**

**ACTION: ESTABLISH CAPITAL RESERVE ACCOUNTS FOR DUARTE
AND INDUSTRY, AND AMEND EXISTING CAPITAL RESERVE
ACCOUNTS FOR PICO RIVERA**

RECOMMENDATION

- A. Establish Proposition A Capital Reserve Accounts for the City of Duarte for \$2,000,000, and the City of Industry for \$4,000,000, and amend the existing Proposition C Capital Reserve Accounts for the City of Pico Rivera for \$3,500,000, from their Local Return funds, so that their funds may be used to finance transit-related improvements, as described in Attachment A; and
- B. 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.

ISSUE

The City of Duarte has requested that \$2,000,000 of its Proposition A Local Return funds be reserved for its local match for the proposed Gold Line Rail Project. The City of Industry has requested that \$4,000,000 of its Proposition A Local Return funds be reserved for its Nogales Street Grade Separation at Gale Avenue Project. The City of Pico Rivera has requested that a total of \$3,500,000 of its Proposition C Local Return funds be reassigned from two existing Capital Reserve projects and reserved for its Street Improvements projects (Paramount Boulevard and Beverly Boulevard) as described in Attachment A.

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, 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.

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 requests from the Cities and have determined that their requests have sufficient justification for establishing the accounts that would enable them to complete their projects.

OPTIONS

The Board of Directors may choose not to establish the accounts as proposed and the Cities would not have the time allowance to accumulate the funds needed to complete their projects. Some of the Proposition A and Proposition C Local Return funds could lapse due to time constraints. According to the Proposition A and Proposition C Guidelines, the lapsed funds then would be returned to LACMTA, 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 accounts, which we do not recommend, the Cities of Duarte, Industry and Pico Rivera cannot accumulate sufficient funds necessary for their large capital projects as described in Attachment A. For example, the City of Duarte receives an annual Local Return Proposition A allocation of \$300,000. Therefore, a Capital Reserve is necessary to give them time to accumulate the \$2,000,000 required for their project.

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 would 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.

BACKGROUND

The Proposition A and Proposition C Local Return Program is funded from two half-cent sales tax measures that Los Angeles County voters approved in 1980 and 1990, respectively. Twenty-five percent of Proposition A and 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

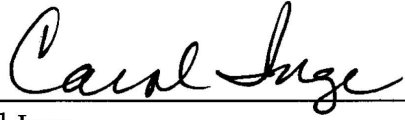
With Board approval of our recommendation, we will negotiate and execute all necessary agreements between LACMTA and the Cities of Duarte, Industry and Pico Rivera for their Capital Reserve Accounts as approved. We will monitor the accounts to ensure that the Cities comply with the Proposition A and Proposition C Local Return Guidelines and the terms of the agreements.

Prepared by: Susan Richan, Program Manager
Local Programming

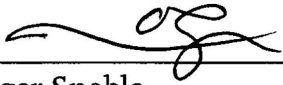
Nalini Ahuja, Director, Local Programming
Programming and Policy Analysis

ATTACHMENTS

A – Project Summary for Proposed Capital Reserve Accounts



Carol Inge
Chief Planning Officer



Roger Snoble
Chief Executive Officer

**PROPOSITION C LOCAL RETURN FUNDS
PROJECT SUMMARY FOR PROPOSED CAPITAL RESERVE ACCOUNTS**

JURISDICTION	PROJECT	AMOUNT	FUND	MOU TERMINATION/REVIEW DATE
City of Duarte # 01-380	<p>Duarte's Local Match for Gold Line Rail Project <u>Project:</u> Reserve would provide for a local match for a proposed Gold Line light rail transit station, related station capital projects, related station art, or enhancements. <u>Justification:</u> Awaiting construction of the Gold Line and require additional time with which to acquire the necessary funds with annual allocations of \$300,000.</p>	\$2,000,000	Proposition A 25% Local Return	06/30/14 <u>Time line:</u> Project now in design phase and awaiting construction phase
City of Industry # 01-380	<p>Nogales Street Grade Separation at Gale Avenue Project <u>Project:</u> The lowering of Nogales Street underneath the Union Pacific Railroad tracks, which serves the Riverside Line of the Metrolink Commuter Rail service to and from Los Angeles <u>Justification:</u> The funds would be used as local match for the \$29 million in Countywide Call for Projects funding.</p>	\$4,000,000	Proposition A 25% Local Return	06/30/12 <u>Time line:</u> Anticipate completion of construction in Dec. 2011.
City of Pico Rivera # 03-380 and # 04-380	<p>Paramount Blvd Rehabilitation from Washington Blvd to Gallatin Road <u>Project:</u> Repairs and improvements to the portion of Boulevard that runs through the City. <u>Justification:</u> The City's prior Capital Reserve for Widening at Rio Hondo is now complete. Pico Rivera wants to reassign the remaining funds along with new allocations to the new Paramount project.</p> <p>Beverly Blvd from Paramount Blvd to east City Limit <u>Project:</u> Repairs and improvements to the portion of Boulevard that runs through the City. <u>Justification:</u> The City will no longer be going forward with their street improvements to Whittier Blvd as part of their capital reserve on the Washington Blvd Bridge Street Improvement Project. The City wants to reassign the funds to Beverly Boulevard.</p> <p align="right">Total:</p>	\$1,000,000 <u>\$2,500,000</u> \$3,500,000	Proposition C 20% Local Return Proposition C 20% Local Return	06/30/11 <u>Time line:</u> Anticipate construction for both projects in FY 2009.

