



PLANNING AND PROGRAMMING COMMITTEE  
JUNE 14, 2006

**SUBJECT: PROPOSITION C LOCAL RETURN CAPITAL RESERVE ACCOUNTS  
FOR CITIES OF INGLEWOOD, SOUTH GATE, TEMPLE CITY AND  
WEST COVINA**

**ACTION: ESTABLISH CAPITAL RESERVE ACCOUNTS FOR INGLEWOOD,  
SOUTH GATE, TEMPLE CITY AND WEST COVINA**

**RECOMMENDATION**

- A. Establish Capital Reserve Accounts for the City of Inglewood for \$3,000,000; the City of South Gate for \$620,000; the City of Temple City for \$5,000,000, and the City of West Covina for \$3,500,000, from their Proposition C 20% Local Return funds so that their funds may be used to finance street improvement projects heavily used by transit, as described in Attachment A; and
- B. Authorize the Chief Executive Officer, or his designee, to negotiate and execute all necessary agreements between Metro and the cities for their Capital Reserve Accounts as approved.

**ISSUE**

The City of Inglewood has requested that \$3,000,000 of its Proposition C Local Return funds be reserved for its Street Improvement project on La Brea Avenue. The City of South Gate has requested that \$620,000 of its Proposition C Local Return funds be reserved for its Firestone Boulevard over Rio Hondo Bridge Widening Street Pavement Improvement project. The City of Temple City has requested that \$5,000,000 of its Proposition C Local Return funds be reserved for its Rosemead Boulevard Street Improvement project. The City of West Covina has request that \$3,500,000 of its Proposition C Local Return funds be reserved for its Azusa Avenue Street Improvements project.

**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 C 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 accounts, which we do not recommend, the Cities of Inglewood, South Gate, Temple City and West Covina cannot accumulate sufficient funds necessary for their large capital projects as described in Attachment A. For example, the City of Temple City receives an annual Local Return Proposition C allocation of \$450,000. Therefore, a Capital Reserve is necessary in order to give them time to accumulate the \$5,000,000 required for their project.

### **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 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 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 Cities of Inglewood, South Gate, Temple City and West Covina 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.

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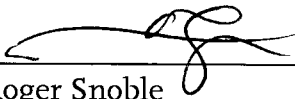
**ATTACHMENTS**

A – Project Summary for Proposed Capital Reserve Account



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Carol Inge  
Chief Planning Officer



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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
<p>City of Inglewood # 01-380</p>	<p><b>La Brea Avenue Street Improvement</b></p> <p><u>Project:</u> Reconstruction of La Brea Avenue with pavement, curb, gutter and sidewalk replacement as needed. Also construction of new median and parkway with new landscaping and irrigation systems.</p> <p><u>Justification:</u> Due to unforeseen circumstances, the project start was delayed to late 2006. The Capital Reserve would allow for an additional three years to complete the project.</p>	<p>\$3,000,000</p>	<p>Proposition C 20% Local Return</p>	<p>06/30/09</p> <p><u>Time line:</u> Anticipated start date of Oct 2006 and completion by Sept. 2007.</p>
<p>City of South Gate # 05-380</p>	<p><b>Firestone Boulevard over Rio Hondo Bridge Widening Street Pavement Improvement</b></p> <p><u>Project:</u> Bridge widening to both sides on Firestone Boulevard over Rio Hondo Channel and providing an extra-lane structure, seismic retrofit, barrier rail replacements and associated street improvements.</p> <p><u>Justification:</u> Scheduling problems have delayed the project; however, now the project is in Phase III and ready for construction. The Capital Reserve would allow for an additional three years to complete the project.</p>	<p>\$620,000</p>	<p>Proposition C 20% Local Return</p>	<p>06/30/09</p> <p><u>Time line:</u> Project now in Phase III and ready for construction. Construction completion expected by June 2009.</p>
<p>City of Temple City # 01-380</p>	<p><b>Rosemead Boulevard Improvement Project</b></p> <p><u>Project:</u> Repairs and improvements to the portion of Rosemead Boulevard that runs through the City.</p> <p><u>Justification:</u> City has been negotiating with the State to take over the portion of the State Highway 19/164 (Rosemead). Once acquired, the repairs and improvements will be scheduled.</p>	<p>\$5,000,000</p>	<p>Proposition C 20% Local Return</p>	<p>06/30/09</p> <p><u>Time line:</u> Anticipate construction in FY 2008.</p>

JURISDICTION	PROJECT	AMOUNT	FUND	MOU TERMIN- ATION/REVIEW DATE
City of West Covina # 01-380	<p><b>Azusa Avenue Improvement Project</b></p> <p><u>Project:</u> Repairs and improvements to Azusa Avenue. Project consists of cold-milling, Asphalt Hot Rubber Mix, striping, drainage, adjustment of manholes, repair of concrete curb, gutters, installation of bus shelters.</p> <p><u>Justification:</u> City needs a capital account to allow more time for accumulating enough funds for the project.</p>	\$3,500,000	Proposition C 20% Local Return	06/30/09  <u>Time line:</u> Anticipate construction in FY 2008.