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**PLANNING AND PROGRAMMING COMMITTEE
JUNE 20, 2007**

**SUBJECT: PROPOSITION A AND PROPOSITION C LOCAL RETURN
CAPITAL RESERVE ACCOUNTS FOR LOCAL JURISDICTIONS**

**ACTION: ESTABLISH NEW CAPITAL RESERVE ACCOUNTS FOR CITIES
OF BRADBURY, DOWNEY, MANHATTAN BEACH, SAN DIMAS,
AND APPROVE EXTENSIONS TO TERM LIMITS FOR EXISTING
LOCAL RETURN CAPITAL RESERVE ACCOUNTS FOR CITIES
OF HERMOSA BEACH AND PASADENA**

RECOMMENDATION

- A. Establish Proposition A and Proposition C Local Return-funded Capital Reserve Accounts for local jurisdiction projects, as described in Attachment A;
- B. Approve extensions for existing Local Return Capital Reserve Accounts as prescribed in their Memoranda of Understanding (MOU) for an additional three years for the Cities of Hermosa Beach and Pasadena, as described in Attachment B; and
- C. Authorize the Chief Executive Officer to negotiate and execute all necessary agreements between Metro and the Cities for their Capital Reserve Accounts as approved.

ISSUE

The City of Bradbury has requested that \$68,443 of its Proposition A Local Return funds be reserved for its Dial-a-Ride and Taxi Voucher Program. The City of Downey has requested that \$1,521,400 of its Proposition C Local Return funds be reserved for its Street Resurfacing project. The City of Manhattan Beach has requested that \$3,000,000 of its Proposition C Local Return funds be reserved for its local match to the Sepulveda Boulevard Bridge Widening project. The City of San Dimas has requested that \$650,000 of its Proposition C Local Return funds be reserved for its Foothill Boulevard Reconstruction project.

Also, the City of Hermosa Beach and the City of Pasadena have requested that their MOU termination dates be extended an additional three years for their Pier Avenue Street Improvement and Metro Gold Line projects, respectively.

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 lives of their Local Return revenues 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, but then the Cities would not have sufficient time 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 Bradbury, Downey, Manhattan Beach and San Dimas cannot accumulate sufficient funds necessary for their large capital projects as described in Attachment A. For example, the City of Bradbury receives an annual Local Return Proposition A allocation of \$14,700. Therefore, a Capital Reserve is necessary to give them time to accumulate the \$68,443 required for their project. Also, the City of Manhattan Beach receives an annual allocation of \$473,000 in Proposition C funds, so they will need time to accumulate the \$3 million for their project. Furthermore, the Cities of Hermosa Beach and Pasadena will not have sufficient time to finish their projects with Local Return funds as described in Attachment B.

FINANCIAL IMPACT

Funds from Capital Reserve Accounts originate from local jurisdictions' Proposition A and Proposition C Local Return disbursements. Funds reserved are retained in the Metro fund balance and encumbered for local jurisdictions as approved.

BACKGROUND

The Proposition A and Proposition C Local Return Program is funded from two half-cent sales tax measure 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 by formula on a per capita basis, so that they may be used for developing and/or improving public transit, paratransit and related transportation infrastructure.

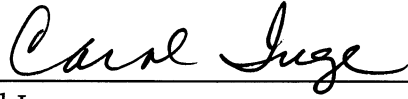
NEXT STEPS

With Board approval of our recommendation, we will negotiate and execute all necessary agreements between Metro and the Cities 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.

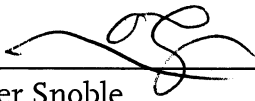
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Programming and Policy Analysis

ATTACHMENTS

- A – Project Summary for Proposed Capital Reserve Accounts (to establish new accounts)
- B – Project Summary for Existing Capital Reserve Accounts (to amend term limits of MOUs)



Carol Inge
Chief Planning Officer



Roger Snoble
Chief Executive Officer

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

| JURISDICTION | PROJECT | AMOUNT | FUND | MOU TERMINATION/REVIEW DATE |
|-------------------------------------|---|---------------|--------------------------------|--|
| City of Bradbury # 02-380 | <p>Bradbury Dial-a-Ride and Taxi Voucher Program</p> <p><u>Project:</u> Establish a Dial-a-Ride and taxi voucher program for Bradbury residents 60 years and older or for those with a disability that prevents the use of regular public transit.</p> <p><u>Justification:</u> The City is proposing this program because there are no Dial-a-Ride programs or public transit stops in the City that would be able to facilitate the transportation needs of the elderly and/or disabled.</p> | \$68,443 | Proposition A 25% Local Return | 06/30/10 <u>Time line:</u> Anticipated start date for 1 st Qtr FY08. |
| City of Downey # 01-380 | <p>Brookshire Avenue, Downey Avenue, Fifth Street, and Rives Avenue Resurfacing</p> <p><u>Project:</u> This project generally consists of repaving streets that carry regularly scheduled Downey Link route service and City of Downey Dial-a-Ride.</p> <p><u>Justification:</u> The City needs additional time to accumulate funds for the resurfacing.</p> | \$1,521,400 | Proposition C 20% Local Return | 06/30/10 <u>Time line:</u> City will start the project Jun 08, completion 4-6 months thereafter. |
| City of Manhattan Beach # 01-380 | <p>Capital Reserve Account for Sepulveda Boulevard Bridge Widening Project Local Match</p> <p><u>Project:</u> Engineering, design and construction of the Sepulveda Boulevard Bridge Widening</p> <p><u>Justification:</u> Local Match to the 2007 Countywide Call for Projects program</p> | \$3,000,000 | Proposition C 20% Local Return | 06/30/13 <u>Time line:</u> City will require six years from project start to end, completion will be FY13. |

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

| JURISDICTION | PROJECT | AMOUNT | FUND | MOU TERMIN- ATION/REVIEW DATE |
|-------------------------------|---|-----------|-----------------------------------|--|
| City of San Dimas # 01-380 | <p>Foothill Boulevard Reconstruction Project</p> <p><u>Project:</u> Repairs and improvements to the portion of Foothill Boulevard that runs through the City.</p> <p><u>Justification:</u> Project delayed due to installation of fiber optic lines throughout the City, causing disruption on Foothill Boulevard.</p> | \$650,000 | Proposition C 20% Local Return | <p>06/30/10</p> <p><u>Time line:</u> Anticipate construction in 1st Qtr FY08.</p> |

**PROPOSITION A AND PROPOSITION C LOCAL RETURN FUNDS
PROJECT SUMMARY OF EXISTING CAPITAL RESERVE ACCOUNTS**

| JURISDICTION | PROJECT | AMOUNT | FUND | MOU TERMINATION/REVIEW DATE |
|-----------------------------------|---|---|---|---|
| City of Hermosa Beach # 01-380 | <p>Pier Avenue Street Improvements</p> <p><u>Project:</u> Repairs and improvements to Pier Avenue. Project consists of reconstruction of street, curb, gutter, sidewalks bus pads, transit shelters and bicycle racks.</p> <p><u>Justification:</u> This project will remedy serious flooding problems along this route, improve pedestrian access and construct transit facility improvements</p> | \$1,992,000 | Proposition C 20% Local Return | Current MOU termination date 9/2/07. Extend another 3 years to 9/2/10. <u>Time line:</u> Anticipate construction in FY 2008. |
| City of Pasadena # 01-380 | <p>Metro Gold Line – Capital Reserve</p> <p><u>Project:</u> Funds will go for betterments in connection with the Pasadena Gold Line and is referred to as the Light Rail Reserves.</p> <p><u>Justification:</u> Extend the term limit for the project</p> | \$3,900,000 \$666,347 \$4,566,347 | Proposition A 25% Local Return Proposition C 20% Local Return TOTAL | Current MOU termination date 9/2/07. Extend another 3 years to 9/2/10. <u>Time line:</u> Anticipate construction in FY 2008. |

