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City of South Gate  
CITY COUNCIL

Item No. 9

CITY OF SOUTH GATE  
OFFICE OF THE CITY MANAGER

2:05pm

AGENDA BILL

For the Regular Meeting of: January 26, 2021

Originating Department: Public Works

Department Director:

  
Arturo Cervantes

Interim City Manager:


  
Chris Jeffers

**SUBJECT: CAPITAL RESERVE AGREEMENT WITH THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY (METRO) TO RESERVE \$3.5 MILLION IN PROPOSITION C FUNDS FOR THE FIRESTONE BOULEVARD REGIONAL CORRIDOR CAPACITY ENHANCEMENT PROJECT, CITY PROJECT NO. 476-TRF (THE BOULEVARD PROJECT)**

**PURPOSE:** On June 27, 2019, the Metropolitan Transportation Authority (Metro) approved a Capital Reserve Agreement (Agreement) to authorize the City to reserve \$3.5 Million in Proposition C Funds, beyond the regular lapsing schedule, for use on the Firestone Boulevard Regional Corridor Capacity Enhancement Project (The Boulevard Project), requiring the funds to be utilized by June 30, 2024. This Agreement requires formal approval by the City Council, retroactively effective to June 30, 2019.

**RECOMMENDATION ACTIONS:** The City Council will:

- a. Approve Capital Reserve Agreement with the Los Angeles County Metropolitan Transportation Authority to reserve through June 30, 2024, \$3,500,000 in Proposition C Funds for the Firestone Boulevard Regional Corridor Capacity Enhancement Project, City Project No. 476-TRF, retroactively effective to June 30, 2019; and
- b. Authorize the Mayor to execute the Capital Reserve Agreement in a form acceptable to the City Attorney.

 **FISCAL IMPACT:** There is no impact to the General Fund. The Capital Reserve Agreement is for \$3.5 million in Proposition C Funds for The Boulevard Project. These funds were previously appropriated to The Boulevard Project by the City Council, of which \$500,000 was appropriated on June 28, 2011 and \$3 million was appropriated on November 28, 2017. To date, a total of \$3,139,220 have been expended, leaving a balance of approximately \$360,780.

**ANALYSIS:** On May 12, 2020, the City Council accepted completion of construction of The Boulevard Project. The Boulevard Project was a multi-year, multi-million dollar undertaking that rehabilitated three roadway segments of Firestone Boulevard. The Boulevard Project was funded with several funding sources of which Proposition C was one. A total of \$3.5 Million in Proposition C funds were programmed for The Boulevard Project with Metro. The subject Capital Reserve Agreement is necessary to address two issues involving the timely use of funds. Firstly, on February of 2018, Metro approved a "Form A" for said \$3.5 Million, which required the funds to be utilized by June 1, 2019, however, the project was planned for completion after that date. Secondly, pursuant to the Proposition C guidelines, the City had four years to expend the funds, beginning the last day of the Fiscal Year in which funds were originally allocated. This is Metro's Timely Use of Funds policy. Said \$3.5 Million were originally programmed by the City in June 28, 2011 and November 28, 2017. Therefore, said

\$3.5 Million were subject to lapse. The Capital Reserve Agreement protected the funds from lapsing, and provided an extension of five years for their use. Highlight's of the Capital Reserve Agreement include, but are not limited to, the following:

- Reserves \$3.5 million in Proposition C funds for The Boulevard Project, which funds must be utilized by June 30, 2024.
- Funding must have been utilized to complete improvements on Firestone Boulevard, from Alameda Street to Annetta Avenue, and from Firestone Place to Rayo Avenue.
- Each fiscal year, an annual project update, including the amount reserved and project status, must be submitted to Metro.
- The effective term of the agreement is June 30, 2019 to June 30, 2024.

**BACKGROUND:** On May 12, 2020, the City Council accepted completion of construction of The Boulevard Project, effective October 28, 2019. The Boulevard Project provides improved safety, congestion relief and beautification on Firestone Boulevard. The Boulevard Project required a total implementation schedule of four years, inclusive of planning, design and construction.

The Boulevard Project was budgeted in the Capital Improvement Program, in Account No. 311-790-31-9447, for a grand total of \$20,557,681. The budget was funded with various funding sources including the 2009 Call for Project Grant Funds, Measure R funds, Measure M funds, Proposition C funds, Senate Bill 1, and City funds. As it pertains to the Capital Reserve Agreement, the budget was partially funded with \$3.5 Million in Proposition C funds, of which approximately \$3,139,220 have been expended, leaving a balance of approximately \$360,780.

The improvements funded with these Proposition C Funds included: installation of storm water quality infiltration measures, pedestrian lights, and bus shelters, pavement rehabilitation, sidewalk, curb and gutter, driveway and ADA curb ramps.

It is noted that The Boulevard Project, as a whole, was completed under budget by approximately \$2.15 Million, of which \$1.58 million is estimated to be the balance of the grant funds. In light of this, the Public Works Department is in contact with Metro to determine if the remaining funds can be utilized to make further improvements to Firestone Boulevard. If approved, a portion of the Proposition C budget balance may be programmed as the local match for the remaining grant funds. A complete summary of the budget, funding sources, and expenditures, can be found in Attachment C.

- ATTACHMENTS:**
- A. Capital Reserve Funding Agreement
  - B. Project Summary
  - C. Location Map

KT:lc

3/1/19



**Metro**

Los Angeles County  
Metropolitan Transportation Authority

One Gateway Plaza  
Los Angeles, CA 90012-2952

213.922.2000 Tel  
metro.net

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NOV 19 2019

ENGINEERING DEPT.

November 15, 2019

Subject: Capital Reserve MOU

To Whom It May Concern,

Enclosed are two original Capital Reserve Agreements/Amendments between our agencies for use of Local Return capital reserves.

Our legal council has signed, and now your agency needs to sign all originals, to be returned back to Metro for further processing. Please provide two signatures on each document. One should be your legal counsel, the other should be another designated signature of authority.

Please note that the Metro Board approval of this reserve is for four years. Should this fund need an additional time extension, contact Metro approximately three months before the deadline so that an extension may be made.

Should you have any questions or concerns, please contact me at (213) 922-5638 or e-mail me at [meisterc@metro.net](mailto:meisterc@metro.net).

Sincerely,

Chelsea Meister  
Program Manager

Enclosure

## CAPITAL RESERVE AGREEMENT

This Capital Reserve Agreement (this "Agreement") is entered into as of June 30, 2019, by and between the Los Angeles County Metropolitan Transportation Authority ("LACMTA") and the City of South Gate (the "City").

### RECITALS:

A. The City receives Proposition A and Proposition C local return funds (the "Local Return Funds") from LACMTA.

B. Pursuant to the Proposition A and Proposition C Local Return Guidelines (the "Guidelines"), which are incorporated herein by reference, the City has four years, beginning the last day of the Fiscal Year in which funds were originally allocated, to expend the Local Return Funds. By method of calculation, each jurisdiction has four years plus the Fiscal Year of allocation to expend the Local Return funds. This period is identified in the Guidelines as Timely Use of Funds.

C. As of Fiscal Year 2018-19, the City desires to commit and accumulate its Local Return Funds beyond the Timely Use of Funds period in order to provide the funds for a Firestone Blvd Capacity Project as more particularly described in City's project description attached hereto as Exhibit A (the "Project").

D. The LACMTA Board at its June 27, 2019, board meeting approved the City's establishment of a capital reserve fund for the Project.

NOW, THEREFORE, the parties hereby desire to agree to the following terms and conditions:

### AGREEMENT

1. The City acknowledges that establishing a capital reserve fund for the Project constitutes a long term financial and planning commitment.
2. The City shall establish a separate interest bearing account or sub-account to be designated as the Capital Reserve Account for the Project. The City desires to set aside \$3,500,000 Proposition C of its Local Return Funds into the Capital Reserve Account. Commencing with Fiscal Year 2018-19 and for each Fiscal Year thereafter, the City shall deposit into the Capital Reserve Account the amount specified in its Project Annual Update submitted to LACMTA for that fiscal year, provided, however, if the City fails to submit its Project Annual Update, the City shall deposit into the Capital Reserve Account its Local Return Funds in an amount equal to the amount deposited into the Capital Reserve Account for the immediately preceding fiscal year. In no event will the total aggregate amount deposited by City into the Capital Reserve Account exceed \$3,500,000 Proposition C
3. All interest accruing on the Capital Reserve Account shall remain in such account.

4. The City shall complete the Project by June 30, 2024. If the Project is not completed by this date, any unexpended funds shall lapse and be returned to LACMTA for further programming.
5. The City shall comply with all terms and conditions for the Capital Reserve Account as provided in the Proposition A and Proposition C Local Return Guidelines, including, without limitation, the following:
  - A. Each fiscal year, submitting the following items:
    - (i) an Annual Project Update (Form One), including the amount to be reserved and the current project status;
  - B. Every three years commencing with the Commencement Date of this Agreement, LACMTA will evaluate the Capital Reserve Account, the status of the Project and the projected amount of available funds. Based on this evaluation, LACMTA may require the City to take certain actions including, without limitation, terminating the Capital Reserve Account.
  - C. If the City uses the Local Return Funds in the Capital Reserve Account for a project different from the Project described above, the City shall return an amount equal to the improperly used funds to the Proposition C Central Account held by LACMTA. If the City fails to return the amount within 30 days from the date LACMTA notifies City that it must return the funds, the City hereby authorizes LACMTA to offset future Local Return allocations to the City in an amount equal to the improperly used funds.
  - D. If the City fails to complete the Project as specified by the date in paragraph 4 above, the Local Return Funds in the Capital Reserve Account may be subject to lapse unless otherwise agreed to in writing by the parties.
  - E. If the Project is a rail project, LACMTA may decide that the rail corridor is no longer a high priority. LACMTA can then terminate this Agreement and the City shall:
    - (i) close the Capital Reserve Account and return the outstanding balance of the Capital Reserve Account, including accrued interest (the "Returned Funds"), to the City's local return account; and
    - (ii) reprogram the Returned Funds to be used within three years from the termination date of this Agreement. Any funds remaining after such three-year period shall lapse.
  - F. If the City, independent of LACMTA action, desires to reprogram all or part of the funds in the Capital Reserve Account, the City must prior to such reprogramming, receive LACMTA's written approval. The City shall provide LACMTA with notice of its desire to reprogram the funds in the Capital Reserve Account and indicate the proposed use of the funds to be reprogrammed and the effect of such reprogramming on the Project. LACMTA approval may be based on, among other things, whether

after exhausting all Local Return funds, additional funds are necessary to meet the City's critical immediate or pending transit needs. If LACMTA approves reprogramming the funds, this Agreement shall be amended or terminated as appropriate. If LACMTA does not approve reprogramming the funds, the City must continue the Capital Reserve Account as provided herein or draw the funds down for LACMTA approved capital related project.

6. This Agreement shall commence on June 30, 2019. This Agreement shall continue until such time as terminated by either party with a 30 day written notice under the conditions set forth in the Proposition A and Proposition C Local Return Guidelines.

IN WITNESS WHEREOF, the City and LACMTA have caused this MOU to be executed by their duly authorized representatives on the date noted below:

City of South Gate:

Los Angeles County Metropolitan  
Transportation Authority

By: \_\_\_\_\_

Maria Davila  
Mayor

By: \_\_\_\_\_

PHILLIP A. WASHINGTON  
Chief Executive officer

Date: \_\_\_\_\_

Date: \_\_\_\_\_

ATTESTED:

APPROVED AS TO FORM:

Rodrigo A. Castro-Silva  
County Counsel

By: \_\_\_\_\_

Carmen Avalos  
City Clerk

By: \_\_\_\_\_

Deputy

Date: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_

  
Raul F. Salinas  
City Attorney

Date: \_\_\_\_\_



IN WITNESS WHEREOF, the City and LACMTA have caused this MOU to be executed by their duly authorized representatives on the date noted below:

CITY:  
City of South Gate

Los Angeles County Metropolitan  
Transportation Authority

\_\_\_\_\_  
Mayor/City Manager

By: \_\_\_\_\_  
PHILLIP A. WASHINGTON  
Chief Executive officer

Date: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM:

APPROVED AS TO FORM:

MARY C. WICKHAM  
County Counsel

By: \_\_\_\_\_  
Legal Counsel

By:  \_\_\_\_\_  
Deputy

Date: \_\_\_\_\_

Date: 11/11/19





Metro

LOS ANGELES COUNTY  
METROPOLITAN TRANSPORTATION AUTHORITY  
Proposition A and Proposition C Local Return Program

Form A

PROJECT DESCRIPTION FORM

(Required for all new and amended projects)

Local Jurisdiction			Fiscal Year
South Gate			2020
Contact Person	Telephone No.	Extension	E-Mail Address
Alma Medina	(323) 357-9579		ammedina@sogate.org

Project Title			
Firestone Blvd Regional Capacity Enhancement Project (476-TRF)			
Project Code:	450	Category:	Street Improvement Projects
Sequence Number:	18	Type:	<input checked="" type="checkbox"/> Capital <input type="checkbox"/> New <input type="checkbox"/> Operating <input checked="" type="checkbox"/> Revised
		Est Start Date:	2/19/2018
		Est Compl Date:	6/1/2019

**Project Description and Justification**

The project is a complete rehabilitation and improvement of the roadway on Firestone Blvd. from Alameda St. to Annetta Ave. Improvements included as follows: a) New center landscape medians; b) Increased from four to six lanes; c) Traffic signals and street lights; d) Synchronized traffic signals; e) Installed storm water quality infiltration measures; f) Installed pedestrian lights, bus shelters and furniture; g) Installed signature gateway designs at five major intersections; h) Pavement rehabilitation; and i) Reaired deficient sidewalk, curb/gutter, driveway, and ADA curb ramps.

Project Revenues				
Fund Source(s)	Proposition A Amount	Proposition C Amount	Other Amount	Total
Local Return		\$3,500,000		3,500,000
Fare Revenues				-
Other (Specify)	Various		\$16,679,000	16,679,000
Total Project Revenues		-	3,500,000	16,679,000
20,179,000				

Accessibility Features (For Bus Stop Improvement Projects only)			
<input checked="" type="checkbox"/> Curb Cut	<input checked="" type="checkbox"/> Bus Pad	<input checked="" type="checkbox"/> Installation Sidewalk	<input type="checkbox"/> Removal of sidewalk Barrier

For Bikeways and Pedestrian Improvements, Street Repair and Maintenance or Street Improvement projects (project codes 430, 440 or 450), please check to indicate a **Pavement Management System (PMS) Self Certification Form** (See Appendix III) has been submitted to Metro.

For Intelligent Transportation Systems (ITS) projects, or projects which include an ITS element, please check box to indicate a **Self Certification Form** (See Appendix VI) has been completed and submitted to Metro.

	Director of Administrative Services	
Authorized Signature	Title	Date

## Attachment B: Project Summary

	Call for Project	City Funds	Prop C LR	Measure R	Measure M	Senate Bill 1	Total	Budget Balance
<b>Total Project Budget</b>	<b>\$7,071,322</b>	<b>\$1,053,675</b>	<b>\$3,500,000</b>	<b>\$6,000,000</b>	<b>\$2,000,000</b>	<b>\$932,684</b>	<b>\$20,557,681</b>	<b>\$20,557,681</b>
Design Phase	\$ 827,987		\$ 417,151	\$ (76,492)	\$ 20,391		\$ 1,189,037	\$ 19,368,644
Construction Management	\$ 418,142		\$ 235,205	\$ 513,345		\$ 93,335	\$ 1,260,027	\$ 18,108,617
Amendment No. 1				\$ 22,000		\$ 227,000	\$ 249,000	\$ 17,859,617
Amendment No. 2	\$ 30,000			\$ 30,000	\$ 20,114		\$ 80,114	\$ 17,779,503
Amendment No. 3				\$ 33,026			\$ 70,540	\$ 17,708,963
Amendment No. 4	\$ 15,000		\$ 21,093	\$ 18,000			\$ 54,093	\$ 17,654,870
Contract Amount	\$ 4,350,414	\$ 658,895	\$ 2,206,449	\$ 4,131,165	\$ 1,786,089	\$ 145,620	\$ 13,278,632	\$ 4,376,238
CCO No. 1**	\$ 521,859		\$ (330,000)	\$ 819,600	\$ 213,911	\$ (66,240)	\$ 1,159,130	\$ 3,217,108
CCO No. 1 (Revised)	\$ 468,432		\$ (38,936)	\$ 224,530		\$ (145,620)	\$ 508,406	\$ 3,867,832
CCO No. 2	\$ 224,370		\$ 155,754	\$ 244,653		\$ 31,171	\$ 655,948	\$ 3,211,884
CCO No. 3	\$ 462,484	\$ 130,074	\$ (273,340)	\$ 50,000		\$ 130,074	\$ 499,292	\$ 2,712,592
CCO No. 4	\$ (30,000)			\$ (30,000)	\$ (20,114)		\$ (80,114)	\$ 2,792,706
CCO No. 5	\$ 128,162		\$ 72,090	\$ 68,986		\$ 42,947	\$ 312,185	\$ 2,480,521
CCO No. 6	\$ (361,227)		\$ (111,489)	\$ (370,694)			\$ (843,410)	\$ 3,323,931
CCO No. 7	\$ 251,562		\$ 141,503	\$ 227,292		\$ 52,463	\$ 672,820	\$ 2,651,111
CCO No. 8	\$ (502,396)			\$ (463,765)	\$ (59,242)		\$ (1,025,403)	\$ 3,676,514
CCO No. 9	\$ 72,213		\$ 9,312	\$ 46,213			\$ 127,738	\$ 3,548,776
Misc. Costs***	\$ 116,179	\$ 49,535	\$ 266,914	\$ 340,358	\$ 132,762	\$ 355,694	\$ 1,261,442	\$ 2,415,072
<b>Total Project Costs</b>	<b>\$ 6,471,322</b>	<b>\$ 838,504</b>	<b>\$ 3,139,220</b>	<b>\$ 5,008,617</b>	<b>\$ 1,880,000</b>	<b>\$ 932,684</b>	<b>\$18,270,347</b>	<b>\$ 2,287,334</b>
Traffic Mitigations Improvements*				\$ 15,000	\$ 120,000		\$ 135,000	
<b>Total Budget Balance</b>	<b>\$ 600,000</b>	<b>\$ 215,171</b>	<b>\$ 360,780</b>	<b>\$ 976,383</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,152,334</b>	<b>\$ 2,152,334</b>

\* Funds were transferred to the Hildreth Avenue Traffic Mitigations at Firestone Boulevard, City Project No. 600-ST, which was constructed under a separate contract.

\*\*CCO No. 1 in the amount of \$1,159,130 is not a part of this summation table because it's replaced by CCO No. 1- Revised.

\*\*\*Misc. Costs include items such as staff time, project management, field operation costs, etc.



**Project Construction Location**

**FIRESTONE BOULEVARD REGIONAL CORRIDOR CAPACITY ENHANCEMENTS PROJECT**