

June 6, 1995



Los Angeles County  
Metropolitan  
Transportation  
Authority

TO: MTA BOARD OF DIRECTORS  
FROM: JUDITH A. WILSON *ju*  
SUBJECT: CLARIFICATION OF PROPOSITION C  
TIMELY USE OF FUNDS

**ISSUE**

Because there has been some confusion among local jurisdictions regarding the timely use of Proposition C local return funds, this memorandum has been prepared to clarify and explain the Proposition C lapsing policy.

**BACKGROUND**

The Guidelines state "Each local jurisdiction has three years from the Fiscal Year of allocation to expend Proposition C funds." However, in previous correspondence and in the examples given in the Guidelines, MTA staff has advised local jurisdictions that funds would lapse in three years including the year of allocation.

After performing a detailed analysis of local jurisdictions' Proposition C accounts, MTA staff found that if funds lapse in three years including the year of allocation, the result would be that some jurisdictions would have had less than three years to expend some of their fund disbursements.

Therefore, MTA staff has revised the text of the Guidelines to clarify that, "Cities have the Fiscal Year in which funds are allocated plus three additional Fiscal Years to expend the funds."

MTA staff will notify cities that they will have three full years to expend their FY 1992-93 disbursement; such funds will expire June 30, 1996. Further, cities should also have three full years to expend their FY 1991-92 funds since disbursement of these funds was made by the MTA on July 1, 1992. These funds will also expire June 30, 1996. MTA staff has revised the "Timely Use of Funds" text of the Proposition A and C Guidelines and will forward the revised section to all local jurisdictions.

In addition, MTA staff will notify local jurisdictions who may potentially lapse Proposition C funds on June 30, 1996 (see attached sample letter). Also, attached is a chart showing cities' fund balances which are potentially subject to lapse, if no funds are expended during FY 1995-96.

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**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
PROPOSITION C LOCAL RETURN FUND BALANCE AND TIMELY USE OF FUNDS CHART**

CITY	AUDITED FY 1994 FUND BALANCE	MINIMUM FUNDS TO EXPEND IN FY 1996 TO AVOID LAPSING*
AGOURA HILLS	\$195,039	\$0
ALHAMBRA	1,840,235	0
ARCADIA	1,253,652	442,370
ARTESIA	401,841	0
AVALON	5,524	0
AZUSA	397,215	33,945
BALDWIN PARK	1,013,381	0
BELL	892,575	10,844
BELL GARDENS	589,948	0
BELLFLOWER	1,010,210	0
BEVERLY HILLS	313,063	26,241
BRADBURY	0	0
BURBANK	2,258,476	0
CALABASAS	395,336	0
CARSON	230,103	0
CERRITOS	1,079,923	0
CLAREMONT	63,237	0
COMMERCE	0	0
COMPTON	2,204,651	1,401,491
COVINA	755,835	0
CUDAHY	74,583	0
CULVER CITY	738,843	219,628
DIAMOND BAR	1,378,984	0
DOWNEY	2,213,197	40,162
DUARTE	538,753	297,847
EL MONTE	491,466	0
EL SEGUNDO	393,493	0
GARDENA	230,525	0
GLENDALE	3,831,194	0
GLENDORA	1,238,965	439,189
HAWAIIAN GARDENS	326,650	204,629
HAWTHORNE	0	0
HERMOSA BEACH	152,496	0
HIDDEN HILLS	0	0
HUNTINGTON PARK	1,325,422	177,662
INDUSTRY	0	0
INGLEWOOD	2,490,610	0
IRWINDALE	8,037	0
LA CANADA FLINTRIDGE	494,718	319,612
LA HABRA HEIGHTS	162,899	108,100
LA MIRADA	509,136	0
LA PUENTE	582,702	0
LA VERNE	186,098	0
LAKESWOOD	1,361,631	40,704
LANCASTER	(239,204)	0
LAWNDALE	269,149	29,467

\* The figures are preliminary and based on estimated FY 95 expenses, and will change depending on actual audited Proposition C funds expended in FY 95.

**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
PROPOSITION C LOCAL RETURN FUND BALANCE AND TIMELY USE OF FUNDS CHART**

CITY	AUDITED FY 1994 FUND BALANCE	MINIMUM FUNDS TO EXPEND IN FY 1996 TO AVOID LAPSING*
LOMITA	452,835	36,917
LONG BEACH	7,059,523	589,922
LOS ANGELES CITY	60,706,329	0
LYNWOOD	1,205,087	0
MALIBU	285,277	0
MANHATAN BEACH	591,535	0
MAYWOOD	681,857	181,348
MONROVIA	478,218	6,313
MONTEBELLO	1,597,467	17,326
MONTEREY PARK	875,029	0
NORWALK	971,042	0
PALMDALE	879,010	0
PALOS VERDES ESTATES	135,494	0
PARAMOUNT	587,897	152,526
PASADENA	2,265,399	899,647
PICO RIVERA	1,516,462	0
POMONA	3,039,734	448,207
RANCHO PALOS VERDES	635,836	0
REDONDO BEACH	1,240,062	0
ROLLING HILLS	29,381	14,160
ROLLING HILLS ESTATES	61,383	0
ROSEMEAD	5,775	0
SAN DIMAS	375,927	0
SAN FERNANDO	338,752	0
SAN GABRIEL	765,085	280,622
SAN MARINO	309,860	181,032
SANTA CLARITA	2,216,791	0
SANTA FE SPRINGS	7,029	0
SANTA MONICA	2,149,880	0
SIERRA MADRE	265,155	0
SIGNAL HILL	217,513	143,954
SOUTH EL MONTE	324,914	0
SOUTH GATE	2,108,827	1,124,422
SOUTH PASADENA	586,376	377,758
TEMPLE CITY	785,530	0
TORRANCE	1,486,763	0
UNINCORPORATED	15,751,966	0
VERNON	0	0
WALNUT	602,632	0
WEST COVINA	1,522,794	0
WEST HOLLYWOOD	680,690	0
WESTLAKE VILLAGE	89,085	29,975
WHITTIER	1,210,177	0
<b>GRAND TOTAL</b>	<b>\$150,756,969</b>	<b>\$8,276,020</b>

\* The figures are preliminary and based on estimated FY 95 expenses, and will change depending on actual audited Proposition C funds expended in FY 95.

DRAFT

SAMPLE LETTER

May 23, 1995

Dear \_\_\_\_\_:

As you may know, MTA staff recently clarified the Proposition C timely use of funds provision in the Proposition A and C Local Return Guidelines so that local jurisdictions have the Fiscal Year in which funds are allocated plus three additional Fiscal Years to expend funds. By doing this, cities will have three full years to expend the lump sum Proposition C funds received July 1, 1992 (FY 92-93) and their FY 1992-93 fund disbursement. Such funds would lapse June 30, 1996. We have attached the revised "Timely Use of Funds" section of the Revised 1995 Guidelines. Please replace this section.

(THE FOLLOWING PARAGRAPHS WOULD ONLY BE SENT TO CITIES THAT COULD POTENTIALLY LAPSE PROPOSITION C FUNDS).

Since FY 1993 fund balances are subject to lapse in FY 1996, actual FY 1994 and estimated FY 1995 expenditures were subtracted from the audited FY 1993 fund balance. If there are no changes to the expenditures and no funds were expended in FY 1996, funds could potentially lapse. MTA staff notes that your local jurisdiction may potentially lapse \$\_\_\_\_\_ in Proposition C funds on June 30, 1996.

We advise that you make every effort to expend your potentially lapsing funds **by June 30, 1996**. If the funds are not expended by this date, they will be required to be returned to the MTA for reallocation to local jurisdictions for discretionary programs of county-wide significance.

If you need further information or technical assistance in identifying potential projects, please call \_\_\_\_\_ at (213) 244-xxxx.

Sincerely,

\_\_\_\_\_

Attachment