

# Memorandum

TAB 63

To: CHAIR AND COMMISSIONERS

CTC Meeting: March 20, 2014

Reference No.: 4.16  
Action



From: ANDRE BOUTROS  
Executive Director

Subject: **DISPOSITION OF PROCEEDS FROM THE SALE OF  
PROPOSITION 108-FUNDED SURPLUS SAUGUS MAIN LINE PROPERTY  
RESOLUTION G-14-09, AMENDING RESOLUTION BFP-90-5 AND FTA 07G426**

## ISSUE

The Los Angeles County Metropolitan Transportation Authority (LACMTA) plans to sell surplus Saugus Main Line property acquired in 1991 with State Proposition 108 bond funds.

The Commission, as an investor in perpetuity in the Saugus Main Line property, is entitled to share in the profits received from the sale of the surplus Saugus Main Line property. LACMTA proposes that the Commission allow LACMTA to retain the State's share (50%) of the proceeds from the sale of the surplus property and dedicate the proceeds to fund passenger rail capital projects in Los Angeles County that are eligible for funding as provided by Proposition 108.

LACMTA's proposal presents the Commission with two choices:

- Allow LACMTA to retain the State's share of the proceeds from the sale of the surplus Saugus Main Line property and require that the proceeds be used to fund passenger rail capital projects in Los Angeles County; or
- Require that the State's share of the proceeds from the sale of the surplus Saugus Main Line property be returned for reallocation by the Commission.

## RECOMMENDATION

Staff recommends that the Commission select the first option above and allow LACMTA to retain the State's share of the proceeds generated from the sale of the surplus Saugus Main Line property as long as the proceeds are used to fund passenger rail capital projects in Los Angeles County. This recommendation is based on:

- The findings by the State Treasurer's Office (STO) that the tax-exempt status of the Proposition 108 bonds will not be endangered as proceeds generated from the sale of the surplus Saugus Main Line property will not be returned to the State.
- Assurance by LACMTA that sale of the surplus Saugus Main Line property will not impact the Southern California Regional Rail Authority's (Metrolink's) Ventura County Line and Antelope Valley Line, the Metrolink commuter rail services to Ventura County and the northern region of Los Angeles County.

- Agreement by LACMTA to set up a separate account to: 1) track the proceeds from the surplus property sale; 2) track expenditures; and 3) comply with anticipated state audits.
- Acceptance by LACMTA that all other terms and conditions of Resolution BFP-90-5 and the Fund Transfer Agreement (FTA) 07G426 continue to apply to the proceeds from the surplus Saugus Main Line property sale.
- Assurance by LACMTA that since the Commission allocated Proposition 108 bond funds to acquire right of way (a capital expenditure) the State's share of the proceeds from the surplus property sale shall be dedicated to fund passenger rail capital projects and not for operating, planning or maintenance expenditures.

## BACKGROUND

In June 1990 the voters approved Proposition 108, the Passenger Rail and Clean Air Bond Act of 1990, authorizing the sale of general obligation bonds for rail transit purposes.

On July 18, 1991, the Commission adopted Resolution BFP-90-5, approving \$3,400,000 in Proposition 108 bond funds, matched by \$3,400,000 in local funds, for the purchase of the Saugus Main Line in Los Angeles, at a cost of approximately \$6,800,000 from the Southern Pacific Transportation Company.

The Proposition 108 bond funds were allocated to Los Angeles County Transportation Commission (LACTC), now Los Angeles County Metropolitan Transportation Authority (LACMTA), and were administered through Fund Transfer Agreement (FTA) 07G426 (a copy of FTA 07G426 is attached and incorporates Resolution BFP-90-5). The funding resolution required that if Saugus Main Line property was not used for the intended public passenger rail purposes, that the surplus property be sold and the proceeds be used for other mass transportation purposes to benefit Los Angeles County. Service is now provided by the Ventura County and Antelope Valley lines, the Metrolink commuter rail services to Ventura County and northern Los Angeles County.

In a January 21, 2014 letter (attached), LACMTA notified the Commission of its intent to sell as surplus property approximately 39,395 square feet of a 93,976-square feet property that is part of the Saugus Main Line right of way purchased in 1991 with \$3,400,000 in Proposition 108 bond funds, matched by \$3,400,000 in local funds.

With the letter, LACMTA also requested Commission approval to retain the State's share of the sale proceeds to fund passenger rail capital projects in Los Angeles County.

## ATTACHMENTS:

Resolution G-14-09

January 21, 2014 letter - Notification of Intent to Sell Surplus Property and Retain Proceeds

Copy of Fund Transfer Agreement 07G426 (includes Resolution BFP-90-5).



MAR 20 2014

CALIFORNIA TRANSPORTATION COMMISSION

CALIFORNIA TRANSPORTATION COMMISSION
Approval to Retain Proceeds from
Sale of Surplus Saugus Main Line Property
Los Angeles County Metropolitan Transportation Authority

Resolution G-14-09, Amending Resolution BFP-90-5 and FTA 07G426

- 1.1 WHEREAS, in the June 1990 election, the electorate enacted Proposition 108, the Passenger Rail and Clean Air Bond Act of 1990, authorizing the sale of general obligation bonds for rail and mass transportation purposes; and
1.2 WHEREAS, on July 18, 1991, the Commission adopted Resolution BFP-90-5, allocating \$3,400,000 in Proposition 108 bond funds, matched by \$3,400,000 in local funds, to Los Angeles County Transportation Commission (LACTC), now the Los Angeles County Metropolitan Transportation Authority (LACMTA), for the purchase of the Saugus Main Line right of way in Los Angeles, for the purpose of establishing passenger transit service; and
1.3 WHEREAS, on January 21, 2014, LACMTA notified the Commission of its intent to sell 39,395 square feet of a 93,976-square feet property, part of the Saugus Main Line purchased in 1991; and
1.4 WHEREAS, LACMTA has requested Commission approval to retain the State's share of the sale proceeds to fund passenger rail capital projects in Los Angeles County.
2.1 NOW THEREFORE BE IT RESOLVED, that the Commission hereby approves LACMTA's request to retain the State's share of proceeds from the surplus property sale and dedicate the proceeds to fund passenger rail capital projects in Los Angeles County; and
2.2 BE IT FURTHER RESOLVED, that LACMTA shall not use the State's share of the sale proceeds for operating, planning or maintenance expenditures; and
2.3 BE IT FURTHER RESOLVED, that LACMTA assures that sale of the surplus Saugus Main Line property will not impact the Ventura County Line or the Antelope Valley Line, the Southern California Regional Rail Authority's (Metrolink's) commuter rail services to Ventura County and northern Los Angeles County; and
2.4 BE IT FURTHER RESOLVED, that the Commission, as an investor in perpetuity in the Saugus Main Line property, requires LACMTA to track the sale proceeds under a separate account to: ensure eligible uses of such revenues to fund passenger rail capital projects in Los Angeles County; track expenditures; comply with anticipated state audits; prevent the State's share of such revenues from being used for hazardous waste clean-up costs, damages, or liability associated with contamination of the Saugus Main Line property; and

- 2.5 BE IT FURTHER RESOLVED, that LACMTA accepts that all terms, conditions and provisions of Resolution BFP-90-5 and those in FTA 07G426 not amended by this action continue to apply to the proceeds from the sale of surplus property; and
- 2.6 THEREFORE, BE IT THEN RESOLVED, that Resolution BFP-90-5 and FTA 07G426 are hereby amended, are incorporated into and made a part of this resolution; and thus, be it also resolved that Resolution G-14-09 is hereby adopted.