

# Agenda Report

July 28, 2014

**TO:** Honorable Mayor and City Council

**THROUGH:** Finance Committee

**FROM:** Transportation Department

**SUBJECT: PROPOSITION A FUND EXCHANGE WITH THE CITY OF MONTEBELLO**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find this action is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061 (b) (3); and
2. Authorize the City Manager to execute a two-year agreement with the City of Montebello to exchange \$379,500 of Pasadena General Fund dollars currently dedicated for transit services for \$506,000 of Montebello Proposition A dollars to be used for Proposition A eligible projects in Pasadena, per year for two years in both Fiscal Year 2013-2014 and Fiscal Year 2014-2015; and
3. Recognize revenue in the amount of \$126,500 to Fund 209, Revenue Account 6807 in the Transportation Department resulting from the proposed General Fund/Proposition A exchange.

## **BACKGROUND:**

The City of Montebello has uncommitted funding authority for its Fiscal Year 2013-2014 and Fiscal Year 2014-2015 allocation of Proposition A Local Return funds that can be made available to Pasadena to assist in providing transit services, for which Pasadena would be asked to assign General Fund funding to Montebello.

Proposition A is funded by ½ cent sales tax measures approved by Los Angeles County voters. The measures were approved in 1980. The Los Angeles County Metropolitan Transportation Authority (LACMTA), which administers such funds, allows a city to exchange all or a portion of their uncommitted Proposition A funds for unrestricted revenues from another city. The receiving city must use the exchanged Proposition A funds for Proposition A eligible projects.

Since General Fund dollars are less restrictive than Proposition A dollars, General Fund dollars are typically exchanged at a premium. The premium is usually negotiated between the respective entities.

The City of Montebello queried various cities as to a Proposition A Fund Exchange through the California Society of Municipal Finance Officers list serve network to determine interest in a Proposition A Fund Exchange. The City of Pasadena indicated interest in the fund exchange and is proposing to use the Proposition A Fund for transit-related services to their residents and to provide for certain capital projects that are eligible for Proposition A funds.

After discussions with the City of Montebello on the discounted rate, the City of Pasadena proposed \$379,500 of Pasadena General Funds for \$506,000 of Montebello Proposition A Funds. The exchange is at the rate of 75 cents on the dollar and would also be a multi-year agreement for Fiscal Year 2013-2014 and Fiscal Year 2014-2015.

On May 28, 2014, the City of Montebello's City Council approved a Proposition A Fund Exchange with the City of Pasadena in the amount of \$506,000 of uncommitted Proposition A funds from Montebello for \$379,500 in unrestricted General Fund from Pasadena.

The City has committed in Fiscal Year 2013-14 and 2014-15 \$379,500 of General Fund dollars to transit operations as part of its maintenance of effort agreement with LACMTA for Measure R Local Return funding which requires the City maintain its existing local commitment of funds. Therefore, these General Fund dollars will be spent on the City of Pasadena Area Rapid Transit System (ARTS) even if this swap is not approved; otherwise, the City is at risk of losing the equivalent in Measure R funds. The swap provides the City with a net increase of approximately \$126,500 to go toward Proposition A eligible transit service projects in both fiscal years.

#### **COUNCIL POLICY CONSIDERATION:**

The proposed Fund Trade Agreement supports the following goals of the City Council Strategic Plan: Improve, Maintain and Enhance Public Facilities and Infrastructure, Improve Mobility and Accessibility throughout the City, and Support and Promote the Quality of Life and Local Economy. This fund exchange will improve and support transit use through the infusion of additional Proposition A Funds.

#### **ENVIRONMENTAL ANALYSIS:**

The project has been reviewed for compliance with the California Environmental Quality Act (CEQA) and is exempt per Section 15061 (b) (3). The project is covered by the general rule that CEQA only applies to projects that have the potential for causing a significant effect on the environment. The proposed action pertains to an agreement that will allow Proposition A Fund Exchange with the City of Montebello for eligible projects. This agreement will not result in any significant change in services or physical changes to the environment.

**FISCAL IMPACT:**

This action is for approval of a multi-year fund exchange with the City of Montebello in current Fiscal Year 2013-2014 and for Fiscal Year 2014-2015. The fund exchange will include swapping all of the committed General Fund dollars that are allocated to Fund 209 for fixed-route transit services in exchange for Montebello Proposition A Funds. In Fiscal Year 2013-14 and Fiscal Year 2014-15 there is \$379,500 of committed, allocated General Funds in Fund 209, Revenue Account 6807. This exchange of \$379,500 of Pasadena General Fund for \$506,000 of Montebello Proposition A Funds will result in a net increase of approximately \$126,500 for transit services in both fiscal years, specifically to be used to provide fixed-route transit operations in Pasadena.

Respectfully submitted,



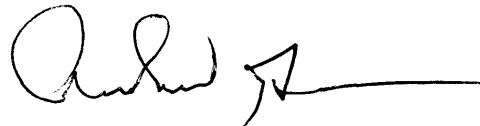
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Concurred by:

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Approved by:



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MICHAEL J. BECK  
City Manager

Attachments: (2)

- 1) Attachment A – Agreement
- 2) Attachment B – Proposition A Guidelines for Fund Exchange