

# Agenda Report

March 20, 2017

**TO:** Honorable Mayor and City Council

**FROM:** Assistant City Manager

**SUBJECT: FORMALIZATION OF THE ARROYO VERDUGO SUBREGION STEERING COMMITTEE INTO A JOINT POWERS AUTHORITY WITH THE CITIES OF BURBANK, GLENDALE, LA CANADA FLINTRIDGE, SOUTH PASADENA AND COUNTY OF LOS ANGELES FOR THE PURPOSES OF COORDINATED TRANSPORTATION PLANNING AND OTHER PURPOSES**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the action proposed herein is exempt from the California Environmental Quality Act pursuant to State CEQA Guidelines Section 15320 (Changes in Organization of Local Agencies);
2. Authorize the City Manager to enter into an "Arroyo Verdugo Communities Joint Powers Authority" Agreement in substantially the form attached hereto with final form approved by the City Attorney's Office; and
3. Appoint a Representative and Alternate Representative to the Authority's Governing Board

## **EXECUTIVE SUMMARY:**

The Arroyo Verdugo Subregion (AVS) is currently an informal policy body coordinating issues of common interest to the five member cities of Burbank, Glendale, La Cañada Flintridge, Pasadena, and South Pasadena mostly on issues related to transportation. At the May 16, 2016 Arroyo Verdugo Steering Committee (AVSC) meeting, the city managers made a presentation to the AVSC on the concept of forming a new "Arroyo Verdugo Council of Governments" (AVCOG) or, alternatively, formalizing the existing

relationship of the Arroyo Verdugo cities. With future Measure M funding anticipated to come directly to the Arroyo Verdugo cities, some form of legal entity or fiscal agent will need to be identified and authorized for the acceptance and drawdown of said funds.

### **BACKGROUND:**

For many years Pasadena has been a member of the Arroyo Verdugo Subregion Steering Committee which allows the city to partner with neighboring cities to the west on important transportation related issues. The cities of La Cañada Flintridge, Pasadena and South Pasadena are presently concurrent members of the AVS as well as the San Gabriel Valley Council of Governments (SGVCOG). Additionally, the cities of Burbank and Glendale are concurrently members of AVS and the San Fernando Valley Council of Governments (SFVCOG). With recent concerns raised regarding the adequacy of representation and understanding toward the transportation needs of the AVS communities by the respective SGV and SFV COGs, there has been some heightened interest in determining whether it would be more advantageous (both financially and politically) to form a new "Arroyo Verdugo Council of Governments." In addition, because the five member cities have agreed to receive future Measure M funds through the AVS, rather than their respective COGs, a legal entity (either existing or new) must be identified to receive and expend the funds.

After much discussion, the Steering Committee asked the respective city managers to explore the formalization of the existing relationship between the five cities. At this time, there does not appear to be a readiness by the cities to transition from their respective current COGs to a new "AVCOG". Given the myriad of engagements by the two COGs, the Steering Committee's discussion was focused on formalizing the existing relationship between the AVS cities to emphasize transportation coordination and transportation policy.

### **Creation of a Joint Powers Authority through a JPA Agreement:**

Pursuant to, and consistent with, California Government Code sections 6500 et seq., municipal governments may jointly exercise the powers otherwise afforded them individually under State law. The entering into a "Joint Exercise of Powers Agreement" (or JPA) delegates the specific powers and authorities that could be exercised by the municipalities to a new, separate legal entity for the purposes as intended and identified within the written JPA. A formal JPA (unlike the current informal structure), would allow the AVS cities to receive funds, expend funds, enter into legally binding agreements, acquire property, sue and be sued (while extinguishing liability to the individual respective member cities), hire personnel, etc., all to promote the purposes and benefits for the participating members as identified within the written agreement.

### **COG versus Formal JPA:**

At the last meeting of the AVSC the Board requested clarification between a JPA and a COG. The answer lies, mostly, in the level of activity to which the JPA wishes to engage. A COG is, in fact, a joint powers authority, however, the COG typically looks to

engage in many activities that are wide-ranging necessitating a modest to extensive staff, project coordination and implementation, legislative involvement and/or advocacy, grant writing, inter-agency coordination, etc. Whereas, a simple JPA tends to be more focused on single or few issues, may or may not engage a limited staff and plays less of a political or advocacy role.

Formal JPA as Contrasted to SGV & SFV COGs:

In addition to concerns raised regarding the adequacy of representation, particularly on matters where there is not consensus between and among the various members of the respective COGs, the five AV cities mutually agreed that it would be of greater benefit to have regional allocation of Measure M funds disbursed to the Arroyo Verdugo cities rather than to the respective COGs. Some of the reasons included:

- Greater ability to determine how the funds are to be used
- Better management and control in directing the use of the funds
- More focused and coordinated use of the funds for the benefit of the subregion members
- Less competition with other agencies for use of the funds
- Direct benefit to the subregion (rather than to the COG communities overall)
- More commonalities of interest amongst the member agencies
- Greater understanding of the needs and priorities for the subregion

While there are certainly many identifiable positive reasons to consider the formation of a JPA, the negatives to consider include:

- Funding becomes necessary to support the activities of the JPA (modest to extensive dependent upon scope)
- Staff (occasionally, expert staff) is needed to implement the programs/policies/priorities of the JPA Governing Board (through contract, in-house, employment arrangement)
- JPA is subject to liability exposure (contractual, general, employment) for which insurance is recommended
- Political leveraging or influence may be lessened due to reduced number of member cities (as compared to COGs)
- Competitiveness for grant awards may be lessened due to reduced number of member cities (as compared to COGs)

The following points highlight the recommended structure:

- Adoption of a Joint Exercise of Powers Agreement creating the "Arroyo Verdugo Communities Joint Powers Authority"

- Membership comprised of the existing five member cities and to add the County Supervisor’s office representing the La Crescenta/Montrose unincorporated areas (6 total members)
- Creation of a “Governing Board” consisting of one representative and one alternate from each Member agency
- Purpose shall be focused on transportation policy/coordination at this time, but expandable to other issues in the future
- Maintain existing in-house staffing and coordination subject to re-visit as the need arises
- Funding/dues structure to remain the same (subject to additional necessary costs) as currently prescribed. Formula is based on the following:
  1. 50% of a weighted share (avg. of population, assessed value + land area) of “total costs”
  2. 50% of an equal (1/6) share of “total costs”  
*“total costs” includes: Executive Director salary, office supplies/copy charges, minutes preparation, meeting refreshments, mileage/other reimbursements, indirect costs, etc. New costs to include: insurance (est. \$12,424), Secretary of State filings/reportings, other.*

Financing:

The cost for transitioning to a formal JPA is an additional \$3,500 annually for Pasadena. Based on the application of the existing formula, the following Current Fiscal Year, “JPA Formation Share (pro-rated for 2 mos.\*)”, and “Est. FY 17-18 Dues” demonstrates the comparison of existing AVS dues vs. proposed JPA dues, as projected for each city:

	<u>Current FY</u>	<u>JPA Formation Share</u>	<u>Est. FY 17-18 Dues</u>
Burbank	\$ 3,800	\$ 400	\$ 6,750
Glendale	\$ 5,100	\$ 550	\$ 9,200
La Cañada Flintridge	\$ 2,500	\$ 250	\$ 4,250
Los Angeles County	\$ 0	\$ 200	\$ 3,575
Pasadena	\$ 4,425	\$ 475	\$ 7,925
South Pasadena	<u>\$ 2,225</u>	<u>\$ 225</u>	<u>\$ 3,775</u>
TOTAL	\$18,050	\$2,100*	\$35,475

Next Steps:

The AVSC considered and discussed the city managers’ proposal to formalize the existing relationship between the cities and determined that it would like to proceed with the JPA as recommended.

1. Each legislative body is being asked to consider and adopt the attached JPA agreement.
2. Staff is in the process of initiating efforts to secure general liability/officers errors & omissions liability coverage and the filing of incorporation with the Secretary of State’s office as well as County of Los Angeles (Form 700 filing purposes)

3. Upon the adoption of the JPA by four or more agencies, the JPA shall be filed with the State and liability insurance secured
4. Notice of incorporation and reorganization shall be disseminated to interested agencies/parties

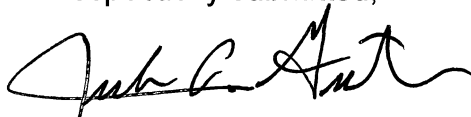
**COUNCIL POLICY CONSIDERATION**

This action supports the City Council's strategic goal to maintain fiscal responsibility by creating an entity to receive Measure M funds.

**FISCAL IMPACT:**

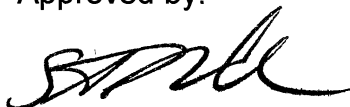
At this time it is not anticipated that transitioning to a JPA will cost the city approximately an additional \$3,500 annually. This will be included in the Recommended Fiscal Year 2018 operating budget.

Respectfully submitted,



JULIE A. GUTIERREZ  
Assistant City Manager

Approved by:



STEVE MERMELL  
City Manager

Attachment: Arroyo Verdugo Communities: A Joint Powers Authority – Joint Exercise of Powers Agreement