



Agenda Report

March 26, 2018

TO: Honorable Mayor and City Council
THROUGH: Finance Committee
FROM: Transportation Department
SUBJECT: PROPOSITION A LOCAL RETURN 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);
2. Neither Competitive Bidding nor Competitive Selection are required pursuant to City Charter Section 1002(H) and Pasadena Municipal Code Section 4.08.049(A)(3), contracts with other governmental entities;
3. Authorize the City Manager to execute a one-year agreement with the City of Montebello to exchange \$750,000 of Pasadena's General Fund dollars currently dedicated for transit services for \$1,000,000 of Montebello's Proposition A Local Return dollars to be used for Proposition A eligible transit operations, programs and projects in Pasadena;
4. Appropriate \$750,000 from Fund 209 General Fund portion of the fund balance for the exchange; and
5. Recognize revenue in the amount of \$1,000,000 to Fund 208 from the proposed General Fund/Proposition A Local Return fund exchange with the City of Montebello.

BACKGROUND:

The City of Montebello has uncommitted \$1,000,000 Proposition A Local Return funds that can be made available to the City of 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 Local Return funds for Proposition A eligible transit operations, programs, and projects. Since General Fund dollars are less restrictive than Proposition A Local Return dollars, General Fund dollars are typically exchanged at a premium. The premium is usually negotiated between the respective entities.

In FY 2015, the City of Pasadena entered into a two-year Fund Trade Agreement, approved by City Council on July 28, 2014, with the City of Montebello to exchange Pasadena's General Fund dollars with Montebello's Proposition A Local Return dollars. The extra Proposition A Local Return funding enabled the City of Pasadena to purchase a video surveillance system for its entire transit fleet.

In November 2017, the City of Montebello contacted City staff to express interest in another Proposition A Local Return fund exchange. After discussions with the City of Montebello on the discounted rate, staff proposed \$750,000 of Pasadena's General Funds for \$1,000,000 of Montebello's Proposition A Local Return funds. The exchange is at the rate of 75 cents on the dollar and would just be a one-year agreement for FY 2018.

On January 24, 2018, the City of Montebello's City Council approved a Proposition A Local Return fund exchange with the City of Pasadena in the amount of \$1,000,000 of uncommitted Proposition A Local Return funds from Montebello for \$750,000 in unrestricted General Fund from Pasadena.

The City of Pasadena has committed on an annual basis \$379,500 of General Fund dollars, currently reflected in Fund 209 Local Return, 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's transit operations even if this swap is not approved; otherwise, the City of Pasadena is at risk of losing the equivalent in Measure R Local Return funds. The swap provides the City of Pasadena with a net increase of approximately \$250,000 to go toward Proposition A eligible transit operations, programs, and projects.

The Fund 209 General Fund balance of \$757,988 from FY 2016 and FY 2017 is sufficient for this fund exchange. This exchange of \$750,000 of Pasadena's General Fund for \$1,000,000 of Montebello's Proposition A Local Return funds will result in a net increase of \$250,000 for transit services in Pasadena.

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 Local Return funds.

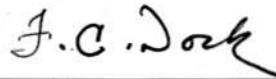
ENVIRONMENTAL ANALYSIS:

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 Local Return fund exchange with the City of Montebello for eligible transit operations, programs, and projects. This agreement will not result in any significant change in services or physical changes to the environment.

FISCAL IMPACT:

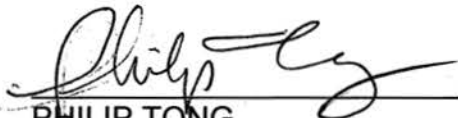
This action is for approval of a one-time fund exchange with the City of Montebello in FY 2018. Staff is requesting appropriation of \$750,000 from Fund 209 General Fund portion of the fund balance to be budgeted in 20924043-811400 for the exchange and recognize revenue in the amount of \$1,000,000 to Fund 208 in account 20824035-657400 from Montebello's Proposition A Local Return funds.

Respectfully submitted,



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