



Agenda Report

March 14, 2022

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

FROM: Transportation Department

SUBJECT: PROPOSITION A LOCAL RETURN FUND EXCHANGE WITH THE CITY OF HIDDEN HILLS

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-time agreement with the City of Hidden Hills to exchange \$87,845 of Pasadena's General Fund dollars currently dedicated for transit services for \$117,127 of Hidden Hills Proposition A Local Return dollars to be used for Proposition A eligible transit operations, programs and projects in Pasadena;
4. Appropriate \$87,845 from the General Fund portion of the available fund balance in Fund 209 to account 20924043-811400 for the City's portion of the fund exchange;
5. Increase revenue by \$117,127 in account 20824035-657400 for the City of Hidden Hill's portion of the fund exchange; and
6. Transfer \$87,845 from the available fund balance in Fund 208 into the fund balance for Fund 209 for the City's receiving fund to reimburse the donating fund and authorize staff to make necessary adjustments to the budget.

BACKGROUND:

The City of Hidden Hills has uncommitted Proposition A Local Return funds in the amount of \$117,127 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 Hidden Hills.

Proposition A is funded by ½ cent sales tax measure approved by Los Angeles County voters in 1980. The Los Angeles County Metropolitan Transportation Authority (Metro), which administers the funds, allows a city to exchange all or a portion of its 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. The City of Pasadena has previously leveraged three such exchange opportunities for capital purchases and to fund transit operations.

In February 2022, the City of Hidden Hills contacted staff to express interest in a Proposition A Local Return fund exchange. After discussions with the City of Hidden Hills on a discounted rate, staff proposed \$87,845 of Pasadena's General Fund for \$117,127 of Hidden Hill's Proposition A Local Return funds. The exchange is at the rate of 75 cents on the dollar and would just be a one-time agreement in FY22.

The City of Pasadena commits \$379,500 of General Fund dollars annually to transit operations as required by Metro to receive Measure R Local Return funding. When not spent in a given fiscal year the general fund dollars can be reserved for future fund exchanges. The Department of Finance has confirmed there is currently \$854,881 general fund dollars in reserve available in Fund 209 for this fund exchange in FY22. The fund exchange provides the City of Pasadena with a net increase of \$29,282 in Proposition A funding to use for eligible transit operations, programs, and projects.

COUNCIL POLICY CONSIDERATION:

The proposed Fund Exchange 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.

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 a Proposition A Local Return fund exchange with the City of Hidden Hills 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 one-time fund exchange with the City of Hidden Hills will result in an increase of \$29,282 in Prop A, in FY22. This action will be addressed by:

- Appropriation of \$87,845 from the General Fund portion of the available fund balance in Fund 209 to account 20924043-811400 for the City's portion of the fund exchange;
- Increase revenue by \$117,127 in account 20824035-657400 to recognize the City of Hidden Hill's portion of the fund exchange; and
- Transfer \$87,845 from 20820031-871500 (Transfer to Prop C Local Transit) into 20924043-681500 (Transfer from Transportation Sales Tax) for the City's receiving fund to reimburse the donating fund.

Respectfully submitted,



LAURA RUBIO-CORNEJO

Director

Department of Transportation

Prepared by:



Gloria Flores

Management Analyst

Approved by:



CYNTHIA J. KURTZ

City Manager