



Agenda Report

September 23, 2024

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

FROM: Transportation Department

SUBJECT: AUTHORIZE THE CITY MANAGER TO ENTER INTO A METRO-APPROVED AGREEMENT WITH THE CITY OF SAN MARINO TO EXCHANGE \$750,000 OF PASADENA'S GENERAL FUND DOLLARS CURRENTLY DEDICATED TO TRANSIT SERVICES FOR \$1,000,000 OF THE CITY OF SAN MARINO'S PROPOSITION A LOCAL RETURN DOLLARS

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the action proposed herein is covered by the commonsense exemption set forth in the California Environmental Quality Act (CEQA) Guidelines Section 5061 (b) (3) as CEQA only applies to projects that may have a significant effect on the environment;
2. As allowed by the Los Angeles County Metropolitan Transportation Authority Proposition A and Proposition C Local Return Guidelines, authorize the City Manager to execute a one-time agreement with the City of San Marino to exchange \$750,000 of Pasadena's General Fund dollars currently dedicated for transit services for \$1,000,000 of San Marino's Proposition A Local Return dollars to be used for Proposition A eligible transit operations, programs, and projects in Pasadena. 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. Appropriate \$750,000 from the General Fund portion of the available fund balance in Transit Fund (209) for the City's portion of the fund exchange;
4. Increase revenue by \$1,000,000 in Proposition A Local Return Fund (208) for the City of San Marino's portion of the fund exchange; and
5. Transfer \$750,000 from the available fund balance in Proposition A Local Return Fund (208) to Transit Fund (209) for the City's receiving fund to reimburse the donating fund and authorize staff to make necessary adjustments to the budget.

BACKGROUND:

Proposition A is funded by a one-half cent sales tax measure approved by Los Angeles County voters in 1980. The Los Angeles County Metropolitan Transportation Authority, which administers the funds, has existing Proposition A and Proposition C Local Return Guidelines that allow 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 five such exchange opportunities, as recently as June 2022 with the City of Cudahy, for capital purchases and to fund transit operations.

The City of San Marino has uncommitted Proposition A Local Return funds in the amount of \$1,000,000 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 San Marino.

In April 2024, the City of San Marino contacted staff to express interest in a Proposition A Local Return fund exchange. After discussions with the City of San Marino on a discounted rate, staff proposed \$750,000 of Pasadena's General Fund for \$1,000,000 of San Marino's Proposition A Local Return funds. The exchange is at the rate of 75 cents on the dollar for a one-time agreement in FY25.

Proposition A Local Return Fund (208) does not have General Fund dollars; therefore, the \$750,000 needed for the fund exchange will be paid by Transit Fund (209). The Department of Finance has confirmed there is currently \$767,036 General Fund dollars in reserves available in Transit Fund (209) for the fund exchange. Once the \$1,000,000 is received from the City of San Marino in the Proposition A Local Return Fund (208), Transit Fund (209) will be reimbursed \$750,000 for the amount paid for the fund exchange. The fund exchange provides the City of Pasadena Proposition A Local Return Fund (208) with a net increase of \$250,000 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) as CEQA only applies to projects that may have 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 San Marino 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 San Marino will result in an increase of \$250,000 in Proposition A Local Return Fund (208), in FY25.

Respectfully submitted,



JOAQUIN T. SIQUES
Director
Department of Transportation

Prepared by:



Gloria Flores
Acting Management Analyst V

Approved by:

for 

MIGUEL MÁRQUEZ
City Manager