



CITY OF COMMERCE AGENDA REPORT

TO: Honorable City Council Item No. _____

FROM: City Manager

SUBJECT: Approve Agreement with Metro on Acceptance of Proposition C Funds

MEETING DATE: May 12, 2026

RECOMMENDATION

The City Council will consider adopting a Resolution approving the Fulfillment Agreement No. 9200000000FUL16 between the City of Commerce and the Los Angeles County Metropolitan Transportation Authority (Metro) for the acceptance of \$36,783 in Proposition C Fulfillment Funds; and authorizing the City Manager to execute the Agreement and any related documents on behalf of the City of Commerce.

BACKGROUND

The Surface Transportation Program-Local (STP-L) was a federal funding program through which the Los Angeles County Metropolitan Transportation Authority (Metro) historically allocated approximately \$31 Million annually to agencies in Los Angeles County based on population. In 2021 and 2022, the federal government issued a Corrective Action to Caltrans and the Southern California Association of Governments (SCAG), finding that the population-based allocation of STP-L funds was out of compliance with Surface Transportation Block Grant (STBG) requirements. Effective July 1, 2023, this Corrective Action took effect on the Federal Transportation Improvement Program (FTIP), preventing agencies from programming and accessing their unprogrammed STP-L balance.

To remedy this situation and fulfill the obligations to agencies that had accrued unprogrammed STP-L balances, Metro's Board of Directors, at its April 24, 2025, meeting, approved the use of Proposition C funds to fulfill unprogrammed STP-L balances for eligible agencies. The City of Commerce has an unprogrammed federal STP-L balance of \$36,783, which through an agreement with Metro enables the City to use Metro Proposition C funds instead.

ANALYSIS

The Fulfillment Agreement (Agreement No. 9200000000FUL16) attached as Exhibit A to the Resolution provides the City of Commerce with \$36,783 in Proposition C Fulfillment Funds to be applied toward an eligible transportation project. Per the Agreement, eligible project activities must have occurred on or after the April 24, 2025, Metro Board approval date. The City has designated these funds for use on the Commerce Annual Pavement

Rehabilitation Project, which involves pavement rehabilitation on various eligible streets throughout the City.

It is recommended that City Council adopt the attached Resolution approving the Fulfillment Agreement with Metro for the acceptance of \$36,783 in Proposition C Fulfillment Funds and authorizing the City Manager to execute the Agreement and any related documents on behalf of the City of Commerce

FISCAL IMPACT

Approval of this Agreement with Metro will result in the City receiving \$36,783 in Proposition C Fulfillment Funds. The funds will be recognized in account no. 41.5400.36200 and appropriated in account no. 41.57010.1201 of the Measure AA fund. These funds will be applied toward the City's Annual Pavement Rehabilitation Project.

ALTERNATIVES

1. Approve the recommendation.
2. Reject the recommendation.
3. Provide staff with further direction.

RELATIONSHIP TO STRATEGIC GOALS

This agenda item relates to the 2016 Strategic Plan, Community Quality of Life

Guiding Principle 4:

Support and evaluate community services, programs and events that promote healthy and quality lifestyles for our residents. Enhance public safety and social services through innovative programs that meet the needs of the residential and business communities.

Recommended by: Shahid Abbas, Director of Public Works
Fiscal Impact reviewed: Alvaro Castellon, Director of Finance
Approved as to form by: Noel Tapia, City Attorney
Respectfully submitted by: Ernie Hernandez, City Manager

ATTACHMENTS:

1. Resolution
 - Fulfillment Agreement No. 9200000000FUL16 (Exhibit A)