



CITY OF COMMERCE AGENDA REPORT

TO: Honorable City Council

Item No. _____

FROM: Acting City Manager

SUBJECT: A Resolution Approving a Fund Trade Agreement for the Exchange of Proposition A Funds With the City of El Segundo

MEETING DATE: March 12, 2024

RECOMMENDATION:

Approve and adopt the Resolution approving a Fund Trade Agreement for the exchange of Proposition A funds with the City of El Segundo, and assign the number next in order.

BACKGROUND/ANALYSIS:

Prop "A" funds in the County of Los Angeles are restricted for transit purposes only. Many cities have had difficulties expending the Prop A funds that have been allocated to them. The City of Commerce has no such trouble due to its unmatched level of transit services for the community, which does come with some expense to the City's general fund.

The Los Angeles Metropolitan Transportation Authority (LAMTA), which administers such funds, has allowed cities that can expend the restricted Prop "A" funds to exchange their unrestricted revenues for the right to use another city's Prop "A" funds for approved projects. Such exchanges usually involve an agreement by a city that can utilize the restricted funds to pay the city that has available Prop A funds a sum that is less than the amount of the Prop A funds. The city that can utilize the restricted Prop A funds is therefore able to obtain such funds at a discounted rate. On the other hand, the city that cannot utilize its Prop A funds is able to receive unrestricted funds that can be put to use for other purposes. The arrangement is deemed beneficial to both cities.

The City of Commerce is proposing to provide ongoing operating funding providing fixed route, medi-ride, and recreation services to the residents of the City and to provide for certain capital projects that are eligible for Prop A Funds acquired using general fund dollars. Adequate Proposition A Local Return funding for such services is not available to the City of Commerce because of the City's Local Return allocation. The City of El Segundo has uncommitted funding authority for its Fiscal Year 2023-24 allocation of Proposition "A" Local Return funds that can be made available to Commerce to assist in providing these services. El Segundo is willing to assign \$742,992 of its uncommitted FY

2023-24 Proposition "A" Local Return funding to Commerce in exchange for the assignment by Commerce of \$555,744 in General Fund monies to El Segundo. The transaction, which is documented in the attached agreement, is contingent upon approval by the LAMTA.

The ratio contained in the proposed Agreement is an exchange of 75 cents of the City's unrestricted general fund for each dollar of Prop "A" funds to be received and expended by the City for its transit operations. Thus, the City will receive \$742,992 of Prop A funds in exchange for the payment of \$555,744. This exchange will result in an \$185,248 benefit for the City of Commerce.

ALTERNATIVES:

1. Approve staff recommendation
2. Provide staff with further direction

FISCAL IMPACT:

The City Council approved an amount of \$1,000,000 in account 10-8804-73980 for Prop A Exchanges during the fiscal year 2023-24 budget process. The exchanged dollar amounts are then recognized in account 25-5400-30120. The City continues to pursue a similar arrangement with another entity for the remaining Prop A Exchange allocation that the City Council approved.

RELATIONSHIP TO STRATEGIC GOALS:

This report is applicable to the following 2016 Strategic Plan goal: *Create and pursue opportunities for collaboration and regional partnerships to maximize resources and address regional issues.*

Approved as to form: Noel Tapia, City Attorney

Recommended and Respectfully submitted: Vilko Domic, Acting City Manager

ATTACHMENTS:

1. Resolution
2. Agreement