



Legislation Text

File #: 20-0041, **Version:** 1

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Bruce Moe, City Manager

FROM:

Steve S. Charelian, Finance Director
Mark Leyman, Parks and Recreation Director
Jan Buike, Community Programs Manager

SUBJECT:

Consider Adopting a Resolution Approving the Budgeted Purchase of Proposition A Transportation Funds from the City of Maywood (Finance Director Charelian and Parks and Recreation Director Leyman).

ADOPT RESOLUTION NO. 20-0019

RECOMMENDATION:

City staff recommends that the City Council adopt Resolution No.20-0019 approving the purchase of Budgeted Proposition A transportation funds from the City of Maywood, and the Proposition A Local Return Fund Exchange Agreement.

FISCAL IMPLICATIONS:

Funds to effect this exchange are budgeted in the Parks and Recreation Administration budget using General Fund dollars. The exchange rate is seventy-three cents (\$0.73) for each \$1 of Proposition A funds. As a result, the City will receive \$273,973 in Proposition A funds at a cost of \$200,000 in General Fund moneys.

The amount to be exchanged is based on the projected shortfall of Proposition A funds in the Fiscal Year (FY) 2018-2019 budget (\$273,973). This exchange relieves the prior imbalance, which was being made up with Measure R transportation funds, but which are now being used to fund Public Works projects.

The current year's transportation budget for the City is \$1,009,249. Dial-A-Ride services are budgeted at \$930,924. The FY 2019-2020 Adopted Budget included an exchange of Proposition A funds with City of Manhattan Beach general funds.

BACKGROUND:

During the biennial budget approval process in 2018, the City Council authorized staff to exchange General Fund dollars for Proposition A funds to supplement the transportation budget. Exchanges of this type are common amongst municipalities and serve to benefit both parties involved. In this case, the City will increase the amount of funds available to support applicable transportation operations

(which otherwise would have required the use of unrestricted funds), while the City of Maywood will receive unrestricted funds that have more flexibility in their uses.

The FY 2019-2020 Proposition A budget includes \$1,039,166 in revenue and \$1,009,249 in expenditures, resulting in a surplus of \$29,917. During the Budget preparation process, the City was in negotiations with other municipalities to exchange \$200,000 in General Funds for approximately \$285,714 in Proposition A funds at an exchange rate of 70 cents on the dollar. The exchange of \$200,000 in General Funds, was included in the Budget adopted by the City Council. The City of Manhattan Beach was unable to find a seller at 70 cents on the dollar, but was able to secure an exchange at 73 cents on the dollar. The difference between the budgeted exchange at 70 cents and the actual exchange at 73 cents is approximately \$11,742. Although this exchange will yield less than the budgeted revenue, it is anticipated that the new revenues will still yield a surplus of \$18,175 when compared against expenditures.

The transportation budget includes Dial-A-Ride, bus pass subsidies and recreation bus trips. Historically, Measure R funds were used to help fund transportation services but these funds are now being used for Public Works transportation projects.

DISCUSSION:

City staff reached out to cities in Los Angeles County to survey and negotiate the best exchange rate for Proposition A funds. The City of Maywood had the best overall exchange rate. The City of Maywood agreed to transfer \$273,973 in Proposition A funds to the City of Manhattan Beach at an exchange rate of 73 cents on the dollar or \$200,000 in general fund moneys. The Maywood City Council approved the attached Proposition A Local Return Fund Exchange Agreement on January 8, 2020.

PUBLIC OUTREACH:

After analysis, staff determined that public outreach was not required for this issue.

LEGAL REVIEW:

The City Attorney has reviewed this report and determined that no additional legal analysis is necessary.

ATTACHMENTS:

1. Resolution No. 20-0019
2. Agreement - City of Maywood