



Legislation Text

File #: 21-0002, **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
Libby Bretthauer, Senior Financial Analyst

SUBJECT:

Consideration of a Resolution Approving the Purchase of Proposition "A" Local Return Funds from the City of Lancaster (Finance Director Charelian and Parks and Recreation Director Leyman).

ADOPT RESOLUTION NO. 21-0002

RECOMMENDATION:

Staff recommends that the City Council adopt Resolution No. 20-0123 approving the Proposition "A" Local Return Funds Exchange Agreement with the City of Lancaster for the purchase of Proposition "A" Local Return Funds.

FISCAL IMPLICATIONS:

Proposition "A" Local Return Funds are based on a Los Angeles County half-cent sales tax, which is distributed to cities on a per capita basis. These funds are used exclusively to benefit public transit services. Like other sales taxes, these funds are likely to be impacted by an economic downturn.

Fiscal Year (FY) 2020-2021 Proposition "A" Local Return Fund revenues are estimated at \$673,061 and operating expenditures for the Dial-A-Ride program and other transit services are budgeted at \$941,812. To cover this deficit of \$268,751, the Adopted Budget included a transfer from the General Fund.

Staff was successful in securing an exchange of funds with the City of Lancaster at 70 cents on the dollar. Per this agreement, the City will send \$188,125 in General Fund money to the City of Lancaster in exchange for receiving \$268,750 in Proposition "A" Funds to cover the anticipated deficit.

BACKGROUND:

During FY 2019-2020, 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 overall amount of funds available to support applicable transportation operations (which otherwise would have required a transfer of unrestricted funds), while the City of Lancaster will receive unrestricted funds that have more flexibility in their uses.

Historically, Measure “R” funds were used to help fund transportation services, but these funds are now being used for Public Works transportation projects. Any deficit in the Proposition “A” Fund requires a transfer from the General Fund.

DISCUSSION:

Operating expenditures budgeted in the Proposition “A” Fund include transportation services such as Dial-A-Ride, bus pass subsidies and recreational bus trips. During the COVID-19 pandemic, Dial-A-Ride has continued to operate for essential services such as doctor visits, picking up medication, and necessary groceries.

City staff surveyed several cities in Los Angeles County to negotiate the trade of General Fund dollars for Proposition “A” Local Return Funds at the best exchange rate possible. Seeking to exchange the amount of \$268,750, the amount that would have been transferred from the General Fund to cover the projected deficit, staff was able to find a seller at 70 cents on the dollar in the City of Lancaster.

The City of Lancaster agreed to transfer \$268,750 in Proposition “A” Local Return Funds to the City of Manhattan Beach. At the agreed-upon exchange rate of 70 cents on the dollar, Manhattan Beach will send \$188,125 in unrestricted General Fund dollars to the City of Lancaster.

The Lancaster City Council approved the attached Proposition “A” Local Return Funds Exchange Agreement on September 8, 2020.

PUBLIC OUTREACH:

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

ENVIRONMENTAL REVIEW:

The City has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that there is no possibility that the activity may have a significant effect on the environment; therefore, pursuant to Section 15061(b)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is necessary.

LEGAL REVIEW:

The City Attorney has approved the agreement as to form.

ATTACHMENTS:

1. Resolution No. 21-0002
2. Agreement - City of Lancaster