

Council Meeting of  
October 11, 2011

Honorable Mayor and Members  
of the City Council  
City Hall  
Torrance, California

Members of the Council:

**SUBJECT: Finance – Proposition A Fund Exchange Agreement with the City of Lomita. Expenditure: \$260,000**

### **RECOMMENDATION**

Recommendation of the Finance Director that City Council approve an agreement with the City of Lomita for an exchange for \$260,000 in City of Torrance General Funds for \$400,000 respectively of Proposition A Local Return Funds from the City of Lomita and appropriate \$260,000 from the Unappropriated Capital Improvement Fund.

### **FUNDING**

\$260,000 funding is available from the Unappropriated Capital Improvement Fund.

### **BACKGROUND/ANALYSIS**

The City has been participating in Proposition A exchanges since the 1980's. Prop A funds are allocated on a "per capita" basis and are to be used for purposes that are "exclusively to benefit public transit". Those cities that are not able to use these funds are allowed by Metro to trade their funds. The market or the exchange rate for General Fund dollars fluctuates as each cities' needs and requirements are different, as well as those cities purchasing Prop A funds. Typically, the exchange rate is between \$0.65 to \$0.70 per dollar traded.

Once the trades are made, the Prop A funds are given to our Transit Department which are then used for operations. Transit in turn redirects the equivalent amount of Prop C funds from its budget which are then used to fund eligible street improvement and capital projects in the City's Capital Budget.

Proposition C funds have been used to fund many projects such as the Del Amo Extension, rehabilitation street projects for Crenshaw, Hawthorne, and Torrance Boulevards as well as the Western Avenue median landscaping project.

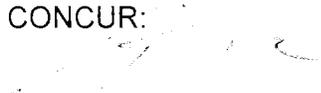
Currently, City staff has negotiated an exchange of funds with the City of Lomita at rate of \$.65 in City of Torrance General Funds for each \$1.00 of City of Lomita Proposition A Funds.

Respectfully submitted,

Eric E. Tsao  
Finance Director

By   
\_\_\_\_\_  
Scott McDonough  
Audit Manager

CONCUR:

  
\_\_\_\_\_  
Eric E. Tsao  
Finance Director

  
\_\_\_\_\_  
LeRoy J. Jackson  
City Manager

Attachment – Proposition A Assignment Agreement

### PROPOSITION A ASSIGNMENT AGREEMENT

This Proposition A Assignment Agreement ("Agreement") is made and entered into this \_\_\_\_ day of October 2011, by and between the City of Lomita and the City of Torrance, with respect to the following facts:

- A. The City of Torrance operates a municipal transit system and has a need for additional Proposition A Local Return funds to assist in the financing of its fixed route and Dial-A-Lift transit operations, and to provide funds for acquisition of new transit related equipment.
- B. The City of Lomita has uncommitted Proposition A Local Return funds which could be made available to the City of Torrance to assist in providing the project described in Paragraph A of this Agreement. In exchange for the assignment by the City of Torrance of the amount of its general funds indicated in Section 1 below, the City of Lomita is willing to assign uncommitted Proposition A Local Return funds to the City of Torrance for the purpose identified in Paragraph A.

Now, therefore, in consideration of the mutual benefits to be derived by the parties and of the promises herein contained, it is mutually agreed as follows:

1. Exchange. The City of Lomita agrees to assign \$400,000: \$267,890 from its Fiscal Year 2009-10 and \$132,110 from its Fiscal Year 2010-11 Proposition A Local Return Funding authority to the City of Torrance. In return, the City of Torrance agrees to assign \$260,000 in general funds to the City of Lomita.
2. Consideration. The City of Lomita shall assign the agreed upon Proposition A Local Return funds to the City of Torrance in one lump sum payment. The City of Torrance shall assign the agreed upon general funds to the City of Lomita in one lump sum payment. The lump sum payments shall be due and payable within ten (10) days of approval by the Los Angeles County Metropolitan Transportation Authority (LACMTA) of the project described in Paragraph A.
3. Term. This Agreement is effective on the date above written and for such time as is necessary for both parties to complete their mutual obligations under this Agreement.
4. Termination. Termination of this Agreement may be made by either party before the date of approval of the project description covering the funds in question by the LACMTA, so long as written notice of intent to terminate is given to the other party at least five (5) days prior to the termination.
5. Notices. Notices shall be given pursuant to this Agreement by personal service on the party to be notified, or by written notice upon such party deposited in the custody of the United States Postal Service addressed as follows:

a. City Clerk  
City of Lomita  
24300 Narbonne Avenue  
Lomita, CA 90717  
Fax: (310) 325-4024

b. City Clerk  
City of Torrance  
3031 Torrance Boulevard  
Torrance, CA 90509-2970  
Fax: (310) 618-2931

6. Assurances.

- a. The City of Torrance shall use the assigned Proposition A Local Return funds only for the purpose of providing the project discussed in Paragraph A of this Agreement and within the time limits and eligibility requirements specified in LACMTA's Proposition A Local Return Program Guidelines.
- b. The City of Lomita is providing Proposition A Local Return funding only and does not assume any responsibility or obligation for the project described in Paragraph A or any other project undertaken by the City of Torrance.

**IN WITNESS WHEREOF**, the parties hereto have caused this Assignment Agreement to be executed by their respective officers, duly authorized, on the day and year written above.

CITY OF TORRANCE

CITY OF Lomita

By: \_\_\_\_\_  
Frank Scotto, Mayor

By: \_\_\_\_\_  
Ken Blackwood, Mayor

Attest:

\_\_\_\_\_  
Sue Herbers, City Clerk

\_\_\_\_\_  
Dawn Tomita, City Clerk

Approved as to Form:

Approved as to Form:

\_\_\_\_\_  
John L. Fellows III, City Attorney

\_\_\_\_\_  
Christi Hogin, City Attorney