Council Meeting of
August 3, 2010

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 Palos Verdes Estates. Expenditure: $210,000

RECOMMENDATION

Recommendation of the Finance Director that the City Council approve the attached multiyear (fiscal years 2010-2011 and 2011-2012) agreement with the City of Palos Verdes Estates for an exchange for $70,000 and $140,000 in City of Torrance General Funds for $100,000 and $200,000 respectively of Proposition A Local Return Funds from the City of Palos Verdes Estates and appropriate $210,000 from the General Fund Proposition A Exchange Reserve.

FUNDING

Funding is available in the General Fund Proposition A Exchange Reserve.

BACKGROUND

The City has been able to substantially add to funds for transit projects by exchanging its General Funds for the Proposition A Local Return Funds from other cities in Los Angeles County.

Currently, City staff has negotiated an exchange of funds with the City of Palos Verdes Estates at an average rate of $.70 in City of Torrance General Funds for each $1.00 of City of Palos Verdes Estates Proposition A Funds.

ANALYSIS

The agreement before Council tonight specifies an exchange for fiscal years 2010-2011 and 2011-2012 of $70,000 and $140,000 in Torrance General Funds for $100,000 and $200,000 in Proposition A Local Return Funds from the City of Palos Verdes Estates. This exchange ratio is equal to $0.70 on the dollar. Funds derived from the exchange, and

possibly Proposition C funds, have been identified and pledged for the City's transit operational needs, Dial-A-Lift transit operations, new equipment acquisition, and transit related infrastructure needs.

Respectfully submitted,

Eric E. Tsao
Finance Director

By _____
Kenneth A. Flewellyn
Assistant Finance Director

CONCUR:

_____
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 July , 2010, by and between the City of Palos Verdes Estates 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 Palos Verdes Estates 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 Palos Verdes 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 Palos Verdes Estates agrees to assign $100,000 and $200,000 of its uncommitted Proposition A Local Return funds to the City of Torrance in fiscal year 2010-11 and 2011-12. In return, the City of Torrance agrees to assign $70,000 and $140,000 in general funds to the City of Palos Verdes Estates for fiscal year 2010-11 and 2011-12.

2. Consideration. In fiscal year 2010-11, the City of Palos Verdes Estates shall assign the agreed upon Proposition A Local Return funds to the City of Torrance in one payment no later than September 30, 2010. The City of Torrance shall assign the agreed upon general funds to the City of Palos Verdes Estates in one payment no later than September 30, 2010.

   In fiscal year 2011-12, the City of Palos Verdes Estates shall assign the agreed upon Proposition A Local Return funds to the City of Torrance in one payment no later than September 30, 2011. The City of Torrance shall assign the agreed upon general funds to the City of Palos Verdes Estates in one payment no later than September 30, 2011.

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. Joseph Hoefgen, City Manager
      City of Palos Verdes Estates
      340 Palos Verdes Drive West
      Palos Verdes Estates, CA 90274

   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 Palos Verdes 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

By:_____
Frank Scotto, Mayor

Attest:

_____
Sue Herbers, City Clerk

Approved as to Form:

_____
John L. Fellows III, City Attorney

CITY OF Palos Verdes Estates

By:_____
Rosemary Humphrey, Mayor

_____
Judy Smith, City Clerk

Approved as to Form:

_____
Christi Hogin, City Attorney