

Council Meeting of
August 17, 2010

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

Members of the Council:

SUBJECT: Finance – Proposition A Fund Exchange Agreements with the City of Hermosa Beach and the City of La Verne. Expenditure: \$645,250

RECOMMENDATION

Recommendation of the Finance Director that the City Council:

1. Approve the attached agreement with the City of Hermosa Beach for an exchange for \$544,000 in City of Torrance General Funds for \$800,000 respectively of Proposition A Local Return Funds from the City of Hermosa Beach;
2. Approve the attached agreement with the City of La Verne for an exchange for \$101,250 in City of Torrance General Funds for \$150,000 respectively of Proposition A Local Return Funds from the City of La Verne;
3. Transfer and appropriate \$466,707 from the Unappropriated Capital Projects Fund to the General Fund Proposition A Exchange Fund; and
4. Appropriate \$178,543 from the General Fund Proposition A Exchange Reserve.

FUNDING

\$178,543 is available in the General Fund Proposition A Exchange Reserve and \$466,707 is available from FEAP-711, ADA Facility Upgrades Project.

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 Hermosa Beach at a rate of \$.68 in City of Torrance General Funds for each \$1.00 of City of Hermosa Beach Proposition A Funds, and a rate of \$.675 in City of Torrance General Funds for each \$1.00 of City of La Verne Proposition A Funds.

ANALYSIS

The fund exchange will add an additional \$304,750 of funding for Transit and Transit related projects. There is currently \$178,543 of funding available in the General Fund Proposition A Exchange Reserve. In addition, Staff is recommending to borrow \$466,707 from FEAP-711, ADA Facility Upgrades Project (funded by general fund), earmarked for fiscal years 2012-2013 and 2013-2014. In July Council decided to accept Community Development Block Grant funds that could be used for the ADA compliance project. Should the City receive these funds in 2011 Staff would recommend using these funds to replenish FEAP-711.

Respectfully submitted,

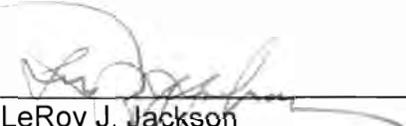
Eric E. Tsao
Finance Director

By 
Scott McDonough
Audit Manager

CONCUR:



Eric E. Tsao
Finance Director



LeRoy J. Jackson
City Manager

Attachments:

- A. Proposition A Assignment Agreement with City of Hermosa Beach
- B. Proposition A Assignment Agreement with City of La Verne

PROPOSITION A ASSIGNMENT AGREEMENT

This Proposition A Assignment Agreement ("Agreement") is made and entered into this _____ day of August 2010, by and between the City of Hermosa Beach 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 Hermosa Beach 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 Hermosa Beach 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 Hermosa Beach agrees to assign \$248,436 of its Fiscal Year 2009-10, \$280,897 of its Fiscal Year 2008-09 and \$270,667 of its Fiscal Year 2007-08 Proposition A Local Return Funding authority (\$800,000 total) to the City of Torrance. In return, the City of Torrance agrees to assign \$544,000 in general funds to the City of Hermosa Beach.
2. Consideration. The City of Hermosa Beach 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 Hermosa Beach 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 Hermosa Beach
1315 Valley Drive
Hermosa Beach, CA 90254
Fax: (310) 372-6186

- 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 Hermosa Beach 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 HERMOSA BEACH

By: _____
Frank Scotto, Mayor

By: _____
Michael DiVirgilio, Mayor

Attest:

Sue Herbers, City Clerk

Elaine Doerfling, City Clerk

Approved as to Form:

Approved as to Form:

John L. Fellows III, City Attorney

Michael Jenkins, City Attorney

PROPOSITION A ASSIGNMENT AGREEMENT

This Proposition A Assignment Agreement ("Agreement") is made and entered into this _____ day of August, 2010, by and between the City of La Verne 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 La Verne 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 La Verne 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 La Verne agrees to assign \$150,000 of 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 \$101,250 in general funds to the City of La Verne for an average rate of \$.675 in City of Torrance General Funds for each \$1.00 of City of La Verne Proposition A Funds.
2. Consideration. The City of La Verne 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 La Verne 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 La Verne
3660 "D" Street
La Verne, CA 91750

- 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 La Verne 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 La Verne

By: _____
Frank Scotto, Mayor

By: _____
Don Kendrick, Mayor

Attest:

Sue Herbers, City Clerk

Evelyn Clark, City Clerk

Approved as to Form:

Approved as to Form:

John L. Fellows III, City Attorney

Robert Kress, City Attorney