



Council Agenda Report

To: Mayor Uhring and the Honorable Members of the City Council

Prepared by: Renée Neermann, Finance Manager

Reviewed by: Joseph D. Toney, Assistant City Manager

Approved by: Steve McClary, City Manager

Date prepared: May 30, 2024

Meeting date: June 10, 2024

Subject: Proposition A Funding Exchange

RECOMMENDED ACTION: 1) Adopt Resolution No. 24-28 approving the Assignment Agreement for Proposition A Local Return Fund exchange with the City of West Hollywood for FY 2023-24; and 2) Authorize the City Manager to execute the Assignment Agreement for Prop A Local Return Fund exchange.

FISCAL IMPACT: The City of Malibu receives Proposition A funds from the Los Angeles County Metropolitan Transportation Authority (Metro) every year. Due to the limitations of the use of the funding, the City has accumulated a reserve of funds. The City of West Hollywood has offered to purchase \$450,000 of the City of Malibu's funds for \$0.73 cents on the dollar. The City will receive \$328,500 that can be used for any General Fund purpose.

DISCUSSION: The City of Malibu receives approximately \$300,000 a year from Metro. These funds can only be used for the benefit of public transit. The City has historically used this funding for Dial-A-Ride services and senior excursions. In FY 2023-24, the City is projected to spend \$196,500 for these services. Due to the limitations on the funds, the City has accumulated a reserve. The Ending Fund Balance for FY 2022-23 was \$930,857. The Projected Ending Fund Balance for FY 2023-24 is \$1.2 million. The City of West Hollywood has offered to pay \$0.73 cents on the dollar for the City's available funds in the amount of \$450,000. This will generate \$328,500 of unrestricted funds that can be put into the General Fund for any City General Fund purpose. If the City moves forward with the proposed funding exchange, the Ending Fund Balance for FY 2023-24 is estimated to be \$787,478.

The Administration and Finance (A&F) Subcommittee discussed the exchange of funds on May 2, 2024, and recommended City Council approve the exchange of funds. Furthermore, the City Council discussed the exchange of funds as part of the FY 2024-25 Proposed Budget Hearing on May 28, 2024, and supported proceeding with the process. The approval of this resolution will allow the City Manager to complete the sale.

ATTACHMENTS: 1) Resolution No. 24-28
2) Assignment Agreement with the City of West Hollywood for Proposition A Local Return Fund Exchange

RESOLUTION NO. 24-28

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MALIBU APPROVING THE ASSIGNMENT AGREEMENT FOR PROPOSITION A LOCAL RETURN FUND EXCHANGE WITH THE CITY OF WEST HOLLYWOOD FOR FISCAL YEAR 2023-24

The City Council of the City of Malibu does hereby find, order, and resolve as follows:

SECTION 1. Recitals.

- A. The City of Malibu receives Proposition A funds from the Los Angeles County Metropolitan Transportation Authority for public transit annually.
- B. The City of Malibu desires to exchange \$450,000 of its Fiscal Year 2023-24 Proposition A fund reserve for \$328,500 which can be placed into the General Fund.

SECTION 2. The City Council hereby approves the Assignment Agreement for Proposition A Local Return Fund Exchange with the City of West Hollywood.

SECTION 3. In accordance with the Assignment Agreement for Proposition A Local Return Fund Exchange with the City of West Hollywood, the City of Malibu will exchange \$450,000 of its Fiscal Year 2023-24 Proposition A fund reserve for \$328,500 of General Funds.

SECTION 4. The City Manager is authorized and directed to execute any and all documents necessary to complete the exchange of funds on behalf of the City of Malibu.

SECTION 3. The City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED, APPROVED, and ADOPTED this 10th day of June 2024.

STEVE UHRING, Mayor

ATTEST:

KELSEY PETTIJOHN, City Clerk
(seal)

APPROVED AS TO FORM:

THIS DOCUMENT HAS BEEN REVIEWED
BY THE CITY ATTORNEY'S OFFICE

TREVOR RUSIN, Interim City Attorney

**ASSIGNMENT AGREEMENT
PROPOSITION A LOCAL RETURN FUND EXCHANGE**

This Assignment Agreement is made and entered into this 10th day of June 2024, by and between the City of West Hollywood (hereinafter referred to as "West Hollywood"), California and the City of Malibu, California with respect to the following facts:

A. West Hollywood provides community shuttles, demand-response services and bus pass and on-demand subsidies to serve seniors, people with disabilities, and the public. Given the grave traffic congestion and parking problems of the city, West Hollywood is committed to reducing auto dependency by providing alternative modes of transportation. Adequate Proposition A Local Return funding for transit services is not available given the limited amount of West Hollywood's Local Return Allocation.

B. The City of Malibu has an accumulation of uncommitted Proposition A Local Return Funds which could be made available to West Hollywood to assist in providing the services discussed in Section A of this Agreement.

C. West Hollywood is willing to exchange its general funds in the amount indicated in Section 1 below in exchange for the City of Malibu's uncommitted Proposition A Local Return funds.

D. The City of Malibu is willing to exchange its uncommitted Proposition A Local Return funding in the amount indicated in Section 1 below to West Hollywood, for the purpose identified in Paragraph A above, for West Hollywood's general funds.

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

1. Exchange. As of June 30, 2023, the City of Malibu maintained a Proposition A Local Return Fund Balance of \$930,857 and currently has potential lapsing funds of \$252,279. The City of Malibu agrees to assign a total of \$450,000 in uncommitted Proposition A Local Return Funds to West Hollywood in Fiscal Year 2023-24. In return, West Hollywood shall transfer \$328,500 of its General Funds to the City of Malibu. The rate of the exchange is \$0.73/\$1.00.

2. Consideration. The City of Malibu shall assign the agreed upon Proposition A Local Return funds to West Hollywood in one lump sum payment. West Hollywood shall likewise assign the agreed upon general funds to the City of Malibu in one lump sum payment. The payment shall be due and payable upon execution of this Agreement, and upon approval by Los Angeles County Metropolitan Transportation Authority (LACMTA) of West Hollywood's project description. Each payment shall be based on the exchange rate in accordance with the exchange rate described in Paragraph 1.

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, to be completed no later than June 30, 2024.

4. Termination. Termination of this Agreement may be made by either party so long as written notice of intent to terminate is given to the other party at least five (5) days prior to the termination date.

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. David Wilson, City Manager
City of West Hollywood
8300 Santa Monica Boulevard
West Hollywood, CA 90069

b. Steve McClary, City Manager
City of Malibu
23825 Stuart Ranch Road
Malibu, CA 90265

6. Assurances

A. West Hollywood shall use the assigned Proposition A Local Return funds only for the purpose of providing the services discussed in Paragraph A of this Agreement and within the time limits specified in LACMTA’s Proposition A Local Return Program Guidelines.

B. Concurrently with the execution of this Agreement West Hollywood shall provide LACMTA with the Standard Assurances and Understandings Regarding Receipt and Use of Proposition A Funds specified in the Guidelines regarding the use of the assigned Proposition A Local Return funds.

7. This Agreement constitutes the entire understanding between the parties, with respect to the subject matter herein. This Agreement shall not be amended, nor any provisions or breach hereof waived, except in writing signed by the parties hereto.

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 above written.

CITY OF WEST HOLLYWOOD

CITY OF MALIBU

BY: _____
Lorena Quijano, Director of
Finance and Technology Services

BY: _____
Joseph Toney, Assistant City Manager

BY: _____
David Wilson, City Manager

BY: _____
Steve McClary, City Manager

ATTEST:

ATTEST:

Melissa Crowder, City Clerk

Kelsey Pettijohn, City Clerk