



Agenda Item # \_\_\_\_\_

# Staff Report

## City of Manhattan Beach

**TO:** Honorable Mayor Montgomery and Members of the City Council

**THROUGH:** Geoff Dolan, City Manager

**FROM:** Jim Arndt, Director of Public Works  
Michael A. Guerrero, Principal Civil Engineer

**DATE:** December 2, 2008

**SUBJECT:** Authorize the City Manager to Execute an Exchange Agreement and Assignment of Federal Surface Transportation Program – Local Funds (\$467,552) with the Los Angeles County Metropolitan Transportation Authority

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### **RECOMMENDATION:**

Staff recommends that the City Council pass a motion to approve authorizing the City Manager to execute an exchange agreement and assignment of Federal Surface Transportation Program – Local Funds (\$467,552) with the Los Angeles County Metropolitan Transportation Authority.

### **FISCAL IMPLICATION:**

The exchange agreement and assignment of the City's Federal Surface Transportation Program – Local (STP-L) Funds is in the amount of \$467,552 to the Los Angeles County Metropolitan Transportation Authority (Metro). Metro charges a two (2) percent processing and administrative fee so that Metro will pay the City \$458,201 for use on eligible transportation projects. The benefit to the City is that the funds will be available upon execution of the agreement so that the City can begin earning interest on the funds; The funds are from Metro and do not have the strict requirements of the Federal STP-L funds; The assignment extends the funding expenditure to three (3) years from the date of the agreement.

### **DISCUSSION:**

The STP-L provides flexible funding that may be used by public agencies for a variety of transportation project types. This program was established by the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991, and is continued through TEA-21 (Transportation Equity Act for the 21st Century) and SAFETEA-LU (Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users). Each year the pool of funding is allocated by population to the 89 local agencies within Los Angeles County.

Metro has an exchange program so that local agencies may exchange their Federal STP-L funds for more flexible Metro funds. The exchange assists local agencies to access their STP-L funds without the complex Federal obligation process. The funds become available upon the execution of the exchange agreement rather than as a reimbursement after expenditure as the STP-L funds

require. Also as stated previously in this report, the assignment extends the funding expenditure to three (3) years from the date of the agreement which assists the City in spending its allocation in a timely manner and to avoid the funds lapsing due to delays in scheduled projects.

While the City has not previously utilized the Metro fund exchange program, the City has typically assigned Federal funds as well as other State funds in cooperative agreements with the Los Angeles County Department of Public Works. The County would then use the funds to design and construct various street improvement capital projects in Manhattan Beach. However, the County does not charge the City processing/administrative fees. The City has several eligible transportation projects that will be identified and programmed in next year's CIP.

Attachment: Exchange Agreement

xc: Henry Mitzner, Controller

EXCHANGE AGREEMENT AND ASSIGNMENT OF FEDERAL SURFACE  
TRANSPORTATION PROGRAM – LOCAL FUNDS

This Exchange Agreement and Assignment of Federal Surface Transportation Program – Local Funds (“AGREEMENT”), is made and entered into as of October 8, 2008, by and between City of Manhattan Beach (the “CITY”) and the Los Angeles County Metropolitan Transportation Authority (“LACMTA”).

RECITALS:

- A. CITY is eligible for and has available Federal Surface Transportation Program-Local funds (the “STP-L Funds”).
- B. CITY desires to exchange \$ 467,552 of CITY’s STP-L Funds for a like amount of LACMTA STP-L Local Transportation Funds (the “LACMTA Funds”).
- C. LACMTA is willing to exchange \$ 467,552 in LACMTA Funds for a like amount of CITY’s STP-L Funds subject to the terms and conditions contained herein.
- D. An exchange of CITY’s STP-L Funds with LACMTA Funds is beneficial to and in the general interest of CITY and LACMTA.

NOW THEREFORE, in consideration of the mutual benefits to be derived by CITY and LACMTA and of the promises contained herein, it is hereby agreed as follows:

AGREEMENT:

- 1. CITY hereby assigns to LACMTA \$ 467,552 of CITY’S STP-L Funds. LACMTA shall be authorized to deduct such amount from CITY’s STP-L Fund balance. This assignment shall be automatically effective upon full execution of this AGREEMENT without the necessity of the execution, delivery or recording of any further instrument whatsoever. Notwithstanding the foregoing, at LACMTA’s request, CITY shall execute and deliver such documents and instruments as may be required to evidence such assignment of STP-L Funds.
- 2. LACMTA hereby accepts CITY’s assignment of CITY’s STP-L Funds for use on Federal-aid-eligible project(s), to be determined by LACMTA in its sole and absolute discretion.
- 3. Upon receipt of (i) a fully executed AGREEMENT, (ii) CITY’s written certification of the amount of CITY’s STP-L Fund Balance, as defined herein, which CITY’s STP-L Fund Balance shows that CITY has sufficient STP-L funds to meet its obligations hereunder, and (iii) LACMTA’s deduction of the CITY’s STP-L Funds as provided in paragraph 1 above, LACMTA shall pay CITY \$ 458,201 of LACMTA Funds which includes the deduction for the processing fee described in paragraph 5 below . For purposes of this AGREEMENT, the CITY’s STP-L

Fund Balance shall mean the amount of funds contained in CITY's STP-L Fund account as of the date this AGREEMENT is fully executed plus CITY's FY2009 apportionment share of STP-L Funds. If the STP-L Fund Balance is insufficient to satisfy CITY's exchange obligations hereunder, CITY hereby authorizes LACMTA to deduct from CITY's future STP-L Funds until LACMTA has in the aggregate received the amount of CITY's STP-L Funds specified in paragraph 1 above.

4. LACMTA will make all disbursements electronically unless an exception is requested in writing. CITY must complete an Automated Clearing House (ACH) form as provided in Exhibit A. Disbursements via ACH will be made at no cost to CITY.

5. CITY shall pay LACMTA a two (2) percent processing and administrative fee ("Processing Fee") in connection with the exchange contemplated by this AGREEMENT. The Processing Fee shall be assessed against the total amount of LACMTA Funds payable to CITY. The CITY hereby authorizes LACMTA to deduct the Processing Fee from the amount LACMTA is to pay CITY hereunder.

6. CITY shall expend the LACMTA Funds on STP-L Eligible Projects within three (3) years from the date this Agreement is fully executed. For purposes of this Agreement, STP-L Eligible Projects shall mean any transportation capital improvements that would normally qualify for the STP-L program, provided however, any federal regulations and standards relating to procurement and other project delivery issues that might apply may be substituted with applicable state and local regulations, standards and policies; and "expend" as used in this section shall mean that the LACMTA Funds have been encumbered by an awarded contract.

7. LACMTA, and/or its designee, shall have the right to conduct audits of CITY'S use of the LACMTA Funds to determine compliance with terms and conditions of this AGREEMENT. CITY shall establish and maintain proper accounting procedures and cash management records and documents in accordance with Generally Accepted Accounting Principles (GAAP). CITY shall reimburse LACMTA for any expenditure not in compliance with this AGREEMENT. CITY's records shall include, without limitation, any supporting evidence deemed necessary by LACMTA to substantiate CITY's use of LACMTA Funds. These records must be retained by CITY for three years following CITY's last use of the LACMTA Funds.

8. The term of this AGREEMENT shall commence on the date this AGREEMENT is fully executed and, shall terminate once the CITY has expended all the LACMTA Funds and all LACMTA audit and reporting requirements have been satisfied.

9. CITY shall fully indemnify, defend and hold LACMTA and its officers, agents and employees harmless from and against any liability and expenses, including, without limitation, defend costs, any costs or liability on account of bodily injury, death or personal injury of any person or for damages of any nature whatsoever arising out of (i) a breach of CITY's obligations under this AGREEMENT; or (ii) any act or omission of CITY or its officers, agents, employees, contractors or subcontractors in the use of the LACMTA Funds.

10. LACMTA shall fully indemnify, defend and hold CITY and its officers, agents and employees harmless from and against any liability and expenses, including, without limitation,

defend costs, any costs or liability on account of bodily injury, death or personal injury of any person or for damages to or loss of risk of property, any environmental obligations, any legal fees and any claims for damages of any nature whatsoever arising out of (i) a breach of LACMTA's obligations under this AGREEMENT; or (ii) any act or omission of LACMTA or its officers, agents, employees, contractors or subcontractors in the use of CITY'S STP-L Funds.

11. This AGREEMENT may be amended or modified only by mutual written consent of LACMTA and CITY.

12. Any correspondence, communication, or contact concerning this AGREEMENT shall be directed to the following:

CITY:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

LACMTA:

Los Angeles County Metropolitan Transportation Authority  
One Gateway Plaza  
Los Angeles, California 90012  
Attn: Frank Flores

13. This AGREEMENT shall be interpreted and governed by the laws of the State of California.

14. This AGREEMENT constitutes the entire understanding between the parties with respect to the subject matter herein.

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IN WITNESS WHEREOF, the parties hereto have caused this AGREEMENT to be executed by their respective officers as of the date stated below.

CITY:

City of Manhattan Beach

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

LACMTA:

Los Angeles County Metropolitan Transportation Authority

By: \_\_\_\_\_

ROGER SNOBLE  
Chief Executive Officer

DATE

Approved as to form:

Raymond G. Fortner, Jr.  
County Counsel

By: \_\_\_\_\_

DEPUTY