



# CITY OF LONG BEACH

## DEPARTMENT OF PUBLIC WORKS

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October 4, 2016

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

### RECOMMENDATION:

Authorize the City Manager, or designee, to execute an agreement with the Long Beach Public Transportation Company (Long Beach Transit), for disbursement of Proposition A local return funds, for a five-year term, beginning July 1, 2016 through June 30, 2021. (Citywide)

### DISCUSSION

Proposition A (Prop A) was approved by the Los Angeles County voters in November 1980, authorizing a sales tax increase of one-half cent for public transit purposes. Collection of this tax began in July 1982, and the funds are administered and disbursed by the Los Angeles County Metropolitan Transportation Authority (Metro) to cities on a per capita basis. Prop A funding is to be used exclusively for the construction, improvement and maintenance of mass transit services and facilities. Prop A funds are used for bus stop improvements and maintenance, recreational transit services, transit facilities/transportation enhancements, park-and-ride lots, signal synchronization that prioritizes buses, transit demand management, right-of-way improvements, administration, and other costs related to public transit.

On August 10, 1982, the City Council received a joint report by the Director of Public Works and the Executive Director of Long Beach Transit relative to the disbursement of Prop A Local Return funds. Both the City and Long Beach Transit work in cooperation on the use of these funds for various public transit-related capital and operating expenditures. To detail the use of Prop A funding, the City and Long Beach Transit entered into an agreement, which has been extended by the City Council numerous times.

Under the previous agreement, approved by the City Council on August 18, 2015, the City reimbursed a flat amount of \$4,500,000 for Long Beach Transit's operational needs and \$690,603 for Law Enforcement Services. Starting on July 1, 2016 (year one), staff recommends allocating 53 percent of the City's Prop A funds received from Metro to reimburse Long Beach Transit for actual annual costs. The percentage will be applied to actual annual revenues received by the City from June 1 to July 30. In 2017, the City is estimated to receive \$8,814,153 in Prop A funding, resulting in a reimbursement of \$4,671,501 to Long Beach Transit.

Under a separate agreement between Long Beach Transit and the Police Department, Long Beach Transit reimburses the Police Department for law enforcement services. During year-one, the City will partially reimburse Long Beach Transit \$1,000,000 for these services. Starting on year-two of the agreement, the reimbursement will increase by the same percentage increase of Police personnel costs, not to exceed 3 percent each year, for the duration of the agreement. By applying a percentage based formula to the agreement, both the City and Long Beach Transit share in either growth or reduction of Prop A revenues.

This agreement is contingent on the City's continued receipt of Prop A funds from Metro. The actual disbursement from the City will depend on actual revenue received, as well as reporting and supporting documentation of costs from Long Beach Transit. The City and Long Beach Transit will continue to discuss potential changes to future allocation formulas, as well as opportunities for joint projects.

This matter was reviewed by Deputy City Attorney Gary J. Anderson on September 7, 2016 and by Revenue Management Officer Julissa José-Murray on September 14, 2016.

### SUSTAINABILITY

Investments in public transit infrastructure and operations provide for over \$28 million to Long Beach Transit customers annually to move around the City in a sustainable manner. The City will use Prop A funds to improve the public transit system in Long Beach, making it safer and more convenient for transit users to access public transit options, and making it safer for bus operators to navigate through their routes.

### TIMING CONSIDERATIONS

City Council action is requested on October 4, 2016, to authorize the execution of a new agreement with Long Beach Transit to continue various transit-related capital and operating expenditures.

### FISCAL IMPACT

During the first year of the agreement beginning on July 1, 2016, the City will reimburse Long Beach Transit an estimated \$5,671,501 from the City's share of Prop A funding. Of this amount, \$4,671,501 is based upon the allocation of 53 percent of the City's Prop A funds received from Metro. The actual disbursement from the City will depend on the amount of Prop A revenue received during the term of the agreement. The remaining \$1,000,000 is for Police Department services provided to Long Beach Transit. The City's Prop A allocation to Long Beach Transit is budgeted in the Transportation Fund (SR 182) in the Citywide Activities Department (XC) and the Public Works Department (PW). If additional appropriation is needed to support the agreement in subsequent years, a request will be brought before the City Council as part of the budget process. Approval of this agreement will result in a positive local job impact.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'C. Beck', with a long horizontal stroke extending to the right.

CRAIG A. BECK  
DIRECTOR OF PUBLIC WORKS

CB:EW:GA:JC:AD

APPROVED:

A handwritten signature in black ink, appearing to read 'P. West', with a long horizontal stroke extending to the right.

PATRICK H. WEST  
CITY MANAGER