



Connecting its cities via environmentally effective rapid transit

Eco-Rapid Transit, formally known as the Orangeline Development Authority, is a joint powers authority (JPA). Its Board of Directors consists of the following public entities and primary representatives:

**City of Artesia**  
Hon. Ali Sajjad Taj  
Chair of the Board

**City of Bell**  
Mr. Jesus Casas

**City of Bell Gardens**  
Hon. Alejandra Cortez  
Secretary of the Board

**City of Cerritos**  
Hon. Bruce Borrows

**City of Cudahy**  
Hon. Jose R. Gonzalez  
Vice Chair of the Board

**City of Downey**  
Hon. Hector Sosa

**City of Glendale**  
(Vacant)

**City of Huntington Park**  
Hon. Karina Marcia

**City of Maywood**  
Ms. Angelina Martinez

**City of Paramount**  
Hon. Isabel Aguayo  
Treasurer of the Board

**City of South Gate**  
Hon. Maria Davila

**Burbank-Glendale-Pasadena  
Airport Authority**  
Hon. Frank Quintero

Executive Director  
Eric C. Shen, P.E., PTP, CPE

General Counsel  
Matthew T. Summers

Ex-Officio  
Ricardo Reyes  
City Manager Representative

Internal Auditor  
(Vacant)

## ECO-RAPID TRANSIT

### BOARD OF DIRECTORS MEETING

February 8, 2023, WEDNESDAY  
6:30 PM Pacific Standard Time

TELECONFERENCE MEETING VIA **ZOOM (NEW LINK)**

Meeting ID: 813 5448 0188

Passcode: 553831

One tap mobile: +16694449171,,81354480188#,,,553831# US

### AGENDA

Agenda reports and other written documents are available on the eco-rapid transit website at [www.eco-rapid.org](http://www.eco-rapid.org).

On March 4, 2020, Governor Newsom proclaimed a state of emergency to exist in California as a result of the threat of COVID-19. The Governor has issued Executive Orders that temporarily suspend requirements of the brown act, including allowing public agencies to hold public meetings via teleconferencing and to make public meetings accessible telephonically or otherwise electronically to all members of the public.

Public comments on items on the agenda will be taken at the time the item is called and are limited to 3 minutes per speaker.

### PRELIMINARY BUSINESS

1. Call to Order
2. Pledge of Allegiance
3. Roll Call
4. Public Comments

### CONSENT CALENDAR

5. The items listed under the Consent Calendar are considered routine and will be enacted by one motion. There will be no separate discussion of these items unless a Board member or the General Public so requests, in which event the item will be removed from the Consent Calendar and considered separately:

- A. Approval of Minutes of January 23, 2023
- B. Teleconferencing Legislation: AB 361 and Resolution 2023-03 of the Eco-Rapid Transit Authority Board of Directors Authorizing Remote Teleconferencing Meetings of the Eco-Rapid Transit Board of Directors Pursuant to Government Code Section 54953(e) for the Continuance of Virtual Meetings and Teleconference as the County of Los Angeles is Under Certain



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## Emergency Orders and Still Promotes Social Distancing and the Use of Face Mask

### ACTION ITEMS

6. Treasurer's Report Dated February 8, 2023 and Payment Deferment  
*Recommended Action: Approve Treasurer's Report, authorize to pay insurance premium payment; defer all other payments pending available funding.*
7. Memorandum of Understanding between Eco-Rapid Transit Authority and the City of South Gate regarding Financial Services and Three-Party Agreement for the Financial Services  
*Recommended Action: Approve the Memorandum of Understanding with the City of South Gate on the transfer of financial services. Authorize Executive Director to execute a three-party agreement with the City and Ms. Toni Penn for perform the Eco-Rapid Transit's financial and accounting services under the supervision of the City's finance staff.*
8. Ad Hoc Budget Sub-Committee Report on Strategies to Address FY2022/23 Finance Issues  
*Recommended Action: Approve the Ad-Hoc Sub-Committee's recommendation and direct staff to take appropriate actions*

### INFORMATION ITEMS

9. Executive Director Verbal Report
10. Chair's Comments
11. Announcements/Board of Directors Comments

### ADJOURNMENT

ERT BOD 20230208 AGENDA VF.DOCX

**MINUTES OF THE SPECIAL MEETING OF  
ECO-RAPID TRANSIT/ORANGELINE DEVELOPMENT AUTHORITY  
January 23, 2023  
Teleconference Meeting via Zoom or by Phone**

**CALL TO ORDER**

Chair Taj called the meeting to order at 6:39 PM Pacific Standard Time. A quorum (6 voting members out of 11 filled seats) was reached; thus, action items were taken by the Board.

**PLEDGE OF ALLEGIANCE**

Director Karina Macias led the assembly in the flag salute.

**ROLL CALL AND INTRODUCTION OF ATTENDEES**

Voting Board of Directors were present (listed by agency and position on the Board):

1. City of Artesia – Hon. Ali Sajjad Taj, Chair
2. City of Bell – Mr. Jesus Casas, Director
3. City of Cerritos – Hon. Bruce Barrows, Director
4. City of Cudahy – Hon. Jose R. Gonzalez, Vice Chair
5. City of Downey – Hon. Claudia M. Frometa, Director and Hector Sosa (new Director as of February 2023)
6. City of Huntington Park – Hon. Karina Macias, Director
7. City of Paramount – Hon. Isabel Aguayo, Treasurer
8. City of South Gate – Hon. Maria Davila, Director
9. Airport Authority – Hon. Frank Quintero, Director

Eco-Rapid Transit Staff:

10. Eric Shen, Executive Director
11. Matthew Summers, General Counsel
12. Kathryn Morrison, Administrative Services Manager
13. Toni Penn, Accounting Manager
14. Bruno Naulls, Community Planner

**PUBLIC COMMENTS**

Kaaren-Lyn Graves, Executive Director of The American Indian, Alaska Native, & Native Hawaiian Project, expressed their support towards Eco-Rapid Transit, but made members aware of the difficulties they faced with receiving adequate updates and being included in meetings. They expressed gratitude towards Kathryn Morrison (Eco-Rapid Transit) for maintaining communication. Chair Taj made note of the comment.

Michael Kodama made the board aware of the costs of photocopiers, asked the Board to continue including the costs of the printer and take over the lease of \$400/month plus moving fees until

August 2023. Chair Taj made note of the comment and asked for the documents to be submitted to Executive Director Shen.

Cerila Gailliard, owner of Orchestrating Success LLC, who works closely with Kaaren-Lyn Graves, also expressed that they have not received updates on the future of the project. Executive Director Shen asked for clarification if they are under contract with Eco-Rapid Transit to rent the space, which will be communicated directly.

## **ITEM 5 – CONSENT CALENDAR**

- a) Approval of Minutes of December 13, 2022**
- b) Approval of Warrant Register dated January 18, 2023**
- c) Approval of Treasurer’s Report for the Periods of January 18, 2023**

Executive Director Shen made note of correction to the consent calendar including the change from Mrs. to Ms. Karen lee (Artesia) on Item 5a and the change of date from January 23, 2023 to January 18, 2023 on items 5B and 5C.

Director Barrows (Cerritos) and Director Frometa (Downey) recommended to staff that the list of those receiving agenda packets and emails be more closely maintained. Executive Director Shen expressed that he and Ms. Kathryn Morrison will work with Directors to update email databases and ensure that meeting packages are received accordingly.

General Counsel Matthew Summers advised staff to not amend the Consent Item but to provide separate direction with Executive Director Shen. He also noted that the issue can be added to the next meeting’s agenda for formal discussion. Directors Barrows (Cerritos) confirmed with Mr. Summers that those who have requested agenda packages in the past continue to receive the packages.

Director Davila (South Gate) also expressed that their City Manager has not been receiving emails from Eco-Rapid Transit.

**MOTION:** Board Director Barrows (Cerritos) moved to approve the Consent Calendar. Director Quintero (Airport Authority) seconded the motion. The item was approved unanimously by roll call vote.

## **ITEM 6 – TELECONFERENCING LEGISLATION: AB 361 AND RESOLUTION 2023-01 OF THE ECO-RAPID TRANSIT AUTHORITY BOARD OF DIRECTORS AUTHORIZING REMOTE TELECONFERENCING MEETINGS OF THE ECO-RAPID TRANSIT BOARD OF DIRECTORS PURSUANT TO GOVERNMENT CODE SECTION 54953(E) FOR THE CONTINUANCE OF VIRTUAL MEETINGS AND TELECONFERENCE AS THE COUNTY OF LOS ANGELES IS UNDER CERTAIN EMERGENCY ORDERS AND STILL PROMOTES SOCIAL DISTANCING AND THE USE OF FACE MASK**

***Recommended Action: Adopt Resolution 2023-01 to conduct Board meetings remotely for the next 30 days and give direction on the format of future meetings in calendar year 2023***

No written public comments were received prior to the meeting. No additional public comments were received during the meeting.

Executive Director Shen reported that staff is recommending the adoption of Resolution 2023-01 for conducting Board meeting remotely for the next 30 days and requested direction on the format for future meetings in 2023. According to Assembly Bill No.361, expiring December 31, 2023, Eco-Rapid Transit must adopt a resolution making findings within 30 days of its first teleconference meeting to continue virtual meetings. Following the end of the COVID State of Emergency on February 28, 2023, the Board may either continue or conclude teleconferenced meetings.

General Counsel Summers discussed that meetings may return in person starting March 8th, continue remotely through June 30<sup>th</sup> and begin in-person on July 12<sup>th</sup>, or continue remotely through December 2023 and begin in-person on January 10<sup>th</sup>, 2024, under AB 361.

Director Davila (South Gate) suggested to start in-person meetings.

Vice Chair Jose Gonzalez (Cudahy) inquired on if subsequent meetings have the option to be via Zoom, should the in-person motion be adopted. General Counsel Summers replied that meetings must be held in-person following the motion to do so, however options are available for hybrid meetings under AB 361. Executive Director Shen made note of the technical challenges hybrid meetings entail.

Vice Chair Gonzalez (Cudahy) inquired on the allowance of hybrid attendance for Board members. General Counsel Summers replied that meetings do have a legal requirement to be hybrid. Vice Chair Gonzalez recommended meetings be held at a City Hall location that may accommodate hybrid meetings.

Director Quintero (Airport Authority) recommended the use of hybrid meetings.

Executive Director Shen recommended three options of hybrid meetings beginning March 8<sup>th</sup>, July 12<sup>th</sup>, or January 10<sup>th</sup>, 2024, with the location to be directed by the Board.

Director Davila (South Gate) motioned to begin hybrid meetings on March 8<sup>th</sup>, 2023. Vice Chair Gonzalez (Cudahy) seconded the motion.

Executive Director Shen noted that the Board should clearly direct the meeting location, with the default location being the 2<sup>nd</sup> floor of the Gateway Cities COG. Director Quintero (Airport Authority) inquired if they will be charged by the COG for the use of meeting space. Executive Director Shen replied that staff will work with Gateway City COG to use the conference at no cost through June with the understanding that Eco-Rapid Transit will begin paying monthly rent to use the Gateway Cities COG office and paying hourly for using the 2<sup>nd</sup> floor conference room. These costs will be presented to the Board for consideration as part of the Fiscal Year 2023/2024 budget.

Vice Chair Gonzalez (Cudahy) asked if the meeting room of Gateway COG is prepared for hybrid meetings and offered a hybrid space in Cudahy. Executive Director Shen will confirm with Gateway COG staff on the status of the meeting room. Treasurer Isabel Aguayo (Paramount) stated that the Gateway COG's meeting room may not be completed in its renovation.

Director Davila (South Gate) and Director Barrows (Cerritos) informed the Board of the possibility of hosting meetings in their respective locations.

No additional questions were raised by the Board and the public. The Board instructed staff to conduct the Board meeting in hybrid format effectively on March 8, 2023. The in-person meeting location to be held on the 2<sup>nd</sup> floor of Gateway Cities COG Building unless otherwise specified. A Zoom link will be posted on the meeting agenda.

The item is received and filed.

**ITEM 7 – RESOLUTION 2023-02 OF THE ECO-RAPID TRANSIT AUTHORITY BOARD OF DIRECTORS IN SUPPORT OF METRO’S WEST SANTA BRANCH (WSAB) PROJECT**

***Recommended Action: Adopt Resolution 2023-02 In support of Metro’s West Santa Ana Branch (WSAB) Project***

No written public comments were received prior to the meeting. No additional public comments were received during the meeting.

Executive Director Shen noted the mislabeling of Items 7 and 8 in the agenda report. The meeting proceeded with Item 7 as the Resolution of 2023-02 in support of Metro’s West Santa Ana Branch (WSAB) Project. He proceeded with his report and recommendation.

The adoption of Resolution 2023-02 would send a strong message to all agency partners and stakeholders of a unified desire to move forward with the project, as it would benefit the ten member-cities and surrounding communities.

**MOTION:** Director Quintero (Airport Authority) moved to approve adopt Resolution 2023-02. Director Macias (Huntington Park) seconded the motion. The item was approved unanimously by roll call vote.

**ITEM 8 – MEMORANDUM OF UNDERSTANDING BETWEEN ECO-RAPID TRANSIT AUTHORITY AND THE CITY OF SOUTH GATE REGARDING FINANCIAL SERVICES**

***Recommended Action: Authorize Executive Director to complete negotiating and finalizing a Memorandum of Understanding with the City of South Gate on the transfer of financial services. Direct Executive Director to present the final MOU for approval at the February 8, 2023 Board of Directors meeting***

No written public comments were received prior to the meeting. No additional public comments were received during the meeting.

Executive Director Shen provided a report and recommendation. Staff recommended that the Board authorize Executive Director Shen to complete a Memorandum of Understanding with the City of South Gate on the transfer of financial services. The final MOU to be presented and approved at the February 8, 2023 meeting. Following the City of Bellflower, the City of Artesia has been providing contract financial services to Eco-Rapid Transit (ERT) since 2019. ERT appreciates the City of South Gate’s productive communication and collaboration. MOU expected to be executed by ERT and South Gate mid-February. ERT Accounting Manager Toni Penn will continue providing accounting and auditing services in the meanwhile.

Chair Taj also offered thanks to the City of South Gate for their working with Eco-Rapid Transit.

**MOTION:** Director Macias (Huntington Park) moved to approve staff recommendation and direct Executive Director to complete negotiating the MOU with the City of South Gate. Director Davila (South Gate) seconded the motion. The item was approved unanimously by roll call vote.

**ITEM 9 – BUDGET: FY2022/23 MID-YEAR UPDATE AND FY2023/24 PREPARATION**  
*Recommended Action: Approve the four officers to be legal signatory and authorize Executive Staff to have access of the Bank Account with the Bank of the West*

No written public comments were received prior to the meeting. No additional public comments were received during the meeting.

Executive Director Shen provided an update on the Fiscal Year 2022/23 midyear budget and discussed short-term options to cover operating expenses until the end of the fiscal year. Staff also sought policy direction of the FY2023/24 budget preparation.

In written reports of budget tracking, Eco-Rapid Transit experienced negative cash flow 9 out of the last 42 months. Positive bank balance was retained prior to November 2022 through reimbursements and advanced membership dues. All dues for FY2023/24 have been received. Reimbursements from granting agencies will not be sufficient to maintain operating expenses through June 30, 2023.

Executive Director Shen highlighted the importance of resolving the immediate financial issues, refining internal processes, completing delayed audits, and containing expenditures. He acknowledged the work of Accounting Manager Toni Penn, Administrative Services Manager Kathryn Morrison, and General Counsel Matthew Summers and his associate Thais Alves.

Executive Director Shen presented the following cash infusion options. First, a last resort “Line of Credit” option that would be insufficient in sustaining the monthly basic operating costs. The revolving loans also have a high interest rate. Second option to seek loans from member cities with an agreeance to a paydown schedule. Loans to be separate from membership dues. Third option for all members to contribute a one-time cash infusion due to underestimated past expenses and costs.

Executive Director Shen opened the meeting to comments and questions.

Director Davila (South Gate) asked for clarification on the loan option from member cities. Executive Director Shen provided that capable member cities would be lenders to Eco-Rapid Transit. Director Davila motioned the issue to be further discussed with City Managers for clarification. Mr. Shen clarified that the issue was not set for a motion but for discussion purposes.

Director Barrows (Cerritos) noted the importance of working with respective City Managers given the unique financial circumstances of each member city.

Director Macias (Huntington Park) emphasized the remarks of Directors Davila and Barrows and recommended the elimination of Board member’s stipends.

Director Quintero (Airport Authority) also recommended the termination of Board member stipends to aid the financial deficits faced by ERT.

Executive Director Shen brought to attention the past underestimation of operating expenses of ERT, in addition to cash flow issues as outlined in the written report. He reminded the Board of the importance of proper cash flow to maintain the grant funded projects and emphasized there will be insufficient funds to pay checks to be approved on February 8<sup>th</sup>.

Executive Director Shen further sought policy direction from the Board regarding the preparation of the FY2023/24 budget. First, he inquired the Board if additional parameters shall be added to the methodology of the preparation, based on proportional contribution based on 2010 Census population, track miles, and stations. He noted the possible budget changes for certain cities given the changes in population, should 2020 Census data begin to be used.

He also sought policy direction of the valuation of each parameter such as population, track miles, and stations.

He lastly sought policy direction on the categorical examination of basic functions and associated costs to provide an overall budget that adequately covers anticipated expenses. This would entail exploring fixed price accounting, legal, and administrative services, rather than time-based contract agreements.

Executive Director Shen recommended forming an ad hoc budget committee to discuss options to overcome the immediate cash flow issues.

Director Quintero (Airport Authority) commented on the value that a subcommittee could bring in aiding the financial issues faced by ERT.

Director Davila (South Gate) motioned to have the involvement of City Managers with the issue to keep the agency moving forward.

Executive Director Shen brought forth the importance of an ad hoc subcommittee. Chair Taj inquired the Board for volunteers for the subcommittee. Director Davila (South Gate), Director Quintero (Airport Authority), Director Macias (Huntington Park), and Chair Taj (recommended by General Counsel Summers) volunteered to be on the subcommittee.

Director Barrows (Cerritos) brought to attention the previous motion made by Director Davila (South Gate) to have Executive Director Shen work with City Managers. General Counsel Summers stated that there is no need for a formal vote. Director Barrows asked if the meeting will be held with the City Managers' Steering Committee. Executive Director Shen clarified that he will be in communication with the City Manager Technical Advisory Committee.

Director Davila (South Gate) rescinded the previous motion.

General Counsel Summers provided final clarification of the Item. The item is complete by consensus. An ad hoc budget committee of Directors Davila, Quintero, Macias, and Chair Taj was formed to provide clear recommendations at the February 8 meeting.

No additional questions were raised by the Board and the public. The item is received and filed.



## **ITEM 10 – AUTHORIZATION OF SIGNATORY ON THE BANK ACCOUNT**

No written public comments were received prior to the meeting. No additional public comments were received during the meeting.

Executive Director Shen provided a report and recommendation.

Staff recommended to the Board to approve the four executive officers to be legal signatory and authorize certain staff to have access to the bank account with Bank of the West. Three of the five Board appointees previously given access to ERT's bank account no longer serve on the Board. None of the currently serving officers have been added to the bank record. Action to formally designate representatives by the Board was necessary. It was recommended that the Chair, Vice Chair, Treasurer, and the Secretary of the Board as well as the Executive Director, Administrative Services Manager, and Accounting Manager be given access to the bank account. Chair Taj, Vice Chair Gonzalez, Treasurer Aguayo, Secretary Cortez, Executive Director Shen, Administrative Services Manager Morrison, and Accounting Manager Penn will be given access to the bank account until the new Board Executive Officers are installed for FY2023/2024.

**MOTION:** Director Quintero (Airport Authority) moved to approve the Item. Director Macias (Huntington Park) seconded the motion. The item was approved by majority by roll call vote with Director Burrows (Cerritos) voted Nay.

## **ITEM 11 – EXECUTIVE DIRECTOR'S VERBAL REPORT**

Executive Director Shen reminded the Board to file Form 700 as required in Political Reform Act. Staff will coordinate filing with City Clerks and update contact information.

Operationally, staff is planning to migrate email server Microsoft 365 environment and redesign ERT's website in the weeks ahead.

He acknowledged ERT's working with Mr. Luke Klipp and Ms. Viviana Gomez of Supervisor Hahn's office to formalize the County's participation in the Eco-Rapid Transit Board of Directors.

## **ITEM 12 – CHAIR'S COMMENTS**

Chair Taj also acknowledged the work of Mr. Klipp and Ms. Gomez of Supervisor Hahn's office and looks forward to future work together.

He also offered sympathies to those affected by the shootings of Monterey Park and Half Moon Bay.

## **ITEM 13 – ANNOUNCEMENTS/BOARD OF DIRECTORS COMMENTS**

Director Macias (Huntington Park) offered a happy new year to the Board and thanked Executive Director Shen and Ms. Morrison for their work.

Executive Director Shen reminded the Board that the next meeting to be held remotely on February 8 at 6:30 pm Pacific Standard Time. He is committed to working with City Managers in preparation for the next meeting. He also thanked ERT's partners and General Counsel Summers.

## **ITEM 14 - ADJOURNMENT**

The Board Meeting was adjourned at 8:33 pm Pacific Standard Time.

Attest:

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Secretary

Approved:

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Chair

**RESOLUTION NO. 2023-03**

A RESOLUTION OF THE ECO-RAPID TRANSIT BOARD OF DIRECTORS OF THE ECO-RAPID TRANSIT AUTHORIZING CONTINUED REMOTE TELECONFERENCE MEETINGS OF THE ECO-RAPID TRANSIT BOARD OF DIRECTORS PURSUANT TO GOVERNMENT CODE SECTION 54953(e)

WHEREAS, Government Code section 54953(e), as amended by Assembly Bill No. 361, allows legislative bodies to hold open meetings by teleconference without reference to otherwise applicable requirements in Government Code section 54953(b)(3), so long as the legislative body complies with certain requirements, there exists a declared state of emergency, and one of the following circumstances is met:

1. State or local officials have imposed or recommended measures to promote social distancing.
2. The legislative body is holding the meeting for the purpose of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.
3. The legislative body has determined, by majority vote, pursuant to option 2 that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

WHEREAS, the BOARD OF DIRECTORS OF THE ECO-RAPID TRANSIT (“ECO-RAPID TRANSIT BOARD”) previously adopted Resolution No. 2022-09 finding that the requisite conditions exist for the ECO-RAPID TRANSIT to conduct teleconferencing meetings under California Government Code section 54953(e); and

WHEREAS, Government Code section 54953(e) requires the legislative body adopt certain findings by majority vote within 30 days of holding a meeting by teleconference under Government Code section 54953(e), and then adopt such findings every 30 days thereafter; and

WHEREAS, ECO-RAPID TRANSIT BOARD desires to continue holding its public meetings by teleconference consistent with Government Code section 54953(e).

NOW, THEREFORE, THE ECO-RAPID TRANSIT BOARD OF THE ECO-RAPID TRANSIT DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Conditions are Met. The ECO-RAPID TRANSIT BOARD hereby finds and declares the following, as required by Government Code section 54953(e)(3):

1. The ECO-RAPID TRANSIT BOARD has reconsidered the circumstances of the state of emergency declared by the Governor pursuant to his or her authority under Government Code section 8625; and
2. The state of emergency continues to directly impact the ability of members of the ECO-RAPID TRANSIT BOARD to meet safely in person; and
3. State or local officials have imposed or recommended measures to promote social distancing.
4. The Eco-Rapid Transit Board hereby determines that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees and will conduct open and public meetings by teleconference in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.
5. All meetings held pursuant to Government Code section 54053(e) shall comply with the requirements of that section and all other applicable provisions of the Ralph M. Brown Act (Government Code section 54950 et seq.).
6. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the BOARD OF DIRECTORS of the ECO-RAPID TRANSIT, this eighth day of February 2023.

ATTEST:

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Ali Sajjad Taj  
Chair

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Alejandra Cortez  
Secretary



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Internal Auditor  
(Vacant)

## AGENDA REPORT

TO: Members of Eco-Rapid Transit Board of Directors

FROM: Eric C. Shen, Executive Director 

DATE: February 8, 2023

SUBJECT: **ITEM 6: Treasurer's Report Dated February 8, 2023 and Payment Deferment**

Public comments on items on the agenda will be taken at the time the item is called and are limited to 3 minutes per speaker.

## RECOMMENDATION

Approve Treasurer's Report, authorize to pay insurance premium payment; defer all other payments pending available funding.

## ISSUES

Due to insufficient funds available to pay all expenses and invoices incurred in January 2023, staff is recommending the approval of Treasurer's Report dated February 8, 2023 only and defer all payments except for the last liability insurance premium payment of \$125.65 be paid immediately.

## BACKGROUND

While the Board is exploring options to resolve the current cash flow issues, the actual incurred expenses during January 2023 have exceeded the available bank balance (\$527.39 as of January 31, 2023).

The Authority's current professional liability coverage is set to expire on March 22, 2023. The last installment of \$125.65 must be paid on-time with the limited available bank balance. A combined Warrant Register for the period of January and February 2023 will be presented to the Board for approval during its March 8, 2023 meeting. Payments will be made when sufficient funds are available.

Attachment: Treasurer's Report dated February 8, 2023

ERT BOD 20230208 ITEM 6 VF.DOCX

**ORANGELINE DEVELOPMENT AUTHORITY  
ECO-RAPID TRANSIT**

**TREASURER'S REPORT  
FOR THE MONTH JANUARY 2023  
(PREPARED ON FEBRUARY 8, 2023)**

	<u><b>Bank of the West</b></u>
<b>*Cash, beginning balance (deficit)</b>	\$8,953.32
	<b>\$8,953.32</b>
<b><u>Receipts:</u></b>	
City of Huntington Park (Membership)	\$20,233.11
<b>Total cash receipts</b>	<u><b>\$20,233.11</b></u>
<b><u>Expenditures:</u></b>	
Bank fee/Positive Pay Service/Other Charges	-\$10.00
Warrants, approved on 1/23/23	-\$37,128.20
Void Check No. 13257 (City of Cudahy)	\$9,281.66
Void Check No. 11636 (Michael Kodama)	\$37.50
Voided Check No. 12948 (Alejandra Cortez)	-\$100.00
Voided Check 13142 (Bruce Barrows)	-\$100.00
Voided Check 13166 (Colantuono, Highsmith & Whatley)	-\$540.00
Adjustment to beginning bank balance	-\$100.00
<b>Total expenditures</b>	<u><b>-\$28,659.04</b></u>
<b>Cash, ending balance</b>	<u><u><b>\$527.39</b></u></u>

DocuSigned by:



16C1E0F50A0B451

Isabel Aguayo, Treasurer



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Hon. Hector Sosa

**City of Glendale**  
(Vacant)

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Hon. Karina Marcia

**City of Maywood**  
Ms. Angelina Martinez

**City of Paramount**  
Hon. Isabel Aguayo  
Treasurer of the Board

**City of South Gate**  
Hon. Maria Davila

**Burbank-Glendale-Pasadena  
Airport Authority**  
Hon. Frank Quintero

Executive Director  
Eric C. Shen, P.E., PTP, CPE


General Counsel  
Matthew T. Summers

Ex-Officio  
Ricardo Reyes  
City Manager Representative

Internal Auditor  
(Vacant)

## AGENDA REPORT

TO: Members of Eco-Rapid Transit Board of Directors

FROM: Eric C. Shen, Executive Director 

DATE: February 8, 2023

SUBJECT: **ITEM 7: Memorandum of Understanding between Eco-Rapid Transit and the City of South Gate regarding Financial Services**

Public comments on items on the agenda will be taken at the time the item is called and are limited to 3 minutes per speaker

## RECOMMENDATION

Approve the Memorandum of Understanding with the City of South Gate (“South Gate”, “City”) on the transfer of financial services. Authorize Executive Director to execute a three-party agreement with the City and Ms. Toni Penn for perform the Eco-Rapid Transit’s financial and accounting services under the supervision of the City’s finance staff.

## ISSUE

With the execution of the MOU by both Eco-Rapid Transit Board of Directors and South Gate, the City will begin providing financial services and oversight beginning on March 1, 2023. The City, Eco-Rapid Transit and Ms. Toni Penn are finalizing a three-party agreement based on the City’s standard Professional Services Agreement. The Board of Directors to authorize Executive Director to complete the three-party agreement timely.

## BACKGROUND

Eco-Rapid Transit, formally known as the Orangeline Development Authority, is a joint powers agency whose members are eleven cities, including South Gate, and the Burbank-Glendale-Pasadena Airport Authority. The present mission of Eco-Rapid Transit is to advocate for environmentally effective rapid transit services between the Burbank/Hollywood Airport, downtown Los Angeles, and the southeastern region of Los Angeles County.

Eco-Rapid Transit historically has accomplished its mission with a limited staff of consultants, not employees, including a contract financial and accounting services consultant who worked as a consultant to the authority in tandem with a rotating treasury city.



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Chair of the Board

**City of Bell**  
Mr. Jesus Casas

**City of Bell Gardens**  
Hon. Alejandra Cortez  
Secretary of the Board

**City of Cerritos**  
Hon. Bruce Borrows

**City of Cudahy**  
Hon. Jose R. Gonzalez  
Vice Chair of the Board

**City of Downey**  
Hon. Hector Sosa

**City of Glendale**  
(Vacant)

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Recently, Eco-Rapid Transit's auditor recommended to improve its financial controls by shifting its financial and accounting services model to no longer have a single consultant under contract with Eco-Rapid Transit. Most agencies, including nearly every city, solve this internal controls problem by having several Finance Department employees - typically one set of employees who process incoming funds, and another, separate set of employees who process outgoing funds, and a third set to oversee their work on both sides.

Eco-Rapid Transit is not in a position to hire several employees or consultants. Instead, Eco-Rapid Transit proposes that South Gate would contract, together with Eco-Rapid Transit via a three-party agreement, for a person to perform the authority's financial and accounting services, at the Eco-Rapid Transit's expense, who would be overseen by the City's finance staff. This would ensure dual controls are in place.

## FISCAL IMPACT

The cost to manage Eco-Rapid Transit routine financial/accounting services under South Gate is estimated at \$5,000 per month. Eco-Rapid Transit is also responsible for approximately \$15,000 to \$20,000 of additional direct cost for completing the mandatory independent audit activities annually. These costs will be itemized in the FY2023/24 Budget Proposal for the Board's approval.

## ATTACHEMENTS

Attachment 1: MOU between Eco-Rapid Transit and the City of South Gate on the Financial Services

Attachment 2: South Gate Standard Professional Services Agreement to be completed for the three-party agreement

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## Attachment 1:

## MOU between Eco-Rapid Transit and the City of South Gate

**MEMORANDUM OF UNDERSTANDING  
BETWEEN  
ECO-RAPID TRANSIT  
AND  
CITY OF SOUTH GATE  
REGARDING  
PROVISION OF FINANCIAL SERVICES FOR THE ECO-RAPID TRANSIT  
AUTHORITY**

This Memorandum of Understanding (the “Agreement”) is made by and between the Orangeline Development Authority, dba Eco-Rapid Transit (the “Authority”), a Joint Powers Authority, and the City of South Gate (“City” or “South Gate”), a municipal corporation, individually as a “party” and collectively as “the parties.”

Recitals

A. The purpose of the Authority is to plan for, finance, acquire, design, construct, reconstruct, improve, and/or operate the facilities and improvements to the Eco-Rapid Transit system, as may be approved by action of the Authority.

B. Section 3.1 of the Fifth Amended Joint Exercise of Powers Agreement authorizes the Authority to, in part, “invest any money in the treasury pursuant to California Government Code Section 6505.5 that is not required for the immediate necessities of the Authority, as the Authority determines is advisable, in the same manner and upon the same conditions as local agencies, pursuant to Section 53601 of the California Government Code as it now exists or may hereafter be amended.”

C. Under Government Code Section 6505.5, the Authority may designate one of its member public agencies to serve as its Treasurer and otherwise direct the deposit and custody of all the money of the Authority.

D. Prior to mid-2014, the City of Vernon (“Vernon”) provided services to the Authority pursuant to Government Code Section 6505.5, including holding funds owned by the Authority, disbursing funds as directed by the Authority and its authorized agents, and issuing annual tax forms, including Internal Revenue Service Form 1099 (“financial services”).

E. From mid-2014 until January 2019, the City of Bellflower (“Bellflower”) succeeded the City of Vernon to continue the financial services previously performed by Vernon, and additionally contracted with independent certified public accountants for the audit of the Authority’s books and records including grant-funded projects.

E. From January 2019 until December 2022, the City of Artesia (“Artesia”) succeeded the City of Bellflower’s role in providing contract financial services previously performed by Bellflower.

F. In March 2023, South Gate intends to take on the role of providing contract financial services previously performed by the Artesia. The Authority contracted with independent certified public accountants for the audit of the Authority's books and records including grant-funded projects for 2019-2022. The Authority is now conducting an audit and intends to complete the remaining financial services as described in this Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals which are incorporated into the operative provisions of this Agreement by reference and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties agree as follows:

1. Effective Date. This Agreement shall be effective upon the date said Agreement is fully executed by all parties (the "Effective Date"). City agrees it shall take responsibility for financial services back to March 1, 2023. The term of this Agreement shall be for a period of three (3) years from the Effective Date.

2. The Authority will provide the following financial services:

- a) Prepare the Authority's accounts receivable grant invoices;
- b) Work with the City to prepare the annual financial statement audit and/or single audits; and potential grant audits;
- c) Meet periodically with City staff and/or Members of the Authority Board of Directors to report on financial status;
- d) Prepare the annual budget for the Authority;
- (e) Generate and track invoices for membership dues, special assessments and other member payments, and other grant receivables, and forward the information timely to the City for monitoring, recording, and following up; and
- (f) Upon receiving checks and disbursements from the City, the Authority will secure final approval and distribute checks and disbursements timely.

3. City and Authority agree that City will contract with an independent contractor chosen by the City to provide all of the financial services listed below in Section 4 of this Agreement. The parties agree that Authority will be added to the contract between City and the independent contractor as a third party responsible for monthly payment to the independent contractor.

4. City to Provide Financial Services to Authority. The City agrees to provide the financial services described below, through the use of an independent contractor, for the Authority, in accord with the provisions of Section 3.1(m) of the Fifth Amended Joint Exercise of Powers Agreement (copy of which is attached hereto as Exhibit "A"), and subject to Government Code section 6505.5:

- a) Receive and hold all funds owned by the Authority in a separate account, to the credit of the Authority;

- b) Be responsible for the safekeeping of the Authority's funds and disburse the Authority's funds upon request by the Board of Directors or its lawful designee;
- c) Pay, when due, out of money of the Authority, all sums payable as authorized by the Authority Board of Directors or its lawful designee;
- d) Prepare a report in or around the first week of each month stating the amount of funds available to the Authority as of the last day of the preceding month, the amount of funds received since the last report, and the amounts of funds paid out;
- e) Prepare ongoing financial and accounting services including issuing vendor checks and Treasurer's Report for the Board's approval;
- f) Prepare monthly bank reconciliation reports;
- g) Monitor payments and status of the Authority's accounts receivable grant invoices;
- h) Work with the Authority to prepare the annual financial statement audit and/or single audits; and potential grant audits;
- i) Monitor, test and suggest internal control improvements;
- j) Oversee and monitor financial transactions (similar to an internal audit function);
- k) Meet periodically with Authority staff and/or Members of the Board of Directors to report on financial status;
- l) Review financial statements with Authority staff and/or Members of the Board of Directors quarterly;
- m) Assist with the annual budget for the Authority; and
- n) Prepare and file the required federal IRS Form-1099s and any related state tax forms for the Authority.

5 City agrees to perform monthly reviews of the work performed by independent contractor described above in Section 4 of this Agreement. City's monthly reviews of the work performed by independent contractor will likely not exceed one hour per month or so, within the City's discretion.

6. Authority to Contract for Authority's Audit. The Authority has and will continue to contract with an independent certified public accountant, approved by the Board of Directors, (the "CPA") to audit the Authority's books and records including grant-funded projects. The City agrees it will provide audit support information starting February 1, 2023 for the Fiscal Year 2020-2021 audit and future audits. The Authority will maintain invoices, both as received and paid, for all Authority expenditures including grant-funded projects to document a grant is in place for each project, and, to the extent feasible and reasonable, the expenditure for which the invoice was presented complies with the grant's requirements. City agrees to coordinate with the CPA for any information needed to complete the audits, including the audits of specific grant-funded projects, as requested by the Authority, or required by any granting agency.

7. Document Requests. The Authority agrees to provide all information and documents necessary for City to perform its functions under this Agreement as requested by the City's City Manager, Director of Administrative Services, or designee.

8. Compliance With Applicable Law. The Authority and City shall comply with all

applicable laws, ordinances, and codes of the federal, state, county and city governments.

9. Independent Contractor. This Agreement is by and between City and the Authority and is not intended, nor shall it be construed, to create the relationship of agency, servant, employee, partnership, joint venture or association, as between City and the Authority.

10. Notices. Any notice required to be given hereunder shall be deemed to have been given by depositing said notice in the United States mail, postage prepaid, via certified mail, return receive requested, and addressed as follows:

**TO CITY:**

Kristopher Ryan  
Director of Administrative Services  
City of South Gate  
8650 California Ave  
South Gate, CA 90280  
kryan@sogate.org

**TO AUTHORITY:**

Eric C. Shen, P.E., PTP, CPE  
Executive Director  
16401 Paramount Boulevard  
Paramount, CA 90723  
eshen@eco-rapid.org

A courtesy email shall also be transmitted to the partying receiving the notice by mail Notice shall be deemed effective five (5) days' after mailing and the email transmission is sent, as described above.

11. Amendments. This Agreement may be amended only by a writing signed by an authorized representative of each party.

12. Severability. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of the other provisions of this Agreement. The remainder of this Agreement shall remain in effect as if this Agreement had been executed without the invalid part and, to that end, the paragraphs, subparagraphs, sentences, clauses and phrases of this Agreement are hereby declared to be severable.

13. Entire Agreement. This Agreement represents the entire agreement between the Parties and supersedes all prior agreements and understandings, whether oral or written, between the Parties with respect to its subject matter. No other representations, covenants, undertakings or other prior or contemporaneous agreements, oral or written, respecting those matters, which are not specifically incorporated herein, may be deemed in any way to exist or to bind either Party with respect to that subject matter. Each Party acknowledges for the benefit of the other that it has not executed this Agreement in reliance on any promise, representation or warranty not reflected in this Agreement.

14. No Presumption Regarding Drafter. The parties acknowledge and agree that the terms and provisions of this Agreement have been negotiated and discussed among them, and that this Agreement reflects their mutual agreement. Because of the nature of the negotiations and discussions, it would be inappropriate to deem any party to be the drafter of this Agreement, and therefore no presumption for or against validity or as to any interpretation hereof based on the identity of the drafter, shall be applicable in interpreting or enforcing the Agreement.

15. Section Headings. Section headings in this Agreement are for convenience and identification only and shall not be deemed to limit or define the contents to which they relate.

16. Governing Law; Venue. This Agreement shall be governed by California law and venue for any action under this Agreement shall lie in Los Angeles County, California.

17. Waiver. No waiver of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the Party against which enforcement is sought.

18. Indemnification. In lieu of and notwithstanding the pro rata risk allocation which might otherwise be imposed between the parties pursuant to California Government Code Section 895.6, the parties agree all losses or liabilities incurred by a party shall not be shared pro rata but instead each party agrees that under California Government Code Section 895.4, each of the parties hereto shall fully indemnify and hold harmless the other party, its officers, employees and agents, from any claim, expense or cost, damage or liability imposed for injury (as defined by California Government Code Section 810.8) occurring by reason of the negligent acts or omissions or willful misconduct of the indemnifying party, or any of its officers, board members, employees or agents, under or in connection with or arising out of any work, authority or jurisdiction delegated to such party under this Agreement. No party, nor any officer, employee or agent, thereof, shall be responsible for any damage or liability occurring by reason of the negligent acts or omissions or willful misconduct of the other party or any of its officers, employees or agents, under or in connection with or arising out of any work, authority or jurisdiction delegated to such other parties under this Agreement.

19. Assistance of Counsel. Each Party warrants to the other as follows:

- (a) It had the assistance of counsel in the negotiation and execution of this Agreement; and
- (b) It authorized the execution of this Agreement in the manner required by law. To effectuate this Agreement, the Parties have caused their duly authorized representatives to execute this Agreement on the dates set forth below.

IN WITNESS WHEREOF, the parties have each executed this Agreement as of the dates indicated below.

**CITY OF SOUTH GATE**

**Approved as to Form:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Raul F. Salinas, City Attorney

**ORANGELINE DEVELOPMENT  
AUTHORITY DBA ECO-RAPID TRANSIT**

**Approved as to Form:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
General Counsel



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## Attachment 2:

South Gate Standard Professional Services Agreement  
to be completed for the three-party agreement



**AGREEMENT FOR PROFESSIONAL SERVICES FOR (TYPE OF SERVICE) SERVICES BETWEEN THE CITY OF SOUTH GATE AND (COMPANY NAME)**

This Agreement for Professional Services for (TYPE OF SERVICE) Services (“Agreement”) is made and entered into on (DATE), by and between the City of South Gate, a municipal corporation (“City”), and (COMPANY NAME), Inc., a California corporation (“Consultant”). City and Consultant are sometimes hereinafter individually referred to as a “Party” and collectively as “Parties.”

**RECITALS**

**WHEREAS**, City desires to retain a qualified provider for certain services relating to (TYPE OF SERVICE); and

**WHEREAS**, Consultant warrants to City that it has the requisite skills, knowledge, qualifications, manpower and expertise to perform properly and timely the Professional Services under this Agreement; and

**WHEREAS**, based on such representation, City desires to contract with Consultant to perform the services as described in the Scope of Services attached hereto as Exhibit “A” of this Agreement.

**NOW, THEREFORE**, the Parties hereby agree as follows:

- 1. SCOPE OF SERVICES.** City hereby engages Consultant, and Consultant accepts such engagement, to perform the services set forth in the Scope of Services as described in Exhibit “A” attached hereto and made part of this Agreement. The Scope of Services may be mutually amended from time to time by both Parties in writing.
- 2. COMPENSATION FOR SERVICES.** The total amount of compensation for this Agreement shall not exceed the sum of (SPELL OUT AMOUNT IN BOLD) **for example – One Thousand Two Hundred Twenty-Five Dollars – then put amount in parenthesis for example (\$1,225.00)** as described in Consultant’s proposal attached hereto as Exhibit “A.” City shall pay Consultant for its professional services rendered and costs incurred pursuant to this Agreement. No additional compensation shall be paid for any other expenses incurred, unless first approved in writing by (DIRECTOR’S TITLE OR CITY MANAGER) or his/her designee.
  - 2.1** Consultant shall be required to attend meetings at City Hall as necessary in the delivery of the projects. Travel time between Consultant’s office and City Hall shall not be billable. Consultant may request an exemption on a case-by-case basis, which shall be subject to City approval.
  - 2.2** Consultant shall be paid in accordance with the schedule included in Consultant’s proposal attached hereto as Exhibit “A.” City shall pay Consultant within thirty (30)

days of receipt of the invoice.

**2.3** No payment made hereunder by City to Consultant, other than the final payment, shall be construed as an acceptance by City of any work or materials, nor as evidence of satisfactory performance by Consultant of its obligations under this Agreement.

**3. TERM OF AGREEMENT.** This Agreement is effective as of **(DATE)**, and will remain in effect for a period of **(ENTER AMOUNT)** year from said date or until project completion, unless otherwise expressly extended and agreed to by both Parties in writing, or terminated by either Party as provided herein.

**4. CITY AGENT.** The **(DIRECTOR'S TITLE OR CITY MANAGER)** ("Director"), or his/her designee, for the purposes of this Agreement, is the agent for City. Whenever approval or authorization is required, Consultant understands that the Director, or his/her designee, has the authority to provide that approval or authorization.

**5. CONFLICT OF INTEREST.** Consultant represents that it presently has no interest and shall not acquire any interest, direct or indirect, in any real property located in the City which may be affected by the services to be performed by Consultant under this Agreement. Consultant further represents that in performance of this Agreement, no person having any such interest shall be employed by it. Within ten (10) days, Consultant agrees that it will immediately notify City of any other conflict of interest that may exist or develop during the term of this Agreement.

**5.1** Consultant represents that no City employee or official has a material financial interest in Consultant's business. During the term of this Agreement and/or as a result of being awarded this contract, Consultant shall not offer, encourage or accept any financial interest in Consultant's business or in this Agreement by any City employee or official.

## **6. GENERAL TERMS AND CONDITIONS.**

**6.1 Termination for Convenience.** City may terminate this Agreement at any time without cause by giving fifteen (15) days written notice to Consultant of such termination and specifying the effective date thereof. In that event, all finished or unfinished documents and other materials shall, at the option of City, become its property. If this Agreement is terminated by City as provided herein, Consultant will be paid the total amount of its costs as of the termination date. In no event shall the amount payable upon termination exceed the total maximum compensation provided for in this Agreement.

### **6.2 Termination for Cause.**

**6.2.1** City may, by written notice to Consultant, terminate the whole or any part of this Agreement in any of the following circumstances:

- a. If Consultant fails to perform the services required by this Agreement within the time specified herein or any authorized extension thereof; or
- b. If Consultant fails to perform the services called for by this Agreement or so fails to make progress as to endanger performance of this Agreement in accordance with its terms, and in either of these circumstances does not correct such failure within a period of ten (10) days (or such longer period as City may authorize in writing) after receipt of notice from City specifying such failure.

**6.2.2** In the event City terminates this Agreement in whole or in part as provided above in Subsection 6.2.1, City may procure, upon such terms and in such manner as it may deem appropriate, services similar to those terminated.

**6.2.3** If this Agreement is terminated as provided above in Subsection 6.2.1, City may require Consultant to provide all finished or unfinished documents, data, studies, drawings, maps, photographs, reports, films, charts, sketches, computations, surveys, models, or other similar documentation prepared by Consultant. Upon such termination, Consultant shall be paid an amount equal to the value of the work performed. In ascertaining the value of the work performed up to the date of termination, consideration shall be given to both completed work and work in progress, to complete and incomplete drawings, and to other documents whether delivered to City or in possession of Consultant, and to authorized reimbursement expenses.

**6.2.4** If, after notice of termination of the Agreement under the provisions of Subsection 6.2.1 above, it is determined, for any reason, that Consultant was not in default, or that the default was excusable, then the rights and obligations of the Parties shall be the same as if the notice of termination had been issued pursuant to Subsection 6.1. above.

**6.3 Non-Assignability.** Consultant shall not assign or transfer any interest in this Agreement without the express prior written consent of City.

**6.4 Non-Discrimination.**

**6.4.1** Consultant shall not discriminate against any employee, subcontractor, or applicant for employment because of race, creed, gender, gender identity (including gender expression), color, religion, ancestry, sexual orientation, national origin, disability, age, marital status, family/parental status, or veteran/military status, in the performance of its services and duties pursuant to this Agreement and will comply with all applicable laws, ordinances and codes of the Federal, State, and County and the City governments. Consultant will take affirmative action to ensure that subcontractors and applicants are

employed, and that employees are treated during employment without regard to their race, color, religion, ancestry, sex, national origin, disability, or age. Consultant will take affirmative action to ensure that all employment practices, including those of any subcontractors retained by Consultant to perform services under this Agreement, are free from such discrimination. Such employment practices include, but are limited to: hiring, upgrading, demotion, transfer, recruitment, recruitment advertising, layoff, termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

**6.4.2** The provisions of Subsection 6.4.2 above shall be included in all solicitations or advertisements placed by or on behalf of Consultant for personnel to perform any services under this Agreement. City shall have access to all documents, data, and records of Consultant and its subcontractors for purposes of determining compliance with the equal employment opportunity and non-discrimination provisions of this Section, and all applicable provisions of Executive Order No. 11246 (relating to federal restrictions against discriminatory practices) is available for review and on file with the City Clerk's Office.

**6.5 Insurance.** Consultant shall submit to City, certificates indicating compliance with the following minimum insurance requirements no less than one (1) day prior to beginning of performance under this Agreement:

**6.5.1** Workers Compensation Insurance as required by law. Consultant shall require all subcontractors similarly to provide such workers' compensation insurance for their respective employees.

**6.5.2** Comprehensive general and automobile liability insurance protecting Consultant in amounts not less than \$1,000,000 for personal injury to any one person, \$1,000,000 for injuries arising out of one occurrence, and \$500,000 for property damages or a combined single limit of \$1,000,000, with an aggregate of \$2,000,000. Each such policy of insurance shall:

- a. Be issued by a financially responsible insurance company or companies admitted and authorized to do business in the State of California or which is approved in writing by City.
- b. Name and list as additional insured the City, its officers and employees.
- c. Specify its acts as primary insurance.
- d. Contain a clause substantially in the following words: "It is hereby understood and agreed that this policy shall not be canceled except upon

thirty (30) days prior written notice to City of such cancellation or material change."

- e. Cover the operations of Consultant pursuant to the terms of this Agreement.

**6.6 Indemnification.** Consultant agrees to indemnify, defend and hold harmless City and/or any other City agency, including other employees, officers and representatives, for/from any and all claims or actions of any kind asserted against City and/or any other City agency arising out of Consultant's (including Consultant's employees, representatives, products and subcontractors) negligent performance under this Agreement, excepting only such claims or actions which may arise out of sole or active negligence of City and/or any other City agency, or any third parties not acting on behalf of, at the direction of, or under the control of Consultant.

**6.7 Compliance with Applicable Law.** Consultant and City shall comply with all applicable laws, ordinances, and codes of the Federal, State, County and City governments, without regard to conflict of law principles.

**6.8 Independent Contractor.** This Agreement is by and between City and Consultant and is not intended, nor shall it be construed, to create the relationship of agency, servant, employee, partnership, joint venture, or association, as between City and Consultant.

**6.8.1** Consultant shall be an independent contractor and shall have no power to incur any debt or obligation for or on behalf of City. Neither City nor any of its officers or employees shall have any control over the conduct of Consultant, or any of Consultant's employees, except as herein set forth, and Consultant expressly warrants not to, at any time or in any manner, represent that it, or any of its agents, servants or employees are in any manner employees of City, it being distinctly understood that Consultant is and shall at all times remain to City a wholly independent contractor and Consultant's obligations to City are solely such as are prescribed by this Agreement.

**6.8.2** Indemnification of CalPERS Determination - In the event that Consultant or any employee, agent, or subcontractor of Consultant providing services under this Agreement claims or is determined by a court of competent jurisdiction or CalPERS to be eligible for enrollment in CalPERS as an employee of City, Consultant shall indemnify, defend, and hold harmless City for the payment of any employee and/or employer contributions for CalPERS benefits on behalf of Consultant or its employees, agents, or subcontractors, as well as, for the payment of any penalties and interest on such contributions which would otherwise be the responsibility of City.

**6.8.3** Business License Required. According to Title 2.08.40 of the South Gate

Municipal Code, a business license will be required prior to doing business within the City, even if the business is located outside of the City. Verification of a valid South Gate business license will be required prior to start of work and any fees associated with the acquisition or maintenance of such business license shall be the sole responsibility of Consultant.

## **6.9 Consultant's Personnel.**

- 6.9.1** All services required under the Agreement will be performed by Consultant, or under Consultant's direct supervision, and all personnel shall possess the qualifications, permits and licenses required by State and local law to perform such services, including, without limitation, a City of South Gate business license as required by the South Gate Municipal Code.
- 6.9.2** Consultant shall be solely responsible for the satisfactory work performance of all personnel engaged in performing services required by this Agreement, and compliance with all reasonable performance standards established by City.
- 6.9.3** Consultant shall be responsible for payment of all employees' and subcontractors' wages and benefits and shall comply with all requirements pertaining to employer's liability, workers' compensation, unemployment insurance and Social Security.
- 6.9.4** Consultant shall indemnify and hold harmless City and all other related entities, officers, employees and representatives from any liability, damages, claims, costs, and expenses of any nature arising from alleged violations of personnel practices or of any acts of omissions by Consultant in connection with the work performed arising from this Agreement.

**6.10 Copyright.** No reports, maps or other documents produced in whole or in part under this Agreement shall be the subject of an application for copyright by or on behalf of Consultant.

## **6.11 Legal Construction.**

- 6.11.1** This Agreement is made and entered into in the State of California and shall in all respects be interpreted, enforced, and governed under the laws of the State of California without regard to conflict of law principles.
- 6.11.2** This Agreement shall be construed without regard to the identity of the persons who drafted its various provisions. Each and every provision of this Agreement shall be construed as though each of the parties participated equally in the drafting of same, and any rule of construction that a document is to be construed against the drafting party shall not be applicable to this Agreement.

**6.11.3.** The article and section, captions and headings herein have been inserted for convenience only and shall not be considered or referred to in resolving questions of interpretation or construction.

**6.11.4.** Whenever in this Agreement the context may so require, the masculine gender shall be deemed to refer to and include the feminine and neuter, and the singular shall refer to and include the plural.

**6.12 Counterparts.** This Agreement may be executed in counterparts and, as so executed, shall constitute an agreement which shall be binding upon all Parties hereto.

**6.13 Final Payment Acceptance Constitutes Release.** The acceptance by Consultant of the final payment made under this Agreement shall operate as and be a release of City from all claims and liabilities for compensation to Consultant for anything done, furnished, or relating to Consultant's work or services. Acceptance of payment shall be any negotiation of City's check or the failure to make a written extra compensation claim within ten (10) calendar days of the receipt of that check. However, approval or payment by City shall not constitute, nor be deemed, a release of the responsibility and liability of Consultant, its employees, sub-consultants and agents for the accuracy and competency of the information provided and/or work performed; nor shall such approval or payment be deemed to be an assumption of such responsibility or liability by City for any defect or error in the work prepared by Consultant, its employees, sub-consultants and agents.

**6.14 Corrections.** In addition to the above indemnification obligations, Consultant shall correct, at its expense, all errors in the work which may be disclosed during City's review of Consultant's report or plans. Should Consultant fail to make such correction in a reasonably, timely manner, such correction shall be made by City, and the cost thereof shall be charged to Consultant.

**6.15 Files.** All files of Consultant pertaining to City shall be and remain the property of City. Consultant will control the physical location of such files during the term of this Agreement and shall be entitled to retain copies of such files upon termination of this Agreement.

**6.16 Waiver; Remedies Cumulative.** Failure by a Party to insist upon the performance of any of the provisions of this Agreement by the other party, irrespective of the length of time for which such failure continues, shall not constitute a waiver of such Party's right to demand compliance by such other Party in the future. No waiver by a Party of a default or breach of the other party shall be effective or binding upon such a Party unless made in writing by such Party, and no such waiver shall be implied from any omissions by a Party to take any action with respect to such default or breach. No express written waiver of a specified default or breach shall affect any other default or



breach, or cover any other period of time, other than any default or breach and/or period of time specified. All of the remedies permitted or available to a Party under this Agreement, or at law or in equity, shall be cumulative and alternative, and invocation of any such right or remedy shall not constitute a waiver or election of remedies with respect to any other permitted or available right of remedy.

**6.17 Mitigation of Damages.** In all such situations arising out of this Agreement, the Parties shall attempt to avoid and minimize the damages resulting from the conduct of the other Party.

**6.18 Severability.** If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

**6.19 Attorneys' Fees.** The Parties hereto acknowledge and agree that each will bear his or its own costs, expenses and attorneys' fees arising out of and/or connected with the negotiation, drafting and execution of the Agreement, and all matters arising out of or connected therewith except that, in the event any action is brought by any Party hereto to enforce this Agreement, the prevailing Party in such action shall be entitled to reasonable attorneys' fees and costs in addition to all other relief to which that Party or those Parties may be entitled.

**6.20 Entire Agreement and Amendments.** This Agreement constitutes the whole agreement between City and Consultant, and neither party has made any representations to the other except as expressly contained herein. Neither party, in executing or performing this Agreement, is relying upon any statement or information not contained in this Agreement. Any amendments, changes or modifications to this Agreement must be made in writing and appropriately executed by both City and Consultant.

**6.21 Notices.** Any notice required to be given hereunder shall be deemed to have been given by email transmission with confirmation of delivery and depositing said notice in the United States mail, postage prepaid, and addressed as follows:

**TO CITY:**

City of South Gate

**(DIRECTOR'S NAME & TITLE OR CM)**

**(ADDRESS)**

South Gate, CA 90280

Email: **(EMAIL ADDRESS)**

TEL: **(PHONE NO.)**

**WITH COURTESY COPY TO:**

City of South Gate

Yodit Glaze, City Clerk

8650 California Avenue

South Gate, CA 90280

Email: [yglaze@sogate.org](mailto:yglaze@sogate.org)

TEL: (323)563-9511



**TO CONSULTANT:**

**(NAME OF CONSULTANT)**

**(CONSULTANT'S TITLE)**

**(CONSULTANT/COMPANY NAME)**

**(COMPANY ADDRESS)**

**(CITY, STATE, ZIP CODE)**

**(CONSULTANT'S EMAIL ADDRESS)**

**(PHONE NUMBER)**

**6.22 Warranty of Authorized Signatories.** Each of the signatories hereto warrants and represents that he or she is competent and authorized to enter into this Agreement on behalf of the Party for whom he or she purports to sign.

**6.23 Consultation with Attorney.** Consultant warrants and represents that it has consulted with an attorney or knowingly and voluntarily decided to forgo such a consultation.

**6.24 Interpretation Against Drafting Party.** City and Consultant agree that they have cooperated in the review and drafting of this agreement. Accordingly, in the event of any ambiguity, neither Party may claim that the interpretation of this Agreement shall be construed against either Party solely because that Party drafted all or a portion of this Agreement, or the clause at issue.

**7. EFFECTIVE DATE.** The effective date of this Agreement is **(DATE)** and will remain in effect through and until project completion, unless otherwise terminated in accordance with the terms of this Agreement.

[Remainder of page left blank intentionally.]

**IN WITNESS WHEREOF**, the Parties hereto have caused this Agreement to be executed and attested by their respective officers thereunto duly authorized.

**CITY OF SOUTH GATE:**

By: \_\_\_\_\_  
Al Rios, Mayor

Dated: \_\_\_\_\_

**ATTEST:**

By: \_\_\_\_\_  
Yodit Glaze, City Clerk  
(SEAL)

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Raul F. Salinas, City Attorney

**(COMPANY NAME):**

By: \_\_\_\_\_  
**(CONSULTANT'S NAME)**

Dated: \_\_\_\_\_



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City Manager Representative

Internal Auditor  
(Vacant)

## AGENDA REPORT

TO: Members of Eco-Rapid Transit Board of Directors

FROM: Eric C. Shen, Executive Director 

DATE: February 8, 2023

SUBJECT: **ITEM 8: Ad Hoc Budget Sub-Committee Report on Options to Address FY2022/23 Finance Issues**

Public comments on items on the agenda will be taken at the time the item is called and are limited to 3 minutes per speaker.

## RECOMMENDATION

Approve the Ad-Hoc Sub-Committee's recommendation and direct staff to take appropriate actions.

## ISSUES

On January 23, 2023, after reviewing Item 9 of the agenda report (see Attachment), the Board of Directors directed Executive Director to discuss with respective City Managers and solicit input. The Board also formed an ad hoc budget subcommittee to review workable options. The ad hoc subcommittee is scheduled to meet at 11 am Pacific Time on February 8, 2023 and make a recommendation to the Board for consideration.

## BACKGROUND

The Board was informed the urgent need for additional cash infusion or loan option to pay all invoices for services and expenses incurred between January and June 2023. Table 1 summarizes the basic operating costs and magnitude of funding needs:

PROJECTED MONTHLY EXPENDITURE (as of 2/8/2023)							
JANUARY 1-JUNE 30, 2023							
Item	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
Board Stipend	\$800	\$800	\$800	\$800	\$800	\$800	<b>\$4,800</b>
Executive Director	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	<b>\$30,000</b>
Admin Services	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	<b>\$30,000</b>
Project Manager*	\$1,000	\$2,000	\$2,500	\$2,500	\$3,000	\$3,000	<b>\$14,000</b>
Accounting Services	\$4,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	<b>\$29,000</b>
Admin Intern	\$100	\$200	\$200	\$200	\$200	\$200	<b>\$1,100</b>
General Counsel	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	<b>\$30,000</b>



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IT Support**	\$450	\$200	\$200	\$200	\$200	\$450	<b>\$1,700</b>
Web Hosting**	\$40	\$1,000	\$29	\$29	\$29	\$29	<b>\$1,156</b>
Insurance**	\$150	\$0	\$600	\$600	\$600	\$600	<b>\$2,550</b>
FY20/21 Audit	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	<b>\$13,500</b>
FY20/21 Audit Support	\$1,665	\$1,665	\$1,665	\$1,665	\$1,665	\$1,665	<b>\$9,990</b>
FY21/22 Audit	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	<b>\$13,500</b>
FY21/22 Audit Support	\$1,665	\$1,665	\$1,665	\$1,665	\$1,665	\$1,665	<b>\$9,990</b>
<b>Totals:</b>	<b>\$29,370</b>	<b>\$32,030</b>	<b>\$32,159</b>	<b>\$32,159</b>	<b>\$32,659</b>	<b>\$32,909</b>	<b>\$191,286</b>

*\* To be reimbursed by grant-funded projects*

*\*\* Migrating to a new web host. An initial cut-over of webpage redesign cost.*

**TABLE 1: PROJECTED EXPENDITURE FOR BASIC OPERATING COSTS**

There is insufficient balance to pay incurred expenses in January 2023 as projected. On February 8, 2023, the Board of Directors are advised to defer all payments except to pay the liability insurance premium until sufficient funds are secured under Item 6.

Due to the short turn-around between the January and February Board meetings, Executive Director was able to meet five cities and discussed three feasible options:

- Artesia: City Manager Aldo Schindler
- Cudahy: City Manager Al Noyola
- Cerritos: City Manager Art Gallucci and Senior Assistant City Manager Torrey Contreras
- Paramount: City Manager John Moreno
- South Gate: City Manager Chris Jeffers

**OPTIONS DISCUSSED WITH CITY MANAGERS:**

1. A one-time special assessment due to underfunded operating costs from all current voting members, excluding the pending membership of LA County
2. Borrowing from member cities through loan agreements
3. Borrowing from a commercial bank (aka the Bank of the West) via Line of Credit, to be paid back via increasing future membership dues

Executive Director understood that some cities' fiscal constraints and could not entertain Option 2. Additionally, Option 3 could be most costly to all member agencies to pay back the commercial loan. Thus, Option 1 appears to be more viable for consideration due to its practicality and direct nexus. The total estimated amount of **\$192,000** (run-up) based on the projected monthly expenditure between January and June 2023.



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Table 2 illustrates two sets of cost for each member agency if Option 1 is considered:

Members	FY2022/23 Membership		Special Assessment To Close Funding Gap: \$192,000		
	Amount	Proportion	By Portion	Equal Contribution	Delta
<b>Airport Auth</b>	\$30,371.20	14.69%	\$ 28,204.80	\$ 16,000.00	\$ 12,204.80
<b>Artesia</b>	\$8,627.73	4.17%	\$ 8,006.40	\$ 16,000.00	\$ (7,993.60)
<b>Bell</b>	\$5,356.37	2.59%	\$ 4,972.80	\$ 16,000.00	\$ (11,027.20)
<b>Bell Gardens</b>	\$3,623.82	1.75%	\$ 3,360.00	\$ 16,000.00	\$ (12,640.00)
<b>Cerritos</b>	\$17,427.09	8.43%	\$ 16,185.60	\$ 16,000.00	\$ 185.60
<b>Cudahy</b>	\$9,281.66	4.49%	\$ 8,620.80	\$ 16,000.00	\$ (7,379.20)
<b>Downey</b>	\$15,162.22	7.33%	\$ 14,073.60	\$ 16,000.00	\$ (1,926.40)
<b>Glendale</b>	\$38,125.81	18.44%	\$ 35,404.80	\$ 16,000.00	\$ 19,404.80
<b>H Park</b>	\$20,233.11	9.79%	\$ 18,796.80	\$ 16,000.00	\$ 2,796.80
<b>Maywood</b>	\$3,329.73	1.61%	\$ 3,091.20	\$ 16,000.00	\$ (12,908.80)
<b>Paramount</b>	\$20,220.81	9.78%	\$ 18,777.60	\$ 16,000.00	\$ 2,777.60
<b>South Gate</b>	\$35,006.28	16.93%	\$ 32,505.60	\$ 16,000.00	\$ 16,505.60
	<b>\$206,765.83</b>	<b>100.00%</b>	<b>\$ 192,000.00</b>	<b>\$ 192,000.00</b>	<b>\$ -</b>

TABLE 2: CALCULATION OF SPECIAL ASSEMENT

Executive Director will discuss with each of these options with the ad hoc budget subcommittee in the morning of February 8, 2023 and seek to reach consensus on an approach to overcome the current cash flow problems.

## FISCAL IMPACT

The new management team uncovered chronic financial practice and alerted the Board in December 2022 about the serious cash flow problems that requires additional funding sources. Both tables in this report outline the membership dues collected back at the beginning of Fiscal Year 2022/23 and the magnitude of funding shortfall to cover the basic operating costs. An estimated \$30,000 - \$35,000 per month operating costs, or between \$360,000 and \$420,000 would be a reasonable expectation for the overall Fiscal Year 2023/24 budget.

Attachment: Item #9 of the January 23, 2023 Board of Directors Report

ERT BOD 20230208 ITEM 8 VF.DOCX



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**Attachment:  
Item #9 of the January 23, 2023 Board of Directors Report**



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## AGENDA REPORT

TO: Members of Eco-Rapid Transit Board of Directors

FROM: Eric C. Shen, Executive Director 

DATE: January 23, 2023

SUBJECT: **ITEM 9: Budget: FY2022/23 Mid-Year Update and FY2023/24 Preparation**

Public comments on items on the agenda will be taken at the time the item is called and are limited to 3 minutes per speaker.

## RECOMMENDATION

Receive and file the FY2022/23 mid-year budget update and give policy direction to staff on the FY2023/24 budget preparation.

## ISSUES

In December 2022, staff alerted the Board of Directors Executive Officers regarding the expected shortfall to pay on-going expenses with the approved FY2022/23 budget of \$206,766. The new management is re-examining every expense item; eliminating ambiguous, inactive and ineffective contracts; and seeking new cost proposals for basic services. Nevertheless, additional funding options are still needed to pay basic operational expenses through the end of FY2022/23. Concurrently, staff is seeking policy directions from the Board on the FY2023/24 annual budget planning process to minimize the occurrence of negative cash flow.

## BACKGROUND

On April 13, 2022, the Board adopted the FY2022/23 budget that included a 7% increase from the prior year (see Attachment 1). **Table 1 and Table 2** summarize the itemized amounts within the approved budget and the proportional shares among member jurisdictions. During the transition of management in November and December 2022, staff discovered that the chronic cash flow problems could no longer be deferred or overlooked. As most membership dues had been collected in July/August 2022 and exhausted by November/December 2022, staff expects no new revenues between February and June 2023 to cover the basic operating costs.

As shown in **Table 3**, Income versus Expenditure since July 2019, the first negative cash flow occurred in January 2021. Subsequently, eight (8) more instances of negative monthly cash flow occurred between February 2021 and June 2022. The collected FY2022/23





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membership dues in July 2022 provided an immediate infusion to backfill chronic negative cash flow. However, the collected dues from 11 members were exhausted by December 2022.

In early December, the new management team instituted emergency steps, including new Executive Director's voluntary deferment of November paycheck, to ensure there is sufficient funds to pay all issued checks through mid-December 2022.

On January 19, 2023, the last membership dues (\$20,233.11) from the City of Huntington Park were received and deposited. As the Board approves the Treasurer Report and Warrant Register on January 23, 2023 for the invoices of December 2022 under Consent Items 5B and 5C, the projected bank balance of \$1139.89 when all checks are cashed.

Since the FY2022/23 membership dues have been collected and exhausted, additional financial resources or options should be considered to sustain the basic operating costs for January thru June 2023.

## Summary of FY22-23 Approved Budget

**Normalized Monthly Burn-rate: \$17,230**

ECO-RAPID GENERAL	FY 22-23 Approved Budget
<b>REVENUE</b>	
Membership Dues	\$206,766
<b>TOTAL REVENUE</b>	<b>\$206,766</b>
<b>EXPENSES</b>	
Executive Director	\$60,000
Office Administration	\$38,000
Staff/Consultants	\$36,500
Office Expenses/Supplies	\$12,500
Insurance	\$6,600
Professional Services	\$31,000
Meetings	\$14,000
Travel/Miles	\$7,000
<b>TOTAL EXPENSES</b>	<b>\$205,600</b>
<b>FUND BALANCE</b>	<b>\$1,166</b>

Table 1

FY 22-23 Membership Dues		
Bur-Gle-Pas Airport	\$ 30,371.20	14.69%
Artesia	\$ 8,627.73	4.17%
Bell	\$ 5,356.37	2.59%
Bell Gardens	\$ 3,623.82	1.75%
Cerritos	\$ 17,427.09	8.43%
Cudahy	\$ 9,281.66	4.49%
Downey	\$ 15,162.22	7.33%
Glendale	\$ 38,125.81	18.44%
H Park	\$ 20,233.11	9.79%
Maywood	\$ 3,329.73	1.61%
Paramount	\$ 20,220.81	9.78%
South Gate	\$ 35,006.28	16.93%
	<b>\$ 206,765.83</b>	

Table 2

## Preliminary Review of Causes and Corrective Measures

- 1. Reimbursement for Working on Grant-Funded Projects:** The significant lag-time for receiving reimbursements from granting agencies is a common problem for grant recipients. Since Eco-Rapid Transit relies solely on membership dues as its "General Fund" to pay all expenses, an occasional negative cash flow during a month is expected. With proactive management and financial monitoring, consecutive negative cash flow may have been reduced or avoided (See **Table 3**, January–March 2021; September–December 2021; and April–June 2022).



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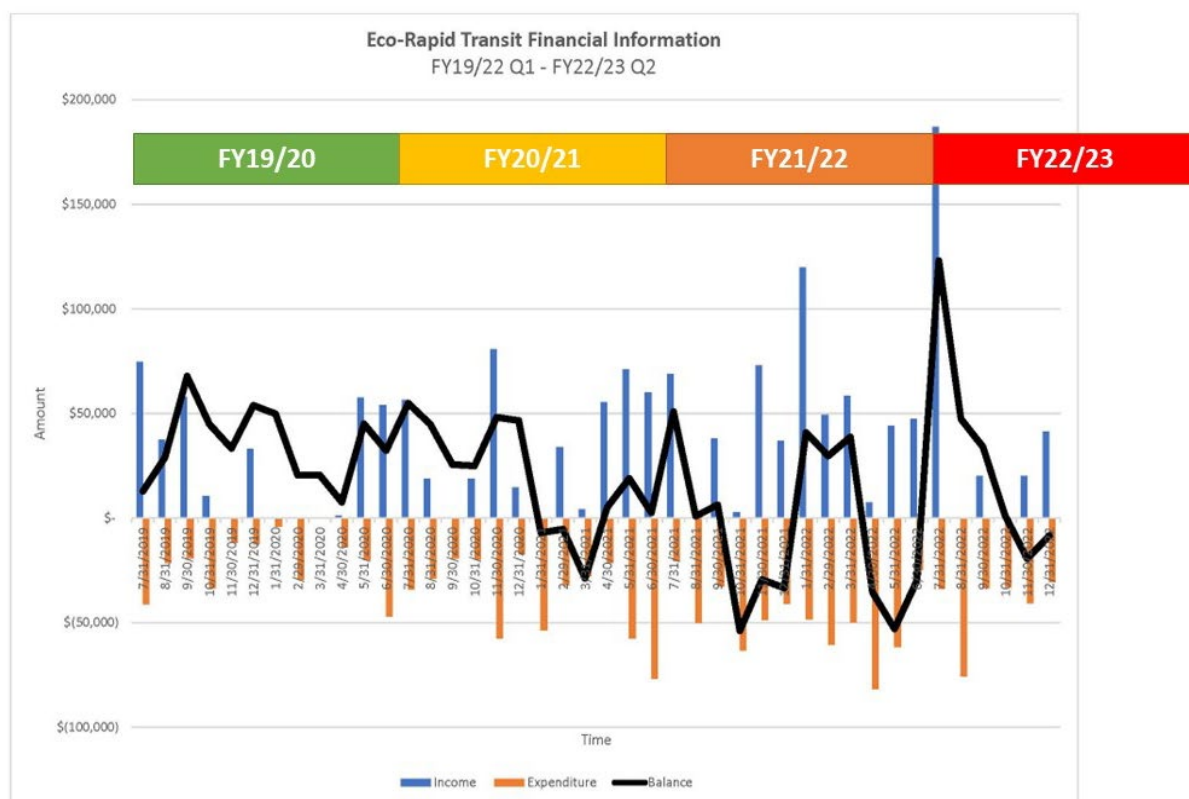
General Counsel  
Matthew T. Summers

Ex-Officio  
Ricardo Reyes  
City Manager Representative

Internal Auditor  
(Vacant)

However, the more grant-funded activities we perform, the more cash reserve will be needed to pay consultants and staff in advance.

2. **Use of Next Year's Dues to Pay Prior Year's Debt:** As stated earlier, newly collected membership dues for FY2022/23 were quickly used to backfill the negative cash flow in the prior fiscal year.
3. **Underestimate of Added Costs in FY2022/23:** The cash flow issue is worsened due to an apparent underestimate of actual operating costs. Specifically, the omission of overlapping staffing costs during the management transition in October-December 2022, audits, transfer of financial services to the City of South Gate, and the necessary legal support, all added up to significant and necessary costs to run the agency.



4. **Underestimate of Fully Burdened Rates for Grant-funded Projects:** For every billable hour on grant funded projects, Eco-Rapid Transit only bills granting agency a fraction of the added percentage. Staff will review the current practice and work towards a certifiable and accurate fully burdened rates for professional staff. In turns, the eligible administrative overhead costs could be relieved from our general funds (membership dues).



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Chair of the Board

**City of Bell**  
Mr. Jesus Casas

**City of Bell Gardens**  
Hon. Alejandra Cortez  
Secretary of the Board

**City of Cerritos**  
Hon. Bruce Borrows

**City of Cudahy**  
Hon. Jose R. Gonzalez  
Vice Chair of the Board

**City of Downey**  
Hon. Claudia M. Frometa

**City of Glendale**  
(Vacant)

**City of Huntington Park**  
Hon. Karina Marcia

**City of Maywood**  
Ms. Angelina Martinez

**City of Paramount**  
Hon. Isabel Aguayo  
Treasurer of the Board

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Ricardo Reyes  
City Manager Representative

Internal Auditor  
(Vacant)

- 5. Accountability, Transparency and Active Management:** Staff is committed to manage cash flow proactively and to clearly communicate with the Board with an utmost transparency and accountability.

## Projected Expenditure Through the End of FY2022/23

Without additional infusion of cash or loan option immediately, Eco-Rapid Transit will not have sufficient funds to pay all invoices for services incurred in January through June 2023. **Table 4** summarizes the basic operating costs and magnitude of funding needs in the next six months.

PROJECTED MONTHLY EXPENDITURE JANUARY 1-JUNE 30, 2023							
Item	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
Board Stipend	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$7,200
Executive Director	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$30,000
Admin Services	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$30,000
Project Manager*	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$21,000
Accounting Services	\$4,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$19,000
Admin Intern	\$100	\$100	\$100	\$100	\$100	\$100	\$600
General Counsel	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$30,000
IT Support**	\$450	\$450	\$450	\$450	\$450	\$450	\$2,700
Web Hosting**	\$29	\$29	\$29	\$29	\$29	\$29	\$174
Insurance**	\$600	\$600	\$600	\$600	\$600	\$600	\$3,600
FY20/21 Audit	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$13,500
FY20/21 Audit Support	\$1,665	\$1,665	\$1,665	\$1,665	\$1,665	\$1,665	\$9,990
FY21/22 Audit	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$13,500
FY21/22 Audit Support	\$1,665	\$1,665	\$1,665	\$1,665	\$1,665	\$1,665	\$9,990
<b>Totals:</b>	<b>\$32,709</b>	<b>\$31,709</b>	<b>\$31,709</b>	<b>\$31,709</b>	<b>\$31,709</b>	<b>\$31,709</b>	<b>\$191,254</b>

\* To be reimbursed by grant-funded projects

\*\* Will seek alt. pricing options to reduce cost

**TABLE 4**

## Policy Direction for Preparing FY2023/24

While the new management is committed to explore every cost-cutting measure, many basic operating costs associated with professional services will need to reflect the fair-market rates. Options for the Board to explore include:

- Population Cost:** The FY2022/23 budget used \$0.070 per person based on the 2010 census data. The FY2023/24 budget will be using the 2020 census data. As



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most member cities experienced negative population growth in the last 10 years, it is prudent to adjust the per-person population cost upwards, or the annual budget would be reduced further.

- **Track Miles:** Direct staff to review the basis for \$3,941.15/mile used in FY2022/23 and report back on different rates and effects.
- **Stations:** Direct staff to review the basis for \$5,000 per station used in FY2022/23 and report back on different rates or methodologies.

In addition to examining these unit cost used in the past, staff recommends a parallel exercise for the Board's consideration:

- Examine and report back the actual yet minimum operating costs to keep the agency effective, relevant, and high-quality.
- Separate the board stipend from the regular membership dues. Each member jurisdiction could prepay an additional \$1,200 along with the membership dues. Identical to the currently practice, each Director will receive \$100 stipend after attending each monthly meeting. The new stipend tracking could be deducted from his/her agency's prepayment. Any unused stipend could be rolled into the following year. The net effect would be an immediate increase of \$14,400 in the general funds to pay for operating costs.
- Review all Review all current Professional Service Contracts and Purchase Orders. Terminate unused, under-used, or uncleared contracts. Streamline internal processes and contain unnecessary/hidden admin costs.
- Re-negotiate contract terms for General Counsel and Accounting Services from time-and-material to monthly retainer basis.

Attachments:

Attachment 1: April 13, 2022 Board Memo and Minutes

Attachment 2: Detail calculation of FY2022/23 membership dues

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## Item 09 Attachment 1: April 13, 2022 Board Memo and Minutes



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Burbank-Glendale-Pasadena  
Airport Authority

Chair

Ali Sajjad Taj  
Council Member  
City of Artesia

Vice-Chair

Sean Ashton  
Councilmember  
City of Downey

Secretary

Vrej Agajanian  
Councilmember  
City of Glendale

Treasurer

Jose R. Gonzalez  
Mayor  
City of Cudahy

Internal Auditor

Alejandra Cortez  
Councilmember  
City of Bell Gardens

Executive Director  
Michael R. Kodama

General Counsel  
Matthew T. Summers

Ex-Officio  
Ricardo Reyes  
City Manager Representative

## AGENDA REPORT

TO: Members of Eco-Rapid Transit Board of Directors

FROM: Michael Kodama, Executive Director  
Allyn Rifkin, Transportation Planner/Engineer

DATE: April 13, 2022

SUBJECT: **APPROVAL OF ECO-RAPID TRANSIT MEMBERSHIP DUES FOR FY 2022-2023**

Public comments on items on the agenda will be taken at the time the item is called and are limited to 3 minutes per speaker

### ISSUE

As Eco-Rapid Transit prepares for the new fiscal year, staff seeks guidance and input from the Board of Directors regarding current membership dues.

While membership dues have remained constant since 2016-2017, members are now being asked to consider:

- 1) keep the same membership dues or
- 2) increase membership dues for 2022-23 by an amount of either 5%, 7% or 10%.

### BACKGROUND

Eco-Rapid Transit membership dues are calculated based upon population, track miles and the location of stations along the proposed route.

Population: \$0.070  
Track Miles: \$3,941.15/mile  
Stations: \$5,000

The total membership dues also included a one-time 15% fee established in FY2016-2017. Since then, membership dues have remained unchanged.

Station fees are calculated on a formula based on location of the station and jurisdictions within walking distance of a station. For example, the Firestone/Atlantic Station is located in South Gate (0.6) and adjacent to Cudahy (0.4).

Attached for your consideration are proposed membership dues for FY 2022-2023. The Board of Directors is given the following choices:

1. No changes in Membership Dues - \$193,239.10
2. Increase membership dues by 5% - \$202,901.06
3. Increase membership dues by 7% - \$206,765.84
4. Increase membership dues by 10% - \$212,563.01



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Staff recognizes that there is an immediate need to secure additional funds to build the WSAB project. There is also an opportunity to potentially secure regional rail funds for the line from Burbank Airport to Union Station. This increase in membership dues would be used to cover anticipated expenses associated with these additional efforts to secure both regional rail funds and West Santa Ana Branch state and federal funds. It is expected that this additional effort will require not only more staff time, but also trips to both Sacramento and Washington DC.

The increase in membership dues will also help to defray the additional costs of doing business in Los Angeles. During the past year, the United States Bureau of Labor Statistics has indicated that the Consumer Price Index in the Los Angeles area has increased 7.4%.

**See Attached Table for Membership Dues FY 2022-2023**

**RECOMMENDATION**

It is recommended that the Board:

1. Discuss information presented and offer action on item; and/or
2. Approve no change in membership dues or approve a 5%, 7% or 10% increase in membership dues.

<b>Membership Dues FY 2022-2023</b>				
<b>Member</b>	<b>Annual Dues</b>	<b>Plus 5%</b>	<b>Plus 7%</b>	<b>Plus 10%</b>
Airport Authority	\$28,384.30	\$29,803.52	\$30,371.20	\$31,222.73
City of Artesia	\$8,063.30	\$8,466.47	\$8,627.73	\$8,869.63
City of Bell	\$5,005.95	\$5,256.25	\$5,356.37	\$5,506.55
City of Bell Gardens	\$3,386.75	\$3,556.09	\$3,623.82	\$3,725.43
City of Cerritos	\$16,287.00	\$17,101.35	\$17,427.09	\$17,915.70
City of Cudahy	\$8,674.45	\$9,108.17	\$9,281.66	\$9,541.90
City of Downey	\$14,170.30	\$14,878.82	\$15,162.22	\$15,587.33
City of Glendale	\$35,631.60	\$37,413.18	\$38,125.81	\$39,194.76
City of Huntington Park	\$18,909.45	\$19,854.92	\$20,233.11	\$20,800.40
City of Maywood	\$3,111.90	\$3,267.50	\$3,329.73	\$3,423.09
City of Paramount	\$18,897.95	\$19,842.85	\$20,220.81	\$20,787.75
City of South Gate	\$32,716.15	\$34,351.96	\$35,006.28	\$35,987.77
<b>TOTAL</b>	<b>\$193,239.10</b>	<b>\$202,901.06</b>	<b>\$206,765.84</b>	<b>\$212,563.01</b>

**DRAFT**  
**MINUTES OF THE REGULAR MEETING OF**  
**ECO-RAPID TRANSIT/ORANGELINE DEVELOPMENT AUTHORITY**  
**April 13, 2022**  
**Teleconference Meeting via Zoom or by Phone**

**CALL TO ORDER**

Eco-Rapid Transit Board Chair Ali Sajjad Taj called the meeting to order at 6:31PM.

**PLEDGE OF ALLEGIANCE**

Board Secretary, Vrej Agajanian led the assembly in the flag salute.

**ROLL CALL AND INTRODUCTION OF ATTENDEES**

Authority Board Members Present:

Ali Sajjad Taj, Chair, Councilmember, City of Artesia  
Vrej Agajanian, Secretary, Councilmember, City of Glendale  
Sylvia Martinez, Board Member, Councilmember, City of Bell  
Frank Quintero, Alternate Board Member, Burbank Airport Authority  
Bruce Barrows, Board Member, Councilmember, City of Cerritos  
Claudia Frometa, Board Member, Councilmember, City of Downey  
Karina Macias, Board Member, Councilmember, City of Huntington Park  
Reyna Mendez, Alternate Board Member, City of Maywood  
Isabel Aguayo, Board Member, Vice Mayor, City of Paramount  
Maria Davila, Board Member, Councilmember, City of South Gate  
Chris Jeffers, Alternate City Manager Representative, City Manager, City of South Gate

Others:

Michael R. Kodama, Executive Director, Eco-Rapid Transit  
Viviana Gomez, Transportation Deputy, Office of Supervisor Janice Hahn  
Daniel Cervantes, Field Representative, Office of Senator Lena Gonzalez  
Lilly O'Brien, Senior Deputy of Transportation and Infrastructure, Office of Supervisor Holly Mitchell  
Viviana Gomez, Transportation Deputy, Office of Supervisor Janice Hahn  
Torrey Contreras, Assistant City Manager, City of Cerritos  
Karen Lee, Management Analyst, City of Artesia  
Steve Forster, Community Development Director, City of Huntington Park  
Kevin Acebo, President, Acebo and Associates  
Kaaren-Lynn Graves, Executive Director, Arizona Hispanic Chamber of Commerce  
Norm Emerson, Emerson & Associates  
Anita Gardyne, Oneva Care  
Brianna Melgoza, Cal Poly Pomona  
John Gutierrez, MBDA Pasadena Business Center  
Jason  
Lillian Burkenheim, Eco-Rapid Transit Community Planning and Development Director  
Allyn Rifkin, Transportation Planner/Engineer, Eco-Rapid Transit



Bruno Naulls, Community Planner, Eco-Rapid Transit  
Cristina Quintero, Administration, Michael Kodama Planning Consultants

#### **ITEM 4 - CONSENT CALENDAR**

- a) Approval of Minutes of March 9, 2022**
- b) Approval of Warrant Register dated April 13, 2022**
- c) Approval of Treasurer's Report for the period of March 2022**
- d) Teleconferencing Legislation: AB361 and Approval of Resolution 2022-03 of the Eco-Rapid Transit Board of Directors Authorizing Remote Teleconferencing Meetings of Eco-Rapid Transit Board of Directors Pursuant to Government Code Section 54953(e) for the continuance of virtual Meetings and Teleconference as the County of Los Angeles is Under Certain Emergency Orders and Still Promotes Social Distancing and the Use of Face Mask.**

**MOTION:** Board Member Frank Quintero, Burbank Airport Authority, moved to approve the Consent Calendar. Board Member Maria Davila, City of South Gate, seconded the motion which was approved unanimously by roll call vote.

#### **ITEM 5 - PUBLIC COMMENTS**

No Public Comments were received.

Note: Item 6 was taken out of order by request of Chair Ali Sajjad Taj, City of Artesia, and item 7 was heard first without objection.

#### **ITEM 6 – PRESENTATION BY MS. LILLY O'BRIEN, SENIOR DEPUTY, INFRASTRUCTURE AND TRANSPORTATION, OFFICE OF LOS ANGELES COUNTY SUPERVISOR HOLLY MITCHELL**

Lilly O'Brien, Senior Deputy of Transportation and Infrastructure for the Office of Holly Mitchell, Los Angeles County Supervisor 2nd District, came to introduce herself and to share information regarding Supervisor Mitchell's intent to support and advocate for Eco-Rapid Transit and the accelerated development of the WSAB Corridor light rail system. Ms. O'Brien noted that although only a small part of the second Supervisorial district is located in the WSAB Corridor, the Supervisor looks at the value of the project and sees a regional benefit and obligation to advocate for, and support the use of a portion of the County's \$10 Billion dollar budget to assist in the acceleration of the Project. She stated that she was impressed with the level of support and advocacy for the WSAB corridor. Ms. O'Brien also mentioned another point of advocacy that Supervisor Mitchell will support called the Vermont Transit Corridor and feels it is in alignment with the needs of the WSAB corridor cities. It has been identified as one the High Need Mobility Communities in the County, as is many of the WASB corridor cities, and it will potentially need support going forward to obtain similar funds for improvements in the future.

Chair Ali Sajjad Taj, City of Artesia thanked Ms. O'Brien for coming and sharing on behalf of Supervisor Holly Mitchell, and noted there is a 20 year history to the Eco-Rapid Transit's organization and a lot of hard work and effort has been put forth to bring it to the level of support and advocacy it has today.

Board Member Frank Quintero asked Ms. O'Brien could she elaborate on what the Supervisor Mitchell had in mind regarding the Vermont Transit Corridor. Ms. O'Brien responded by stating the Supervisor's office is putting pressure on Metro to engage the

community authentically about what their needs are with regards to transit services and is pushing Metro to conduct an equity analysis when prioritizing projects, funding, staff time and resources into their planning process.

**MOTION:** no motion was recorded. Received and filed.

#### **ITEM 7 - APPOINTMENT TO THE OFFICE OF VICE-CHAIR**

**MOTION:** Board Member Frank Quintero made the motion to nominate Vrej Agajanian for Vice Chair, Jose Gonzalez for Secretary, and Alejandra Cortez for Treasurer. Board Member Bruce Barrows seconded the motion, which was approved unanimously by roll call vote.

The election for the vacated position of Internal Auditor was postponed until next month's meeting.

Board member Karina Macias, City of Huntington Park, arrived at 6:41

#### **ITEM 8 – APPROVE ECO-RAPID TRANSIT MEMBERSHIP DUES FOR FY 2022-2023**

Executive Director Michael Kodama brought this item back from last month seeking guidance on the membership dues increase amount. Executive Director Kodama requested the Board to consider an increase in membership dues based on current and ongoing/anticipated activity of staff and the Board, noting dues have not been increased since fiscal year 2016-2017. The option was a 5%, 7% or 10% increase.

**MOTION:** Board Member Maria Davila, City of South Gate made a motion for a 10% increase which was seconded by Bruce Barrows, City of Cerritos. The motion did not pass with a 4 yes 4 no and one abstention vote.

Board Member Maria Davila, City of South Gate made a subsequent motion for a 7% increase which was seconded by Bruce Barrows, City of Cerritos. The motion passed with a 6 yes 2 no and one abstention vote.

Board member Claudia Frometa, City of Downey, arrived at 7:10pm

#### **ITEM 9 - UPDATE AND/OR ACTION REGARDING DRAFT BUDGET FOR FY 2022-2023**

Executive Director Michael Kodama introduced the item and discussed the proposed budget for fiscal year 2022-2023. Three scenarios were prepared according to the possible membership dues adjustment. The 7% scenario was discussed as it was the amount approved in Item #8. Executive Director Kodama noted the funds available for the upcoming year are based on secured funds from grant awards and membership dues. The notable change to the budget was the allocation for foreseeable increases in travel expenses by staff and or Board members to Washington D.C. and or Sacramento for advocacy, education, information and meetings regarding the WSAB Corridor.

**MOTION:** Board Member Frank Quintero, Burbank Airport Authority made a motion to approve the budget, and was seconded by Bruce Barrows, City of Cerritos which was approved unanimously by roll call vote.



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**Item 09 Attachment 2:  
Detail calculation of FY2022/23 membership dues**

## Membership Dues 2023

Population Fee: \$0.070		Miles Fee: \$3,941.15		Station: \$5,000.00				2015/16	2020/21	2022/23
City	Population 2010	Population Fee	Miles	Miles Fee	Station <sup>2</sup>	Station Fee <sup>3</sup>	Membership	Membership	15% <sup>4</sup>	Membership 7% <sup>4</sup>
Artesia	16,522	\$1,156.54	0.60	\$2,364.69	0.80	\$4,000.00	\$7,521	\$8,649		<b>\$9,254.87</b>
Cerritos	49,041	\$3,432.87	1.20	\$4,729.38	1.20	\$6,000.00	\$14,162	\$16,287		<b>\$17,426.65</b>
Paramount <sup>2</sup>	54,098	\$3,786.86	1.94	\$7,645.83	1.00	\$5,000.00	\$16,433	\$18,898		<b>\$20,220.43</b>
Downey	111,772	\$7,824.04	0.38	\$1,497.64	0.60	\$3,000.00	\$12,322	\$14,170		<b>\$15,161.82</b>
South Gate	94,396	\$6,607.72	3.17	\$12,493.45	1.60	\$8,000.00	\$27,101	\$31,166		<b>\$33,347.98</b>
Cudahy	23,805	\$1,666.35	0.73	\$2,877.04	0.60	\$3,000.00	\$7,543	\$8,675		<b>\$9,282.14</b>
Bell Gardens <sup>3</sup>	42,072	\$2,945.04	0.00	\$0.00	0.00	\$0.00	\$2,945	\$3,387		<b>\$3,623.87</b>
Bell <sup>3</sup>	36,644	\$2,565.08	0.30	\$1,182.35	0.20	\$1,000.00	\$4,747	\$5,460		<b>\$5,841.71</b>
Maywood <sup>3</sup>	27,395	\$1,917.65	0.20	\$788.23	0.00	\$0.00	\$2,706	\$3,112		<b>\$3,329.59</b>
Huntington Park	58,114	\$4,067.98	1.11	\$4,374.68	1.60	\$8,000.00	\$16,443	\$18,909		<b>\$20,232.69</b>
Glendale	194,973	\$13,648.11	3.13	\$12,335.80	1.00	\$5,000.00	\$30,984	\$35,631		<b>\$38,125.70</b>
Burbank Airport <sup>1 2</sup>	240,000	\$16,800.00	2.00	\$7,882.30	0.00	\$0.00	\$24,682	\$28,385		<b>\$30,371.57</b>
<b>Total</b>	<b>948,832</b>	<b>\$66,418</b>	<b>14.76</b>	<b>\$58,171</b>	<b>8.60</b>	<b>\$43,000</b>	<b>\$167,590</b>	<b>\$192,728</b>		<b>\$206,219</b>
Los Angeles (City)	250,000	\$17,500.00	2.00	\$7,882.30	2.00	\$10,000.00	\$35,382	\$40,690		\$43,537.92
Los Angeles (County)	275,000	\$19,250.00	2.50	\$9,852.88	1.00	\$5,000.00	\$34,103	\$39,218		\$41,963.59
Bellflower	76,616	\$5,363.12	2.39	\$9,419.35	1.00	\$5,000.00	\$19,782	\$22,750		\$24,342.33
Vernon	112	\$7.84	1.35	\$5,320.55	1.00	\$5,000.00	\$10,328	\$11,878		\$12,709.09
Burbank <sup>2</sup>	103,340	\$7,233.80	2.92	\$11,508.16	0.00	\$0.00	\$18,742	\$21,553		\$23,061.98
	<b>1,653,900</b>		<b>2.92</b>				<b>\$285,928</b>	<b>\$328,817</b>		<b>\$351,834</b>

<sup>1</sup> - 6 MAP @4.0% transit share

<sup>2</sup> - Paramount Green Line, Rio Hondo, LA Union Station & Burbank Airport are considered regional stations

<sup>3</sup> - Station fee calculated based on ownership of station (20%) and approximate share of adjacent land

<sup>4</sup> - 2017-18 Board increased membership fees by 15%; in 2021, membership fees adjusted by track miles & stations; 2022 Membership fee increased by 7%