

**Board Report**

File #: 2020-0391, **File Type:** Motion / Motion Response**Agenda Number:** 34.2.

**REGULAR BOARD MEETING
MAY 28, 2020****Amending Motion by:****DIRECTORS HAHN, GARCETTI, BUTTS, SOLIS, and GARCIA**

Related to Item 34.1: Cost Control Pertaining to COVID-19 Board Box

The unprecedented COVID-19 outbreak required the implementation of the Los Angeles County Safer at Home Health Officer Order to help slow down the spread of the virus and protect the most vulnerable members of our community. As a result, all non-essential businesses and activities, including travel, were temporarily closed and/or discouraged for the last two months. Los Angeles County is now in Phase 2 of its five-stage COVID-19 Roadmap to Recovery Plan. Without a vaccine or proven treatment options, the recovery process will be gradual and will continue to have impacts on Metro's traditional sources of revenue such as local and state sales taxes and system generated revenues.

In an effort to help Metro financially manage through COVID-19, the Chief Executive Officer issued a Board Box report outlining his "CEO's Call to Action Plan." In this plan, all projects and programs are grouped into two buckets. Bucket 1 is defined as "Work to Continue" where existing funds would be prioritized for COVID-19 high priority tasks such as PPE and cleaning, bus and rail operations and maintenance, major infrastructure projects and projects under executed contracts, legally required payments as contractually obligated, and federal and state regulatory required activities.

All other projects and programs not listed under Bucket 1 are considered to be part of Bucket 2, where they will be evaluated to be deferred three to six months with the objective of staying on the original Measure M schedule.

While the Board recognizes the need to control costs, the division of projects could better recognize previously Board-approved and prioritized goals. For example, in 2017 the Board approved the Twenty-Eight by '28 Initiative to highlight projects for completion by the 2028 Olympic and Paralympic Games. Additionally, in 2019 the Board approved prioritizing four Pillar Projects for acceleration: the Gold Line Eastside Extension Phase 2, the Green Line Extension to Torrance, the Sepulveda Transit Corridor, and the West Santa Ana Branch. The four Pillar Projects are all in different stages of the required environmental processes and are currently placed in Bucket 2 of the CEO's proposed plan.

In the case of the four Pillar Projects, placement in Bucket 2 does not mean a hard stop. In fact, at

the Executive Management Committee the CEO recognized that halting work on these projects would do more harm than good to the projects' planning and Public-Private Partnership processes. Additionally, staff have indicated that the four Pillar Projects have enough funding to prevent any significant delays over the next three to six months. However, Bucket 2 as defined pre-concludes that the Board is no longer interested in pursuing the acceleration of projects.

Additionally, there are several Measure M projects that are nearly shovel-ready. Any significant delay or deferral of bringing these projects to shovel-ready status could prevent Metro from being able to maintain Measure M timelines. As much as is possible, Metro must continue to bring Measure M projects to shovel-ready status. It is important to reassure the public and project stakeholders that the Board still supports projects in Bucket 2, and that any decisions on deferral may be discussed and decided by the Board at a later date.

Furthermore, to address nationwide economic impacts, Congress may consider an ambitious infrastructure package to stimulate and uplift the economy and help address the unprecedented unemployment level. Metro must position itself to take advantage of any federal infrastructure stimulus, or else funds will go to other, better-prepared regions. As such, it is prudent to continue planning and Public-Private Partnership activities to make projects shovel-ready. Should such an opportunity arise, additional funding could be leveraged to advance these long-awaited public transit infrastructure investments through an FTA expedited project delivery process.

The Measure M ordinance contains strict conditions that prevent projects from being leapfrogged or defunded. While Metro continues advancing projects towards shovel-ready status, the promises made to voters must be honored, and Measure M project timelines and sequence must be maintained as much as is possible.

SUBJECT: COST CONTROL PERTAINING TO COVID-19 BOARD BOX

RECOMMENDATION

APPROVE the CEO's Call to Action, with the following provisions:

- A. Advance Bucket 2 projects towards shovel-ready, consistent with the Measure M expenditure plan, and within the parameters of the FY 21 Budget Continuing Resolution;
- B. Report to the Executive Management Committee in August 2020 with an update on Metro's project acceleration program, including how Metro will ensure projects will be able to compete for any federal infrastructure recovery funding; and
- C. Projects listed in Bucket 2 shall be included in the proposed FY 21 Budget to be presented to the Board in September. Any request for further deferral or recommendations on the acceleration of Bucket 2 projects will require justification as part of the Budget.