

IX.i SUBREGIONAL EQUITY PROGRAM

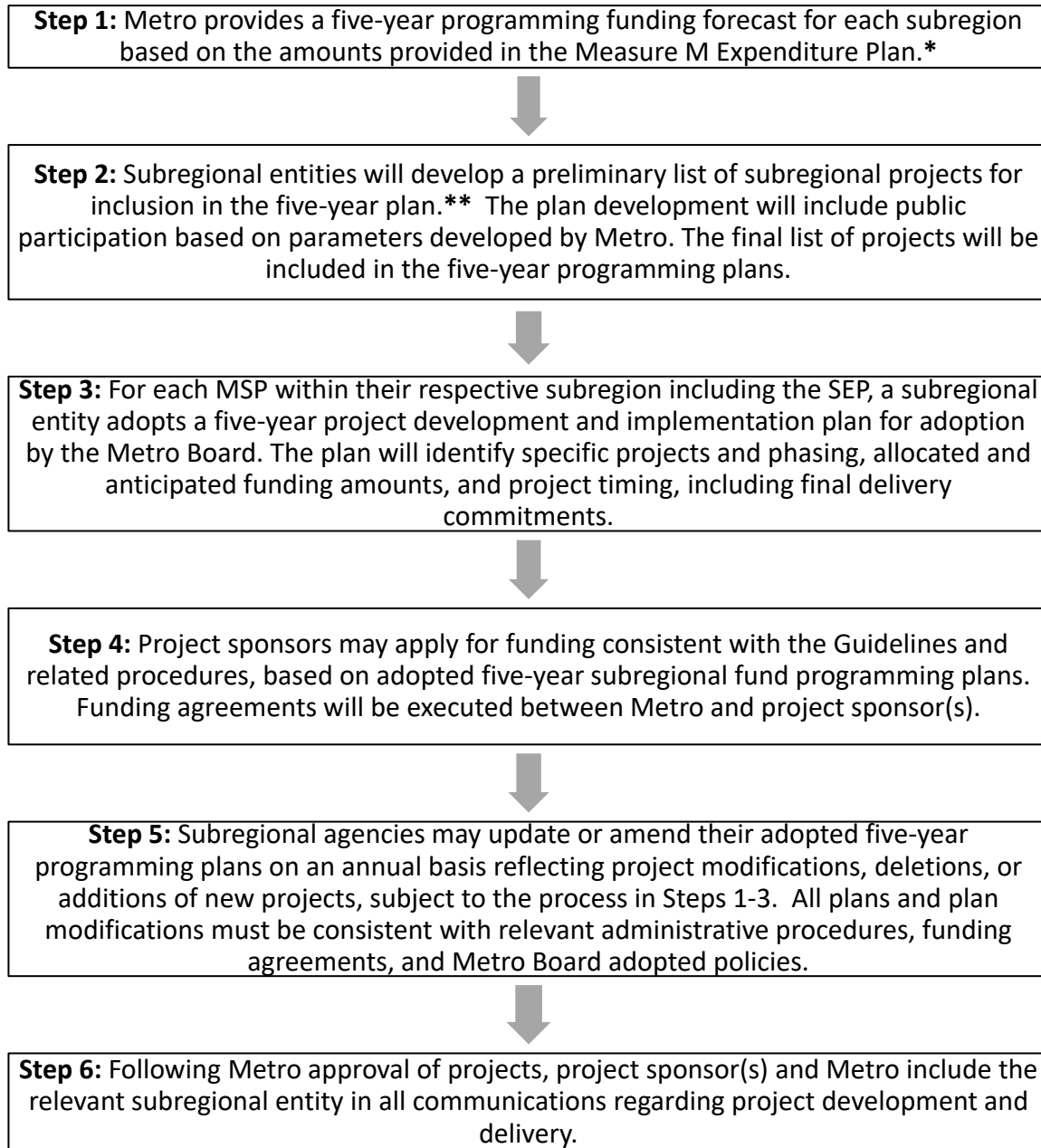
INTRODUCTION

The Subregional Equity Program (SEP) is a MSP on row 68 of the Measure M Expenditure Plan. It has Guidelines separate from the MSP Guidelines because the amount of Local, State, Federal, Other and Measure M funding is not specified, a total amount of spending for each subregion is identified, and any spending can be for either transit or highway modes as defined in the Ordinance, which includes first/last mile, active transportation, and complete streets improvements. Projects that subregions submit for this program are subject to the definitions provided in the Ordinance and these Guidelines, and are limited to capital projects.

Process

The SEP will go through a subregional program development process similar to the other subregional MSP. The amount of SEP funding available will be consistent with the most recent Long Range Transportation Plan or Short Range Transportation Plan financial forecast presented to the Metro Board, subject to any changes in Metro’s financial capacity during the intervening period from the most recent financial forecast and the distribution of SEP funding amounts. Additional funding capacity may be incorporated into the SEP from one-time funding such as the federal infrastructure bill. It will be adjusted for inflation in accordance with the Ordinance and Board motion 36.1 (Board file #2019-0598). The source of Local, State, Federal, Other and Measure M funding for the SEP, both transit and highway, will be identified in the financial forecast. Administrative and procedural details for the process may be developed upon the adoption of these Guidelines, in the event it facilitates the functioning of the program. Generally, the development process will follow the steps provided in the following table:

Table IX.i: Subregional Equity Program Project Development Process



**Metro will announce the funding forecast by year concurrently with the announcement of the other MSP funding forecasts, and the amounts will extend five years from the date of the announcement and cover the same time period as the other MSP funding forecasts.*

*** Coordination with Metro staff is required to ensure project eligibility, as determined by Metro and the applicable State or federal grant criteria. Administrative review procedures developed specific to each MSP program area (Highway, Transit modes as defined in the Ordinance, which includes first/last mile, active transportation, and complete streets improvements) will be applied to projects submitted and include plan requirements and eligible use of funds within each MSP program area.*

Resources to support the steps listed in Table IX.i can be drawn from SEP funds (subject to any restrictions on amounts funded from State or federal grants), not to exceed 0.5% of the amounts for any single year determined in Step 1 of Table IX.i. Any additional resources to support the steps in Table IX.i must be drawn from resources under the control of the subregion or its constituent cities.

Advancing Funds

Metro Staff Recommendation

The amount of SEP funding that has not already been expended or allocated by the Board to another use can be advanced if recommended by Metro staff and adequately noticed to and approved by the respective subregion pursuant to Motion 38.1 (Board file #2020-0356). This motion calls for “Subregional governing body approval of any funding recommendation and use” and “Written notice to the respective Subregional governing body and representative Board offices at least 120 days before Metro recommends the use of SEP funding to ensure adequate time for subregions to understand and approve any funding recommendations.”

Beginning June 17, 2021, Motion 48 (Board file #2021-0435) amends the “Measure R and Measure M Unified Cost Management Policy” to eliminate the SEP from consideration to address project funding shortfalls during construction. Subregions may still choose to make SEP eligible for selected Measure M projects before they enter the construction phase.

SEP funding can also be advanced and included in the five-year funding forecast described in Table IX.i. This can occur if Measure M or other local, State, federal, or other funding is made available during the five-year period due to a reduction in funds programmed for a capital project resulting from a decrease in project cost, cancellation or defunding of the project, or provision of other local funds to supplant the funds, as identified and requested by a subregion. In addition, if new local, State, federal, or other funding, that is not already programmed by Metro for another use, is made available, this could be included in the five-year SEP funding forecast and credited against the balance available.

Request by Subregion

The programming of SEP funds can be considered for acceleration if requested by a subregion and in compliance with existing Board policies, including the Measure M Early Project Delivery Strategy (EPD) from November 2017 (Board file #2017-0686) and the MSP inter-program borrowing provisions in the Measure M Final Guidelines. The EPD requires scoring of proposals to accelerate funds based on factors including the amount of local match and the status of the project in its development process, so long as the acceleration does not negatively impact the funding of other Measure M projects and programs. Metro staff will evaluate the financial

impact of any proposed SEP programming and consider the potential use of debt to finance the SEP that may reduce the immediate cash flow requirement. Metro will accept all proposals by subregions, provide recommendations, and submit the proposals and recommendations to the Metro Board for consideration, which could involve an amendment to the Measure M ordinance.

The subregions may also request SEP funding to deliver a project by borrowing, or exchanging, from another MSP that has programmed funding in earlier years, in accordance with the “Cashflow Management” section of the Measure M Final Guidelines. Metro staff will be available to provide technical assistance to the subregions in preparing any proposal to borrow SEP funds.

Supplemental Funds Requirements

If project sponsors are able to fully fund projects identified in their five-year plans, consistent with procedures established within these Guidelines with SEP funds, the project sponsor may proceed to request disbursement of those funds. However, if the project requires supplemental Metro support or funding, including Metro staff resources, then the project must comply with all requirements attached to Metro-sponsored or controlled fund sources and policies, as appropriate. For example, if a project using SEP funds is matched with discretionary fund programs managed by Metro, the project is subject to all evaluation criteria, reporting requirements or other provisions of that discretionary program. There is no minimal amount of additional Metro investment that would prevent additional Measure M policy requirements. The only exception to this rule is use of Local Return funding from sales tax measures A, C, R or M. Once the Metro supplemental funding request is made, staff will notify project sponsors of policy implications.

Projects and programs utilizing additional assistance or funding are encouraged to comply with the Metro Board adopted Small Business Enterprise (SBE) Program and the Prohibition against Discrimination or Preferential Treatment by State and Other Public Entities.

READINESS

The timing of the actual distribution of funds will be determined based on project readiness. The Timely Use of Funds principle applies to the MSP and SEP and require establishing project readiness to be able to access program funds.

Project readiness will apply to separate phases of a project. Readiness thresholds will be determined for planning, environmental, right of way, and construction, and will be defined as appropriate for each funding category as determined by Metro (i.e., Highway, Transit, Active Transportation, etc.).

PROGRAM MANAGEMENT CONSIDERATIONS

The SEP funds are subject to the cash flow parameters within these Guidelines. Project sponsors must notify Metro by the last day of February of each year of the amount of subregional funding they plan to use, by project, in the subsequent fiscal year, which for Metro begins July 1. This is needed for Metro budget purposes, and the cash flow expenditure estimate provided may differ from the initial Metro funding forecast or amounts programmed in the funding agreements between Metro and the subregions. When notice is not provided, funding availability will be on a first-come, first-served basis in the subsequent fiscal year.

Per the Cashflow provisions in Section VI, the Metro Board will consider tools that allow for expediting projects within and among subregional programs. Subregional project sponsors can elect to borrow from one MSP fund amount (including the SEP) to accelerate a project in another MSP fund of a different type that may not be available until a later year. This type of inter-program borrowing within the MSP requires approval from Metro and the affected subregion.

AUDIT REQUIREMENTS

Use of Measure M funds will be subject to audit and oversight, and all other applicable state and local laws.

REVISIONS TO PROGRAM GUIDELINES

These program guidelines may be revised by the Metro Board of Directors at any time.