

REVISED MEASURE M GUIDELINES, SECTION VIII. 3% LOCAL CONTRIBUTION TO MAJOR TRANSIT PROJECTS

The following shall replace Section VIII. in its entirety.

INTRODUCTION

The Measure M Ordinance includes a provision for 3% local contribution to major rail transit capital projects. The rationale for the contribution is that local communities with a rail station receive a direct benefit due to the increased access to high-quality transit service that is above and beyond the project's benefit to the County as a whole. Countywide, the 3% local funding contribution represents ~~approximately~~ more than \$1 billion in funding to support the project delivery identified in the Expenditure Plan. The 3% local funding contribution is a critical element of a full funding plan for these rail transit projects. The Ordinance includes provisions that allow development of a mutual agreement between a jurisdiction and Metro, and a default ~~penalty~~ payment mechanism if such an agreement cannot be reached. The agreements shall be in accordance with these guidelines.

PROGRAM METHODOLOGY

The Ordinance calculates the local contribution based ~~on~~ upon the percent of project total centerline track miles to be constructed within a local jurisdiction's borders if one or more new stations are to be constructed within that jurisdiction ~~with a new station in those jurisdictions~~. These guidelines reflect the nexus between mobility benefits provided to a jurisdiction based on the ~~location and proximity~~ presence of a new station within the jurisdiction. The local contribution will be calculated by ~~dividing~~ distributing 3% of the ~~project's total~~ project cost, estimated ~~after~~ at the conclusion of thirty percent (30%) of final design, ~~by the number of new rail stations constructed to jurisdictions based on centerline track miles per the line.~~ Ordinance. For projects along a larger transit corridor with more than one operable segment, each operable segment will have its own "total project cost" for purposes of this section, determination of the local jurisdiction borders will be a new station located within one-half mile of the jurisdiction. ~~Building on the Metro Board adopted First/Last Mile policy in 2016, which defines the "walk-shed" around each station as a half-mile radius,~~ calculating the 3% local contribution requirement will be proportionately shared by all local agencies based upon the local agency's land area for each segment. Jurisdictions will incur a 3% local contribution obligation only for operable segments that include station construction within a one-half mile radius of a new station. ~~their borders.~~ Other arrangements agreed upon by every local jurisdiction in a project corridor with a local

contribution obligation are also acceptable, provided that the total of all jurisdictions' contributions equals 3% of the estimated total project cost. A list of jurisdictions that may be affected, subject to changes determined by the environmental process, is included as Appendix A.

An agreement approved by both Metro and the governing body of the jurisdiction shall specify the total project cost as determined at the conclusion of thirty percent (30%) of final design, the amount to be paid by the local jurisdiction, and a schedule of payments. Once approved, the amount to be paid by the local jurisdiction shall not be subject to future cost increases.

Eligible Fund Contributions

Eligible fund sources to satisfy 3% local contribution include any funds controlled by the local agency or local agencies (e.g., General Fund, State Gas Tax Subventions, Prop. A, Prop. C and Measure R and Measure M Local Return Funds, Measure M Subregional Program Funds), or any funds awarded from non-Metro competitive grant process funding. Measure M Subregional Program Fund contributions must be accompanied by documented agreement from all jurisdictions that would otherwise be eligible for those sub-regional funds. In-kind contributions eligible to satisfy 3% local contribution include, but are not limited to, project specific right-of-way and, waiver of permitting fees, local agency staff time (incurred and forecast) if, and other subregional investments that support a Metro transit corridor if those costs are specifically included in the project cost and contribution amount by the conclusion of thirty percent (30%) of final design. In-kind contributions consistent with this section will not be considered "betterments" for the purposes of these Guidelines and are eligible to satisfy local contribution obligations in lieu of Metro withholding up to 15 years of Measure M Local Return.

Betterments

Betterments are defined consistent with existing policy adopted by the Metro Board on Supplemental Modifications to Transit Projects (October 2013). A "betterment" is defined "as an upgrade of an existing city or utility's facility or the property of a Third Party, be it a public or private entity, that will upgrade the service capacity, capability, appearance, efficiency or function of such a facility or property of a third party." Once the 30% design project scope and cost have been determined as the basis of the 3% contribution calculation, subsequent betterments cannot be included in that calculation, nor counted toward a jurisdiction's eligible contribution. However, they may be included in the project scope if carried at the jurisdiction's expense.

Active Transportation Capital Improvement Contributions and First/Last Mile Investments

These guidelines reflect provisions adopted by the Board that allow ~~for~~ and incentivize local jurisdictions, through an agreement with Metro, to meet all or a portion of their 3% local contribution obligation through active transportation capital improvements and first/last mile (FLM) investments that are included in the project scope and cost estimate at the conclusion of thirty percent (30%) of final design. All local ~~first/last~~ FLM improvements must be consistent with station area plans that will be developed and adopted by Metro in coordination with the affected jurisdiction(s). The criteria for local ~~first/last~~ mile FLM investments for ~~first/last~~ mile FLM contributions are ~~being developed~~ described in full in the First/Last Mile Guidelines adopted by Metro the Metro Board of Directors on May 27, 2021 (File #2020-0365), specifically to carry out integration of ~~first/last~~ mile FLM within transit capital projects. ~~First/Last mile FLM~~ improvements consistent with this section and included in project scope at conclusion of 30% of final design will not be considered “betterments” for the purposes of these Guidelines, and are eligible ~~for~~ to satisfy local contribution obligations in lieu of Metro withholding up to 15 years of Measure M Local Return.

Local Contribution Limits

The 3% local contribution will only be calculated against the overall project scope and cost determined at the conclusion of thirty percent (30%) of final design, and will not include costs for FLM improvements delivered by entities other than Metro. Local agencies cannot count other transportation investments that are not included in the project scope and cost estimate after the conclusion of thirty percent (30%) of final design. Metro staff will provide written notice to the affected jurisdiction(s) and a report to the Metro Board ~~at~~ after the completion of thirty percent (30%) of final design.

Contributions for calculations assigned to the County of Los Angeles are to be determined by the County.

Opt-Out Option

Metro will withhold up to 15 years of Measure M Local Return Funds ~~for~~ from local agencies that fail to reach a timely agreement with Metro on their 3% contribution prior to the award of any contract authorizing construction of the project within the borders of that jurisdiction. Local return funds from Proposition A, Proposition C, and Measure R are not subject to withholding. In some cases, principally in smaller cities, the default withholding of 15 years of local return from ~~only~~ Measure M Local Return Funds will be less than a ~~formal~~ full 3% contribution. In these cases, Metro may accept either amount as

the 3% contribution, and may execute a corresponding agreement with the jurisdiction. The cities which default on making their full 3% contribution that fulfill the 3% contribution requirement through the Local Return withholding mechanism, including offsets for approved FLM improvements and in-kind contributions, will suffer no further financial impact.

AUDIT REQUIREMENTS

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

REPORTING REQUIREMENTS

Metro will provide annual reports to the Measure M Independent Taxpayer Oversight Committee describing how uses of the Measure M Funds are contributing to accomplishing the program objectives.

REVISIONS TO PROGRAM GUIDELINES

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