

**Attachment A – San Fernando Valley Council of Governments and
Arroyo Verdugo Communities Joint Powers Authority actions in
support of Metro programming**



San Fernando Valley Council of Governments

DATE: September 27, 2023

TO: Board of Directors

FROM: John Bwarie, Executive Director

RE: **LA Metro Programming of Local Funds for East San Fernando Valley LRT**

RECOMMENDATION

Support the LA Metro plan to program surplus Measure R and “replacement credits” to the East San Fernando Valley Light Rail Transit Project

BACKGROUND

Metro is in preconstruction for the East San Fernando Valley Light Rail Transit Project (the Project), which is a planned 6.7-mile light rail line on Van Nuys Boulevard that connects the Metro G (Orange) Line to Van Nuys and San Fernando Road. The current cost estimate for the Project is \$3.57 billion. Metro is compiling the funding for the cost to complete the project, including a federal Expedited Project Delivery grant of up to \$908.75 million. Metro must have all the non-federal funding committed to the Project to qualify for the federal grant.

Metro has completed two projects that are entirely or partially in the San Fernando Valley subregion (as defined by Metro) – the San Fernando Valley North-South Rapidways (Canoga Corridor) and I-5 Capacity Enhancement from SR-134 to SR-170 that have designated funding from the countywide Measure R sales tax but did not expend all the designated funding. The Canoga Corridor project has \$182 million of unexpended or surplus Measure R funds. The I-5 project has \$49.4 million of surplus Measure R and \$201.3 million of “replacement credits.” Metro created the replacement credits by swapping Proposition C 25% funds (another Metro countywide sales tax) with the Measure R in 2016. Metro did this to reduce the amount of Proposition C debt to be issued and the resultant interest cost. The Metro Board will consider whether to program the surplus and replacement credits, totaling \$432.7 million to the Project at its October 26, 2023 meeting. Metro believes it has all other funding committed to the Project.

The Measure R ordinance requires that the Metro Board determine a project is complete for a project to have surplus, and that any surplus is spent in the same subregion. The replacement credits are no longer Measure R funds and are not bound by the Measure R ordinance; however, the Metro Board agreed in 2016 that the replacement credits would be spent in the same subregion as the projects that were completed. The Canoga Corridor project is entirely in the San Fernando Valley subregion, as currently defined by Metro. The I-5 project is 51.27% in the Arroyo Verdugo subregion and 48.73% in the San Fernando Valley based on the physical length of the project. Because a portion of the I-5 project is in the Arroyo Verdugo subregion, the Metro Board will consider separately programming \$128.5 million of Proposition C 25% funds for eligible uses in the Arroyo Verdugo subregion beginning in fiscal year 2030.

The Metro Board will consider determining whether the Canoga Corridor and I-5 projects are complete, programming the \$432.7 million of Measure R surplus and replacement credits to the Project, and programming \$128.5 million to Arroyo Verdugo at its October 26, 2023 meeting. Neither the Measure R ordinance nor Metro Board policy require that the SFVCOG approve these actions. But Metro is seeking the support of the SFVCOG prior to taking its own actions.



Arroyo Verdugo Communities Joint Powers Authority

DATE: October 5, 2023
TO: Governing Board
FROM: Alex Hernandez, Treasurer
SUBJECT: I-5 HOV Capacity Enhancement Surplus Funds

RECOMMENDATION:

That the Governing Board provide direction to staff on Metro request for I-5 HOV Capacity Enhancement funds, as follows:

- Option 1: Support the allocation of I-5 HOV Capacity Enhancement surplus funds in the amount of \$128,549,218 to be reprogrammed to the East San Fernando Valley Project, with the same amount in local (Prop C) funds to be programmed to the Arroyo Verdugo Communities Joint Powers Authority; or
- Option 2: Not Support the allocation of I-5 HOV Capacity Enhancement surplus funds to be reprogrammed to the East San Fernando Valley Project and instead request the funds in the amount of \$128,549,218 be made available to the Arroyo Verdugo Communities Joint Powers Authority.

BACKGROUND:

The Los Angeles County Traffic Relief and Rail Expansion Ordinance (Measure R) is a voter approved half-cent sales tax for Los Angeles County that finances new transportation multi-modal projects and programs. The associated expenditure plan includes a list of projects to benefit from the sales tax revenue with the ordinance providing stipulations for use of such funds, amongst other conditions to be adhered to. Section 7 outlines uses of the funds including sub-section 4 which stipulates that any surplus net revenues allocated to a particular project shall be credited and expended within the same subregion the initial funds were allocated to.

In August 2023, Los Angeles County Metropolitan Transportation Authority (Metro) contacted Arroyo Verdugo Communities Joint Powers Authority (AVCJPA) staff notifying staff of available surplus funds associated with the I-5 HOV Capacity Enhancement Project (I-5 Project) and requesting support for allocating the available funds to the East San Fernando Valley Project (ESFV). The ESFV Project is a 9.2 mile light rail transit line serving the San Fernando Valley community. The surplus funds would be exchanged for the same amount of Prop C funds to be programmed to the Arroyo Verdugo Communities Joint Powers Authority.

I-5 SURPLUS FUNDING

Approximately \$250,729,900 is available in I-5 surplus funds to be split proportionally between the San Fernando Valley and the Arroyo Verdugo subregions. The \$250,729,900 available is comprised of Measure R surplus, and Prop C funds that Metro swapped with the Measure R in 2016 and refers to this funding as “replacement credits.” Per Metro, approximately 51.27%, or \$128,549,218 would be apportioned for the AVCJPA subregion, based on the miles of the I-5 project within each subregion. Assuming the same per-capita methodology of distributing Measure M Multi-Year Subregional Program Funding is applied, each AVCJPA community would potentially receive the amounts as listed in the table below.

AVCJPA Reprogrammed Surplus Funds			
Agency	Population	Per Capita	Surplus Funds
Burbank	105,451	20.94%	\$ 26,920,956
Glendale	193,116	38.35%	\$ 49,301,262
La Canada Flintridge	20,081	3.99%	\$ 5,126,549
Pasadena	138,310	27.47%	\$ 35,309,646
South Pasadena	26,580	5.28%	\$ 6,785,702
County of LA 5th District	19,997	3.97%	\$ 5,105,104
Total	503,535	100.00%	\$ 128,549,220

I-5 surplus funds are scheduled to be available for the Arroyo Verdugo subregion in the third decade of Measure R funding (FY2030 – FY2039). Although the funding guidelines for these surplus funds are not yet finalized, it is anticipated they would follow the current Measure R funding guidelines.

METRO REQUEST FOR RE-ALLOCATION

To advance the ESFV Project, Metro has requested that the AVCJPA support their request to reprogram the sub-region’s share of the I-5 surplus funds to the ESFV project, to be used as a match to a federal grant. The request is time sensitive as the Metro Board will be considering the matter at the October 26, 2023 board meeting.

In exchange for the sub-region forgoing the surplus funds, Metro staff is prepared to recommend to the Metro Board that the reprogrammed amount of \$128,549,218 be programmed in non-federal funds in Metro’s Long Range Transportation Plan to be made available to the AVC sub-region in the third decade of Measure R (FY 2030 – FY 2039). This fund exchange would return the full \$128,549,218 in Prop C funds for the same time period originally identified for the surplus funds, FY2030 – FY2039. Funding related guidelines and eligible uses would follow the existing Prop C funding eligibility. Metro currently plans to program Prop C 25% transit-related uses on freeways and state highways funding to the AVC sub-region. The Prop C 25% is eligible for uses including signal synchronization, freeway service patrol, construction of HOV lanes, and bus lanes and operational and interchange improvements on freeways and state highways used by public transit.

Metro staff has identified that the reallocation of surplus funds to the ESFV Project is permitted since the AVCJPA was part of the San Fernando Valley sub-region when the funds were originally allocated. As such, the surplus funds can be allocated within the San Fernando Valley sub-region and are not required to remain within the AVCJPA area.

FISCAL IMPACT:

Should the Governing Board approve Option 1, pending Metro Board approval, surplus funds attributable to the AVC sub-region in the amount of \$128,549,218 would be reprogrammed to the East San Fernando Valley Project, with a fund exchange allowing for the same amount in local (Prop C) funds to be programmed to the Arroyo Verdugo Communities Joint Powers Authority in FY2030-2039.

Should the Governing Board approve Option 2, staff will request that Metro not use surplus funds and or replacement credits in the amount of \$128,549,218 attributable to the AVC sub-region and instead these funds would be made available to the Arroyo Verdugo Communities Joint Powers Authority in FY 2030 -2039.

Attachment:
Metro Presentation