

**Board Report**

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**REVISED**  
**EXECUTIVE MANAGEMENT COMMITTEE**  
**JUNE 17, 2021**

**Motion by:****DIRECTORS HAHN, GARCETTI, SOLIS, BUTTS, DUTRA, AND NAJARIAN**

## Subregional Equity Program

The Measure M Multi-Year Subregional Program is \$12.9 billion over 40 years, including the Subregional Equity Program, or SEP, which is \$1.2 billion. The SEP gives the Gateway Cities and South Bay Subregions \$244 million and \$130 million, respectively. While the Measure M Multi-Year Subregional Programs that were programmed to start in 2018 have been initiated and funded, the SEP has not.

Measure M cash-flow is currently administratively sequenced so that the earliest that Measure M sales tax receipts are available to fund SEP is 2043. Therefore, prior to 2043 SEP likely involves borrowing from other Measure M programs or using non-Measure M funds, consistent with Metro Board policies and available resources and escalated from their 2015 amounts.

The Gateway Cities and South Bay Councils of Government have already submitted requests to Metro in order to access their SEPs for subregional priorities. Five years into Measure M's 40-year Expenditure Plan, no SEP funding has been made available to either of these Subregions.

**SUBJECT: SUBREGIONAL EQUITY PROGRAM****RECOMMENDATION**

APPROVE Motion by Directors Hahn, Garcetti, Solis, Butts, Dutra, and Najarian that the Board of Directors direct the Chief Executive Officer to initiate a process with the Gateway Cities, South Bay, and other eligible Subregions to program their Subregional Equity Program funds starting no later than FY22-23, in accordance with project or program readiness and the following provisions:

1. To the extent that Measure M cash-flow may be unavailable for the SEP, Subregions may access SEP funds through a combination of inter-fund borrowing, exchanging with other programs and projects in their Subregions, Metro Measure M bonding capacity, or other discretionary funds designated for their Subregions;

2. Subregions will identify and determine their projects or programs to be funded with SEP, with Metro staff involvement limited to ensuring statutory and regulatory compliance, and with funds programmed and allocated in five-year increments;
3. Availability of SEP will not negatively impact the funding of other Measures R and M projects and programs or the overall funding committed by Measures R and M to each Subregion across all projects and programs; and,
4. SEP funding availability will be inflation-adjusted from 2015, consistent with the inflation adjustments provision in the Measure M Ordinance, all other MSPs and projects in the Measure M Expenditure Plan, and the June 2016 Board action that created the Subregional Equity Program and Motion 36.1 from July 2019 (Board File 2019-0598).

WE FURTHER MOVE that, henceforth, the “Measure R and Measure M Unified Cost Management Policy” is amended to eliminate the Subregional Equity Program 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.