Metro

Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

Board Report

File #: 2022-0258, **File Type:** Motion / Motion Response **Agenda Number:** 35.

CONSTRUCTION COMMITTEE
APRIL 21, 2022

Motion by:

DIRECTORS HAHN, GARCETTI, BUTTS, AND DUTRA

3% Contribution Motion

The Measure M ordinance requires local jurisdictions to pay three percent (3%) of the total project cost of a major Measure M rail project. According to Section 7.f of the Measure M ordinance, each jurisdiction's obligation is calculated "based upon the percent of project total centerline track miles to be constructed within that jurisdiction's borders if one or more stations are to be constructed within the borders of said jurisdiction." This requirement is generally referred to as the "3% Contribution."

Clarifications are necessary to ensure that local jurisdictions fully understand their 3% Contribution calculation and that Metro fully incentivizes local jurisdictions to make First-Last Mile improvements that will benefit Metro projects and increase transit ridership, consistent with Board policy.

First, the Measure M Guidelines (Board File 2017-0280) differ from the Measure M ordinance on how Metro calculates the 3% Contribution. While the Measure M ordinance applies the 3% Contribution only to local jurisdictions where a new station is to be constructed, the Measure M Guidelines extend this obligation to all local jurisdictions within a half-mile of a new station. To ensure clarity, Metro should revise the Measure M Guidelines to be consistent with the Measure M ordinance.

Additionally, not all jurisdictions are presently incentivized to make First-Last Mile investments. Existing Metro Board policy (Board Files 2016-0451 and 2020-0365) seeks to incentivize local jurisdictions to make First-Last Mile investments by allowing the value of those investments to count toward all of a jurisdiction's 3% Contribution obligation. However, as detailed below, this incentive is currently not available to all jurisdictions.

In cases where a jurisdiction's 3% Contribution exceeds 15 years of their Measure M Local Return, per the Measure M ordinance Metro may withhold their Measure M Local Return for up to 15 years. To preserve these jurisdictions' incentive to deliver First-Last Mile investments, Metro should allow withheld funds to satisfy the 3% contribution via an agreement with the jurisdiction such that the value of First-Last Mile investments delivered by that jurisdiction count against their up-to 15-year Measure M Local Return withholding, so long as those investments are consistent with established Metro procedures (such as the First-Last Mile Guidelines). This will ensure First-Last Mile incentives are fully available to all jurisdictions.

powered by Legistar™

Further, to ensure that local jurisdictions are not over-charged for their 3% Contribution, the Board should clarify that a transit corridor's "total project cost" (calculated at 30% design to determine a jurisdiction's 3% Contribution) should refer only to the transit project and related elements delivered by Metro itself. First-Last Mile improvements delivered by local jurisdictions should not be included in the "total project cost" from which Metro calculates a jurisdiction's 3% Contribution.

Finally, the Measure M Guidelines provide that a transit corridor's total 3% Contribution may be met through in-kind contributions or "other arrangements agreed upon by every local jurisdiction in a project corridor." The Board should reaffirm that subregional investments that support a Metro transit corridor should be eligible to count toward a project's total 3% Contribution under this provision.

Following determination of the "total project cost" at 30% design, the manner in which a local jurisdiction shall fulfill its 3% obligation should be generally understood by the time a Metro project reaches construction contract award, pending final agreement between Metro and that jurisdiction.

SUBJECT: 3% CONTRIBUTION MOTION

RECOMMENDATION

APPROVE Motion by Directors Hahn, Garcetti, Butts, and Dutra that the Board direct the CEO to update the Measure M Guidelines and First-Last Mile Guidelines in accordance with the following:

A. Revise the Measure M Guidelines 3% Contribution calculation to be consistent with the Measure M ordinance;

B. In cases where Metro withholds 15 years of Measure M Local Return, clarify that Metro will allow withheld funds to satisfy the 3% contribution via an agreement with the jurisdiction, that jurisdictions may spend withheld funds on First-Last Mile investments, and that those expenses shall be eligible to credit toward a jurisdiction's 15-year total Measure M Local Return obligation in accordance with established Metro procedures, such as the First-Last Mile Guidelines and Measure M Guidelines;

C. Confirm that the cost of First-Last Mile improvements delivered by local jurisdictions shall not be included in the "total project cost" from which Metro calculates the 3% Contribution;

D. Consistent with precedent from the Purple Line Extension, confirm that jurisdictions along segments of a larger transit corridor will incur a 3% Contribution obligation only for project segments that include station construction within their jurisdiction; and,

E. Reaffirm that in-kind contributions and subregional investments that support a Metro transit corridor may count toward a project's total 3% Contribution under existing provisions of the Measure M Guidelines.

WE FURTHER MOVE that the Board direct the CEO to report back on all the above to the Construction Committee in June 2022.