

**Board Report**

File #: 2015-0374, **File Type:** Policy**Agenda Number:** 25.

**PLANNING AND PROGRAMMING COMMITTEE
JULY 15, 2015****SUBJECT: UNIFIED COST MANAGEMENT PROCESS AND POLICY
REVISIONS FOR MEASURE R HIGHWAY PROJECTS****ACTION: APPROVE REVISIONS****RECOMMENDATION**

WITHDRAWN: ~~REVISE the Board's Unified Cost Management Process and Policy to add a new Section 12 and a new Attachment A, directing that if cost increases to the specified Measure R highway projects cannot be mitigated, that 50 percent of cost increases will be addressed from the countywide program and 50 percent of the cost increases are subject to the corridor and subregional cost containment portions of the existing policy.~~

ISSUE

At its January 22, 2015 meeting, the Board approved Item 24 which amended the Board's Unified Cost Management Process and Policy to adjust subregional boundaries, create a Regional Facilities Planning Area (major ports, airports, and Los Angeles Union Station), and modify the Unified Cost Management Process and Policy to ensure that cost increases for Measure R funded projects located in the Regional Facilities Planning Area are not the responsibility of subregional areas.

At that meeting, the Board approved Motion 24.1 (Attachment B) directing staff to analyze whether other projects should be added to the Regional Facilities Planning category, and if such projects are highways, propose a cost sharing methodology to address any cost increases.

DISCUSSION

In the 2001 Long Range Transportation Plan, subregional planning areas were established for plan analysis purposes. At the direction of the Board, staff presented Item 24 at the January 22, 2015 Board Meeting to update subregional planning area boundaries in proximity to the South Bay Cities Subregional Planning Area and to establish a new Regional Facilities Planning Area. Staff recommended that the Regional Facilities Planning Area include major Los Angeles County airports, seaports, and Los Angeles Union Station as these are major regionally significant public facilities that are activity centers that have a sphere of influence beyond an individual subregion, often with regional, statewide, or national significance.

At the Board meeting, concern was raised about existing cost containment policy requirements that would make the specified Measure R highway project cost increases the responsibility of subregions. It was noted that subregions have no control over the specified highway project cost increases, as these projects are typically constructed by Caltrans to serve regional travel. It was further noted that highway improvements have benefits beyond an individual subregion, as many highways extend throughout the region, and some even extend statewide or nationwide.

In reviewing the Regional Facilities Planning Area project category, we do not recommend adding other projects, such as highways, to this category. The Regional Facilities category was designed to include regionally significant public activity centers rather than primary components of the regional transportation system.

We have reviewed, however, whether a cost sharing methodology could be considered for cost increases to the specified Measure R highway projects. We have noted that there is a regional and subregional component to trips that may warrant a cost sharing methodology. Metro's 2009 Long Range Transportation Plan technical analysis shows that generally half the peak-period trips generated within a subregion stay within a sub-region and half the peak-period trips generated travel to other subregions (Attachment C). This provides technical justification for a 50 percent countywide/50 percent subregional cost sharing concept for specified Measure R highway projects that have cost increases. Those Measure R Highway Projects that would be eligible under the cost sharing methodology above meet three criteria: 1) they are on the State highway system, 2) they are regional projects defined as highway mainline projects that increase capacity, and 3) they have funding through construction. (See Attachment D)

The recommended cost containment/cost sharing methodology for the specified Measure R highway projects that have cost increases follow a three step cost containment process to 1) explore value engineering/scope changes and local funding resources, 2) work with state and federal agencies to seek additional state and federal funding resources, and 3) to apply a 50 percent countywide/50 percent subregional cost sharing method to any remaining shortfall (Attachment A).

DETERMINATION OF SAFETY IMPACT

Changing the Unified Cost Management Process and Policy will not have any adverse safety impacts on our employees and patrons.

FINANCIAL IMPACT

This action does not create a change in project cost increases. It changes how cost increases are assigned for specified Measure R highway projects between countywide program funds and subregional cost containment requirements.

Impact to Budget

There is no impact to the FY 15 budget.

ALTERNATIVES CONSIDERED

The Board could chose not to make the recommended changes for the specified Measure R Highway Projects that incur a cost increase. The Board could also apply this procedure to both Measure R highway and transit projects that incur cost increases. This staff recommendation, however, is consistent with the Board motion to address a cost sharing procedure for Measure R highway projects.

NEXT STEPS

Upon Board approval of Policy revisions, the highway cost containment process identified in Section 12 for the specified Measure R highway projects, will be applied to Measure R highway project cost overruns

ATTACHMENTS

Attachment A - Unified Cost Management Process and Policy for Measure R Projects

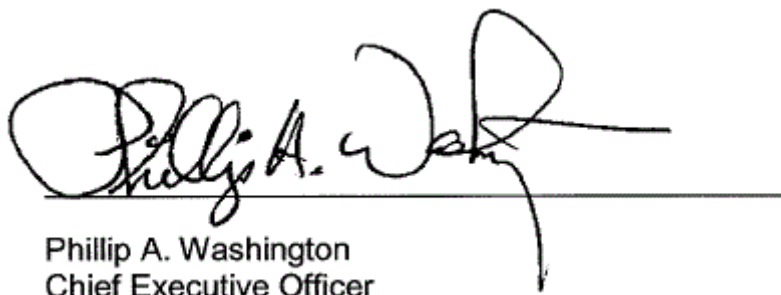
Attachment B - Motion 24.1

Attachment C - Peak Period Trip Productions (2009 Long Range Transportation Plan)

Attachment D - Measure R Highway Project Criteria

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