



**Board Report**

**File #:** 2016-0313, **File Type:** Program

**Agenda Number:** 13.

**PLANNING AND PROGRAMMING COMMITTEE  
AUGUST 17, 2016**

**SUBJECT: COUNTYWIDE CALL FOR PROJECTS RECERTIFICATION AND DEOBLIGATION**

**ACTION: APPROVE 2016 RECERTIFICATION AND DEOBLIGATION RECOMMENDATIONS**

**RECOMMENDATION**

CONSIDER:

- A. RECERTIFYING \$102.5 million in existing Fiscal Year (FY) 2016-17 commitments from previously approved **Countywide Calls for Projects** (Call) and AUTHORIZING the expenditure of funds to meet these commitments as shown in Attachment A;
- B. DEOBLIGATING \$14.5 million of previously approved Call funding, as shown in Attachment B, and REPROGRAMMING these dollars to the same modal category from which they came in the 2015 Call;
- C. ADOPTING:
  - 1. Revised Lapsing Policy which will apply to existing projects funded through the 2013 and prior Calls with local funds and all projects funded in future Calls, as shown in Attachment D;
  - 2. Project Readiness Criteria prior to executing funding agreements with the project sponsors;
- D. REPROGRAMMING \$14.2 million of previously approved Call funding, as shown in Attachment E, for those projects that applied for, but were not awarded funds through the State Active Transportation Program (ATP) Cycle 2 according to Metro's Policy for transitioning to the State ATP;
- E. DELEGATING to the Chief Executive Officer (CEO) or his designee the authority to:
  - 1. reprogram currently programmed Call funds to later years (latest to FY 2020-21) at project sponsor(s)' own risk, to meet project design, right-of-way and construction time frames. Projects identified for reprogramming this FY are shown in Attachment F;

2. allow project sponsor(s) to use Metro Call funds in earlier phase(s) of project development than previously programmed with project sponsor(s) providing full funding commitment to deliver the project upon authorization through its Governing Authority to complete the project as currently scheduled;
3. reprogram or administratively extend approved funding for California Department of Transportation (Caltrans) projects as required, to meet Caltrans design and construction time frames;

F. AUTHORIZING the CEO to:

1. negotiate and execute all necessary agreements for approved projects; and
2. amend the FY 2016-17 budget, as necessary, to include the 2016 Countywide Call Recertification and Extension funding in the Regional Programs' budget;

G. APPROVING changes to the scope of work for:

1. City of Lawndale - Inglewood Avenue Corridor Widening Project (#F1198);
2. City of Lawndale - Inglewood Avenue Corridor Widening (#F3112);
3. City of Los Angeles - Washington Boulevard Transit Enhancements (#F1630);
4. City of Los Angeles - Hollywood Integrated Modal Information System (#F1708);
5. City of Los Angeles - LANI Evergreen Park Street Enhancement (#F3640);
6. City of Los Angeles - Washington Boulevard Pedestrian Transit Access (Hooper/Alameda) II (#F5624);
7. Port of Los Angeles - YTI Terminal Trip Reduction Program (#F9201);
8. Port of Long Beach - Long Beach South Waterfront Bike Path Gap Closure (#F3503);
9. City of Signal Hill - Citywide Bus Shelter Upgrades with Electronic Kiosks (#F5404);

H. REALLOCATING funds originally programmed to the City of Los Angeles for the Downtown LA Inter-Modal Transit Information and Wayfinding Project (#F3731) to Metro, pending Metro Board approval of the City of Los Angeles Bike Share expansion; and

I. RECEIVING AND FILING:

1. time extensions for the 100 projects shown in Attachment G;

2. oral update on the future Countywide Call process restructuring in response to the June 2015 Board directive (Attachment H).

## **ISSUE**

Each year the Board must recertify funding for projects that were approved through prior Calls in order to release the funds to the project sponsors. The Board must also approve the deobligation of lapsing project funds after providing project sponsors with the opportunity to appeal staff's preliminary deobligation recommendations to Metro's Technical Advisory Committee (TAC). The Board must also receive and file the extensions being granted through previously delegated Board administrative authority.

The Call has been in existence since the early 1990s. Over time, revisions have been made to the Board adopted Lapsing Policy. Given the aging encumbrances, staff is recommending that the Board adopt a Revised Lapsing Policy for local funds and adopt a Project Readiness Criteria for all projects to ensure sponsors are ready to use their Call funding and deliver their projects as scheduled. Finally, the Board is being asked to receive and file an oral update on the restructuring of the Countywide Call process.

## **DISCUSSION**

The Call process implements Metro's multi-modal programming responsibilities and implements the adopted Long Range Transportation Plan (LRTP). Metro is required by federal (Title 23 U.S.C. 134 (g) & (h)) and state (P.U.C. 130303) statutes to prepare a Transportation Improvement Program (TIP) for Los Angeles County. The TIP allocates revenues across all transportation modes based on the planning requirements of the federal Moving Ahead for Progress in the 21<sup>st</sup> Century Act (MAP-21). Metro accomplishes these mandates, in part, by programming revenues through the Call.

The 2016 Call Recertification and Deobligation process enforces the annual authorization and timely use of funds policies. Specifically, Board policy calls for consideration of deobligation of funding from project sponsors who have not met lapsing deadlines, have not used the entire grant amount to complete the project (project savings) or have formally notified Metro that they no longer wish to proceed with the project (cancellation).

### **Technical Advisory Committee (TAC) Appeals**

On May 4, 2016, TAC heard sponsor appeals on the deobligation of funding from 37 projects (Attachment I). TAC recommended deobligating the remaining project funds from the City of South Pasadena Fair Oaks Corridor Improvements Project (#8018) due to the City's inability to secure the \$2.5 million shortfall. For the remaining 36 projects, TAC recommended one year extensions with certain reporting conditions. Staff concurs with these recommendations, except for the City of Los Angeles De Soto Avenue Widening: Ronald Reagan Freeway to Devonshire Street Project (#F3171). Staff recommends deobligating the remaining project funds in December 2016 (per the City of Los Angeles provided project schedule and progress), rather than the TAC recommended June 2017, if the City of Los Angeles fails to secure the \$10.5 million shortfall.

### Future Countywide Call Process Review and Reform

In response to Board direction as well as feedback from various stakeholders, staff is examining the future of the Countywide Call process and the opportunity for reforming it. Given the possibility of a new ballot measure, staff believes this is an ideal time to take a fresh look at the Call. In particular, staff is exploring the development of a shared project evaluation and selection process between Metro and the subregions. While federal regulations do not allow federal dollars to be subvended directly to local agencies, a targeted, needs based decision making process can be delegated to the local level. Shared decision making also requires shared accountability, so this new or similar approach to more localized decision making must address adherence to federal rules and regulations, the timely use of funds, community outreach and federal Title VI requirements. Staff will work to establish a process with the subregions and other stakeholders to define a reformed Call process tailored to the needs of Los Angeles County. This new process will be developed as part of the update of Metro's LRTP in 2017. Staff believes the most prudent course is to defer future cycles of the Call until this overall review and assessment is completed; an oral report on this approach will be made to the Planning Committee in August. Given that the next Call will primarily be programming funds in the out years of the programming cycle (FY 2021-22 and FY 2022-23), this will not impact funding to our transportation partners.

### **DETERMINATION OF SAFETY IMPACT**

The 2016 Call Recertification and Deobligation will not have any adverse safety impacts on Metro's employees or patrons.

### **FINANCIAL IMPACT**

Local funds (Propositions C 10% and 25% and State Repayment of Capital Project Loan Funds) for the Countywide Call are budgeted in the FY 2016-17 Subsidies to Others Budget in Cost Centers 0441 and 0442. Since these are multi-year projects, the cost center managers, Chief Planning Officer and Chief Program Management Officer will be responsible for budgeting in future years.

### Impact to Budget

The sources of funds for these activities are Proposition C 10% and 25%, State Repayment of Capital Project Loan Funds, Congestion Mitigation and Air Quality (CMAQ), and Regional Surface Transportation Program (RSTP). The Proposition C 10% funds were previously programmed in Calls prior to the 2015 Call. The Proposition C 25% funds are not eligible for Metro bus and rail operating and capital expenditures.

CMAQ funds can be used for both transit operating and capital. However, there are no additional operating expenses that are eligible for CMAQ funding. Los Angeles County must strive to fully obligate its share of CMAQ funding by May 1<sup>st</sup> of each year, otherwise it risks its redirection to other California Regional Transportation Planning Agencies by Caltrans. Staff recommends the use of long-lead-time CMAQ funds as planned to insure utilizing Metro's federal funds.

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RSTP funds in this action could be used for Metro's transit capital needs. Also, while these funds cannot be used directly for Metro's bus or rail operating needs, these funds could free-up other such eligible funds by exchanging the funds used for Metro's paratransit provider, Access Services Incorporated. Since these RSTP funds originate in the Highway portion (Title 23) of MAP-21, they are among the most flexible funds available to Metro and are very useful in meeting Call projects' requirements.

### **ALTERNATIVES CONSIDERED**

The Board could cancel all or some of the FY 2016-17 funding commitments rather than authorize their expenditures. This would disregard previous Board approved Countywide Calls programming commitments and would disrupt on-going projects that received multi-year funding.

With respect to deobligations, the Board could choose to deobligate funds from one or more project sponsors whose projects are beyond the lapse dates and are not moving forward consistent with the adopted Lapsing Policy. The recommended Revised Lapsing Policy for local funds and Project Readiness Criteria may also encourage project sponsors to focus scarce labor and other resources on projects in order to deliver them in a more timely fashion. In addition, the Appeals process between the project sponsors and the Metro TAC is a significant reminder that these funded projects should not be further delayed. Furthermore, many of the specific projects involved are now very close to being delivered.

### **NEXT STEPS**


With Board approval of the 2016 Countywide Call Recertification, Deobligation and Extension process, project sponsors will be notified and Funding Agreements (FAs) and Letter of Agreements (LOAs) will be executed with those who have received their first year of funding through the Recertification process. Amendments to existing FAs and LOAs will be completed for those sponsors receiving time extensions. Project sponsors whose funds are being deobligated will be formally notified of the Board action as well as those receiving date certain time extension deadlines for executing their agreements. The Revised Lapsing Policy for local funds will be included in all FAs and amendments and staff will implement the Project Readiness Criteria.

### **ATTACHMENTS**

Attachment A - FY 2016-17 Countywide Call Recertification  
Attachment B - 2016 Countywide Call Deobligation Recommendations  
Attachment C - Background/Discussion of Each Recommendation  
Attachment D - Revised Lapsing Policy (Track Changes version)  
Attachment E - Reprogramming of Not Awarded ATP Projects  
Attachment F - Reprogramming Recommendations  
Attachment G - FY 2016-17 Countywide Call Extensions  
Attachment H - June 2015 Board Directive on Future Call for Projects Restructuring  
Attachment I - Result of TAC Appeals Process

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