



Board Report

File #: 2017-0245, File Type: Project

Agenda Number: 21

EXECUTIVE MANAGEMENT COMMITTEE MAY 18, 2017

SUBJECT: FEDERAL FUNDING EXCHANGE WITH LOS ANGELES COUNTY ON STATE ROUTE 126/COMMERCE CENTER DRIVE INTERCHANGE

ACTION: AMEND EXISTING REPAYMENT SCHEDULE WITH COUNTY OF LOS ANGELES OF FEDERAL FUNDS EXCHANGED WITH NON-FEDERAL FUNDS

RECOMMENDATION

APPROVE amendment of the existing repayment schedule agreement between the County of Los Angeles (County) and the Los Angeles County Metropolitan Transportation Authority (LACMTA) for the State Route 126/Commerce Center Drive Interchange Improvement Project STP-L fund exchange, as shown in Attachment A.

ISSUE

The County is requesting to amend the repayment schedule for the balance remaining from the exchange of federal Surface Transportation Program-Local (STP-L) funds with non-federal funds for the State Route 126/Commerce Center Drive Interchange Project. Board approval is required in order to amend the existing agreement repayment schedule.

DISCUSSION

On October 27, 2011, the Board approved an agreement (Agreement) between the County and LACMTA for the exchange of STP-L funds with non-federal funds. The Agreement (Attachment B) allowed the County to use up to \$41 million of STP-L funds for the State Route 126/Commerce Center Drive Interchange Improvement Project. This in turn allowed Metro to negotiate agreements to exchange the non-federal funds as they become available with participating local agencies. This Agreement was developed to benefit smaller local agencies that can more efficiently and expeditiously utilize more flexible non-federal transportation funding, and to ensure that the County is able to draw down as much of the available STP-L funding as possible. The County agreed to repay \$13 million on July 1, 2014 and up to \$28 million on July 1, 2016.

On June 18, 2014, due to a project delay resulting from bird nesting season, the Board approved the County's request to amend the repayment schedule for the \$13 million from July 1, 2014 to June 30, 2015, and up to \$28 million from July 1, 2016 to June 30, 2017. To date, the County has remitted \$13 million and carries a balance of up to \$28 million. Due to delays encountered during the construction

phase including the contractor's need to replace a steel rebar subcontractor, the County may not incur all costs by June 30, 2017 as described in the Exchange Agreement. The County subsequently requests to split the remaining payment of up to \$28 million into a \$16 million payment due by July 1, 2017 and a payment up to \$12 million due by July 1, 2018.

The State Route 126/Commerce Center Drive Interchange Improvement Project is designed to improve the flow of traffic at the intersection of State Route 126 and Commerce Center Drive, located northwest of the City of Santa Clarita in unincorporated Los Angeles County. The project includes a grade-separated interchange with on-ramps and off-ramps at Commerce Center Drive and Henry Mayo Drive, installation of new traffic signals, widening of SR-126, and realignment of Henry Mayo Drive along the Santa Clara River. Construction began in August 2013; completion is expected in April 2017, to be followed by project closeout. The project is constructed in partnership with the Los Angeles County, Metro, and Caltrans.

DETERMINATION OF SAFETY IMPACT

Amending the Agreement will not have any adverse safety impacts on Metro's employees or patrons.

FINANCIAL IMPACT

Federal STP-L funds are suballocated funds based on population and are administered through Caltrans. The funds are not part of the LACMTA budget nor are they available for LACMTA capital or operating uses. As federal funds, STP-L dollars are subject to strict programming and administrative requirements from the Federal Highway Administration and Caltrans.

Funds received from the County are placed in an interest-bearing account for pass-through allocations to participating local agencies for STP-L-eligible projects, with a two percent (2%) administrative fee assessed by LACMTA. If no funds are received, no exchanges are made. Accordingly, slower repayment by the County will simply defer LACMTA's ability to offer pass-through allocations to participating local agencies. No other impacts are expected.

Impact to Budget

Amending the Agreement will have no impact to the current Metro budget. The 2% administrative fee budgeted for staff allocation in the fiscal year 2018 requested budget will draw down existing administrative fees accrued from past exchanges.

ALTERNATIVES CONSIDERED

The Board of Directors may choose not to approve the recommended funding exchange. However, we do not recommend that alternative because that would bring the County of Los Angeles into default with outstanding payments subject to withholding by LACMTA from the County's Proposition A local return funds, then from Proposition C local return funds, then from Measure R local return funds, and then from any unobligated STP-L balance funds, as per the Agreement. We also do not recommend that alternative because local agency transportation projects would not be expedited with non-federal funds, and local agencies may run the risk of having their STP-L funds lapse.

NEXT STEPS

With Board approval, staff will execute an Amendment to the Agreement with the County for the balance of exchanged STP-L funds. The County will take the Agreement to the County Board of Supervisors for approval.

As the County funds are repaid, staff will also continue to negotiate and execute agreements with eligible participating local agencies, so as to ensure that the unrestricted funds being made available are properly administered and used on STP-L-eligible projects in a timely fashion.

ATTACHMENTS

Attachment A - Amendment to Exchange Agreement

Attachment B - 2011 Exchange Agreement for the SR-126/Commerce Center Drive Interchange Project

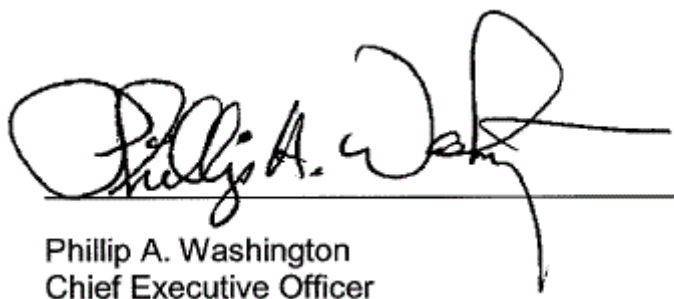
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