



Board Report

File #: 2018-0137, File Type: Program

Agenda Number: 20.

PLANNING AND PROGRAMMING COMMITTEE JULY 18, 2018

SUBJECT: COUNTYWIDE CALL FOR PROJECTS

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. RECERTIFYING \$161.1 million in existing Fiscal Year (FY) 2018-19 commitments from previously approved Countywide Call for Projects (Call) and AUTHORIZING the expenditure of funds to meet these commitments as shown in Attachment A;
- B. DEOBLIGATING \$9.6 million of previously approved Call funding, as shown in Attachment B, and hold in RESERVE;
- C. REALLOCATING \$5.3 million Call funds originally programmed to the City of Los Angeles: 1) Foothill Boulevard and Sierra Highway Intersection Improvement (#F3144), 2) Highland Avenue Widening-Odin Street to Franklin Avenue (#F3146), and 3) Sherman Way Widening Between Whitsett Avenue to Hollywood Freeway (#F7125) projects to the City of Los Angeles San Fernando Road Bike Path Phase IIIA and IIIB Construction Project (#F1524 and F3515);
- D. AUTHORIZING the CEO to:
 - 1. negotiate and execute all necessary agreements and/or amendments for previously awarded projects; and
 - 2. amend the FY 2018-19 budget, as necessary, to include the 2018 Countywide Call Recertification and Extension funding in the Subsidies budget; and
- E. RECEIVING AND FILING:
 - 1. time extensions for the 56 projects shown in Attachment D;
 - 2. reprogram for the eight projects shown in Attachment E; and
 - 3. an update on future countywide Call considerations.

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 and reprogrammed funds granted through previously delegated Board authority.

DISCUSSION

The Call process implements Metro's multi-modal programming priorities and implements the adopted Long Range Transportation Plan (LRTP). The 2018 Call Recertification and Deobligation process reinforces 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 2, 2018, TAC heard sponsor appeals on the deobligation of funding from 10 projects (Attachment F). TAC recommended one-year extensions with certain reporting conditions on all appeals. Staff concurs with these recommendations. Therefore, no projects would involuntarily lose funding due to lapsing schedule and would have the timeline to completion lengthened under this proposed Board action.

Additionally, all proposed deobligated funds included in Attachment B are due primarily to project savings or cancellation requested by the project sponsors and would not be involuntarily deobligated by this proposed Board action, as further described in the attachment. The TAC reviewed and concurs with this recommendation.

Future Countywide Call Considerations

In August 2016, any future Call programming was put on hold due to the pending Measure M outcome and the update of the LRTP. The Call process was initiated in the early 1990s and has changed significantly in its policy emphasis over the years, as has the environment for transportation investments that were underwritten by Call-related funding in the past. Specifically, levels of anticipated available funding have markedly changed.

The latest 2015 Call cycle programmed funding through FY 2020-21. These commitments remain. However, given the changed funding landscape, Metro staff would like to propose a comprehensive evaluation of the current Call process. This will include assessments of past and current recipient performance in project delivery, administrative challenges for both Metro and recipients, and the ability to address Board investment priorities in a post Measure M environment. Staff will solicit input from Metro advisory committees including the Municipal Operators and TAC, as well as the Council of Governments, and will develop recommendations for next steps in winter 2018.

DETERMINATION OF SAFETY IMPACT

The 2018 Call Recertification and Deobligation will not have any adverse safety impacts on Metro's

employees or patrons.

FINANCIAL IMPACT

The amount of \$78.7 million is included in the FY 2018-19 Proposed Budget in Cost Centers 0441 (Subsidies to Others) and 0442 (Highway Subsidies) for the Countywide Call. 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 25%, State Repayment of Capital Project Loan Funds, Congestion Mitigation and Air Quality (CMAQ), and Regional Surface Transportation Program (RSTP). 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 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.

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 2018-19 funding commitments rather than authorize their continued expenditures. This would be a change to the previous Board-approved Countywide Calls programming commitments and would disrupt ongoing 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 Revised Lapsing Policy rather than extending the deadlines. A much stricter interpretation of the Revised Lapsing Policy might encourage project sponsors in general to deliver them in a more timely fashion. However, this would be disruptive to the process of delivering the specific projects currently underway, many of which are now very close to being delivered. On balance, the appeals process between the project sponsors and the Metro TAC is a significant reminder to project sponsors that these funded projects should not be further delayed to ensure policy objectives are achieved in expending the funds as intended by the Call program.

NEXT STEPS

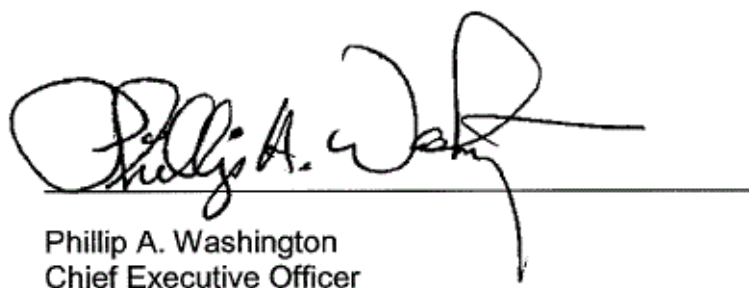
With Board approval of the 2018 Countywide Call Recertification, Deobligation and Extension process, project sponsors will be notified and Funding Agreements (FAs) and Letters of Agreement (LOAs) will be executed with those who have received their first year of funding through the Recertification process. 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.

ATTACHMENTS

Attachment A - FY 2018-19 Countywide Call Recertification
Attachment B - FY 2017-18 Countywide Call Deobligation
Attachment C - Background/Discussion of Each Recommendation
Attachment D - FY 2017-18 Countywide Call Extensions
Attachment E - FY 2017-18 Countywide Call Reprogramming
Attachment F - Result of TAC Appeals Process

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