

**Board Report**

File #: 2019-0051, **File Type:** Project**Agenda Number:** 6.

**AD HOC CONGESTION, HIGHWAY AND ROADS COMMITTEE
MARCH 20, 2019****SUBJECT: METRO EXPRESSLANES NET TOLL REVENUE GRANT PROJECTS****ACTION: APPROVE RECOMMENDATION****RECOMMENDATION**

CONSIDER:

- A. AUTHORIZING the Chief Executive Officer (CEO) to extend all in-progress Round 1 Net Toll Revenue projects' lapsing dates by one year. (Attachment A); and
- B. APPROVING a total of \$15,870,000 for continued Direct Annual Allocation for Transit Service on the I-110 and I-10 ExpressLanes in Fiscal Years 2019 and 2020 (FY2019-FY2020).

ISSUE

The Metro Board approved Round 1 of the Net Toll Revenue Program in July 2014 allocating \$20.7 million in competitive grants to 21 projects. As of this date, 48% of the Round 1 funding has been expended with seven (7) projects completed and fourteen (14) in progress, having expended partial funds. Consistent with other discretionary grant programs approved by the Board, there is a timely use of funds provision requiring expenditure of funds within forty-two (42) months from the date the Grant Agreement is executed. As shown in Attachment A, some of the Round 1 projects are at risk of lapsing their funds. However, in light of good-faith efforts by the project sponsors and consistent with the Call for Projects process, staff is recommending a one-time, one (1) year extension from the current month and year of lapsing to all Round 1 projects.

BACKGROUND

Gross toll revenues generated from the ExpressLanes are first used to cover the direct expenses related to the maintenance, administration, and operation of the lanes. The remaining revenue is then used to support incremental additional transit service on the ExpressLanes, and to maintain project reserves. The remaining balance is made available for freeway improvements and ExpressLanes related transportation improvement projects identified through a competitive grant program (Net Toll Revenue Grants).

In October 2013 the Board approved the re-investment framework that includes the set aside of

funds for transit service to address social equity considerations. This direct annual allocation is to continue to fund the incremental transit service implemented to support the deployment of the Metro ExpressLanes. The incremental services include Metro Silver Line, Foothill Silver Streak, Foothill Route 699, Gardena Line 1X, Gardena Line 2, and Torrance Transit Line 4.

DISCUSSION

The Board policy calls for consideration of de-obligation of funding from project sponsors who have not met lapsing deadlines or have not used the entire grant amount to complete the project. Project sponsors have made an effort to make progress with these projects and have expended partial funds. Based on best practices, lessons learned, and demonstrated good faith, staff is recommending a one-time, one (1) year extension with certain reporting conditions on all projects shown in Attachment A.

Transit Service

A continuation of the direct allocation is recommended to subsidize the incremental operating costs of the transit service deployed to support the Metro ExpressLanes. This funding is provided to the transit providers to subsidize the incremental operating costs of the additional transit service on the ExpressLanes. These transit enhancements are a benefit for low income commuters (and others) by providing more travel choices and reducing congestion on the ExpressLanes.

The Transit Agencies that receive this direct allocation are: Foothill Transit, Torrance Transit, Gardena Municipal Bus Lines, and Metro's Silver Line service. Metro ExpressLanes will increase the FY17/18 amounts by 15% in FY19/20 to mitigate the increased costs for transit agencies to operate the incremental transit service. The recommended allocation to subsidize the transit operations is \$7,935,000 in FY2019 and \$7,935,000 in FY2020 to support these services for an additional 24 months.

FINANCIAL IMPACT

All recommended actions will be funded with toll revenues generated from the I-10 and I-110 ExpressLanes. No other funds will be required from LACMTA. Funding of \$7,935,000 for incremental transit service is included in the FY19 budget. The cost center manager and Executive Officer, Congestion Reduction, will be responsible for budgeting project and transit service expenditures in future years.

Impact to Budget

There is no impact to the bus and rail operating and capital expenditures. Net Toll Revenues generated from the Metro ExpressLanes' operation comprise the entirety of the funds recommended in this action.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Metro ExpressLanes Net Toll Revenue Grant Projects aligns with Strategic Goals 1: Provide high

-quality mobility options that enable people to spend less time traveling and 4: Transform LA County through regional collaboration and national leadership. The ExpressLanes provide drivers with the option of a more reliable trip while enhancing the overall operational efficiency of the freeway network and enabling collaboration among partners to implement mobility improvements.

ALTERNATIVES CONSIDERED

The Board may choose not to approve or defer approval of any of the requested actions. Staff does not recommend this option as the recommendations further the Board's objective of assuring that funds are optimally utilized and reinvested in project improvements within the region.

NEXT STEPS

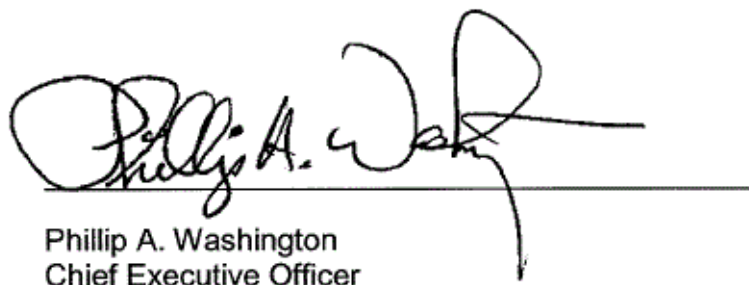
With Board approval, staff will formally notify and execute agreements with project sponsors and transit operators impacted by the time extension and direct allocation.

ATTACHMENTS

Attachment A - Net Toll Revenue Grant Program Time Extension Project List
Attachment B - Annual Funding Breakdown for Incremental Transit Service

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