

**Board Report**

File #: 2020-0501, **File Type:** Motion / Motion Response**Agenda Number:** 29.

**EXECUTIVE MANAGEMENT COMMITTEE
MAY 19, 2022****SUBJECT: SUBREGIONAL EQUITY PROGRAM GUIDELINES****ACTION: APPROVE RECOMMENDATION****RECOMMENDATION**

APPROVE guidelines for the use of the Subregional Equity Program funds (Attachment A).

ISSUE

Board Motion 38.1 from May 2020 (Attachment B) requests “Standard and explicit criteria for how and when a subregion’s SEP allocation may be accelerated to meet their needs”. In response, this item proposes newly created guidelines for the Subregional Equity Program (SEP) that identify how the funds can be accelerated, as well as detail on the future administration of this Measure M Multi-year Subregional Program (MSP).

BACKGROUND

The SEP is included in row 68 of the Measure M Expenditure Plan. The source of funding for the SEP is not specified in the Expenditure Plan, and the SEP is eligible for funding of Measure M “Systemwide Connectivity Projects” (i.e., projects related to regional facilities). The total spending available for the SEP is equal to \$1,196 million from FY 2018 to FY 2057.

The SEP was added to the Expenditure Plan in June 2016 after all other MSPs were included and funded in the Long Range Transportation Plan (LRTP) financial forecast. Because the SEP was allocated planned funding after all other Measure M projects and programs, there was no available funding for the SEP until FY 2043, and this is how SEP funds are programmed in the 2020 LRTP.

In four prior instances, Metro recommended SEP funds be accelerated for use prior to FY 2043. This was done to address cost overruns on Foothill 2B in July 2019, Crenshaw/LAX in May 2020, Eastside Access Improvements Project in March 2021, and Westside Purple Line Extension Section 1 in May 2021, all subject to approval from the respective subregions. Not all subregions have approved their SEP for these recommendations (Board motion 48 from June 2021 henceforth eliminates SEP from consideration to address funding shortfalls during construction). The existing Measure M Guidelines and Administrative Procedures do not specifically describe how the SEP can be accelerated. Several of the subregions have asked Metro staff about the availability of SEP funds.

The Gateway Cities COG has requested the SEP for active transportation projects and to supplement local return for jurisdictions in this subregion. The South Bay COG has already committed the entire South Bay SEP for the Centinela Grade Separation Project. The Los Angeles City Council approved the commitment of the City of LA's portion of Central City Area SEP to an Arts District rail station, Vermont Transit Corridor, and Crenshaw Northern Extension.

DISCUSSION

This Board item proposes SEP guidelines that identify the process for allocating funds to the subregions comparable to the process for other MSPs, and parameters for the acceleration of funds.

Staff will prepare five-year SEP funding estimates for the subregions, no later than October 31, 2022, including inflation adjustments in accordance with the Measure M Ordinance and pursuant to Board Motions 36.1 from July 2019, 38.1 from May 2020, and 48 from June 2021. The current estimated funding availability for the SEP will be programmed over the next five fiscal years. Metro staff will prepare future funding estimates by October 31 of each year.

The proposed guidelines provide for the future acceleration of SEP funding if recommended by Metro staff and in compliance with existing Board policies, including the Measure M Early Project Delivery Strategy (EPD) from November 2017. The EPD requires scoring of proposals to accelerate funds based on factors including the amount of local match and the status of the project in its development process, so long as the acceleration does not negatively impact the funding of other Measure M projects and programs.

The proposed guidelines will also allow the subregions to exchange the SEP with another MSP that is allocated to the subregion. This type of exchange is described as “inter-program borrowing” in the Final Guidelines and may be beneficial to a subregion to accelerate SEP funds that can be spent on either transit or highway uses, whereas the exchanged MSP may only be used for one purpose.

Eligible Uses

The SEP funds can be used on transit and highway capital eligible under the Measure M Ordinance, which includes first/last mile, active transportation, and complete streets projects, as identified by the subregions. In addition to transit and highway projects led by the subregions, the SEP funds can be used to pay for capital obligations of the subregions or cities that comprise the subregions, such as the obligation for cities to pay a 3% local agency contribution for new Metro rail projects with stations in their jurisdiction.

Outreach to Subregions

This Board item was postponed from September 2020 to allow for input from Board staff and the subregions. Metro staff prepared a “white paper” and subsequent “policy paper” that summarizes the proposed guidelines, had multiple meetings with Board staff to discuss their input, and presented the information to the Central City Area, Westside Cities, Gateway, San Gabriel Valley, and Arroyo Verdugo subregions and responded to questions and statements from their respective boards and staff. Additionally, the CEO shared the draft guidelines with the Executive Directors’ of the region’s Councils of Governments for their review and feedback. The proposed guidelines incorporate input from Board staff. The subregions prepared correspondence that includes commentary on the

proposed guidelines. Metro staff believe the proposed guidelines are consistent with specific requests on the content of the guidelines.

FINANCIAL IMPACT

Impact to Budget

This item would make funds available for subregions on eligible transit and highway capital projects submitted to Metro for approval. Funding will not be required in FY 2022 for the SEP as any initial amounts will be programmed for FY 2023 or FY 2024. Should funding be needed in FY 2023 it would be paid from federal funds, and or the Measure M 35% Transit and or 17% Highway Subfunds.

EQUITY PLATFORM

This report seeks Board approval of guidelines for the programming of funds to subregions, for capital projects as proposed by the cities and/or implementing agencies of the subregions in Los Angeles County. It does not change how the funds can be used. The cities and/or implementing agencies have discretion, subject to the provisions of the Measure M Ordinance, Final Guidelines, and Administrative Procedures, to determine the capital projects they will undertake, and will lead and prioritize all proposed transportation improvements, including procurement, the environmental process, outreach, final design, and construction. Nevertheless, Metro will continue to work with the subregions and cities to encourage engagement of stakeholders, including those with the greatest mobility needs, that can enhance continued efforts to fund projects that improve transportation deficiencies.

Based on the scopes previously submitted to Metro by the implementing agencies, local improvements have historically been within the public right-of-way and include infrastructure upgrades and/or enhancements such as traffic signal upgrades, signal synchronization, turn pockets, intersections, curbs, sidewalks, bike lanes, and center median improvements. Future annual reports regarding the programming of subregional funds that are presented to the Board for approval will identify any project level equity-related issues of concerns identified through the cities' project selection process.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommendation supports strategic plan goal # 5 and helps ensure fiscal responsibility in how funding determinations are made and transparency in the agency's investment decisions.

ALTERNATIVES CONSIDERED

The Board can choose to modify, amend, or reject the guidelines. Any such action should consider the financial and policy implications on Metro's overall financial capacity and ability to fund other Metro projects and programs.

NEXT STEPS

Metro staff will incorporate the guidelines into the Measure M Final Guidelines and post these for public dissemination. Metro staff will distribute the SEP financial forecast to the subregions in tandem with the annual forecast of funding for other active MSPs no later than October 31, 2022, and accept and review any proposals to accelerate funding in consideration of the provisions of the Measure M Ordinance and Board-adopted policies including the EPD.

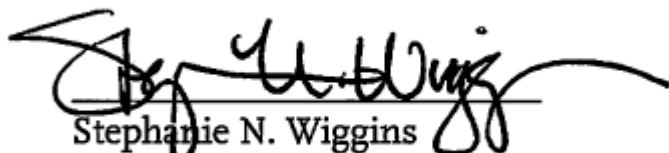
Metro staff will return to the Board for approval of specific projects and programming amounts funded from the SEP, likely at the same time as the programming for other MSPs is submitted to the Board for a subregion.

ATTACHMENTS

Attachment A - Proposed Subregional Equity Program Guidelines
Attachment B - Motion 38.1

Prepared by: Craig Hoshijima, EO, Countywide Planning & Development, (213) 418-3384
Laurie Lombardi, SEO, Countywide Planning & Development, (213) 418-3251

Reviewed by: James de la Loza, Chief Planning Officer, (213) 922-2920



Stephanie N. Wiggins
Chief Executive Officer