



Board Report

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Agenda Number: 8.

FINANCE, BUDGET, AND AUDIT COMMITTEE OCTOBER 18, 2023

SUBJECT: MEASURE M FIVE YEAR COMPREHENSIVE ASSESSMENT AND EQUITY REPORT

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. ADOPTING the Measure M Five Year Comprehensive Assessment and Equity Report (Attachment A); and
- B. RECEIVING AND FILING the Measure M Independent Taxpayer Oversight Committee (MMITOC) Findings and Recommendations to improve the Measure M program (Attachment B).

HORVATH AMENDMENT that the Metro CEO be instructed to report back to the Board in six months with an update on the implementation of the recommendations contained in the 5-Year Assessment, with particular attention paid to the financial and equity criteria mentioned previously.

ISSUE

The Measure M Ordinance requires that every five (5) years Metro conduct a comprehensive review to evaluate the performance of the overall Measure M program (Program) and make recommendations to improve its performance based on current practices, best practices, and organizational changes to improve coordination. The Measure M Five Year Comprehensive Assessment and Equity Report (Assessment) evaluates the performance of the overall Program from Fiscal Year (FY) 2018 to FY 2022, including an assessment of the effectiveness of the Program on improving lives of people in Los Angeles. As Metro works to center equity in all aspects of the agency, the Assessment connects financial, program, and project analysis with quality-of-life outcomes for all Angelenos, with a focus on marginalized and Equity Focus Communities (EFC).

In addition, the Measure M Ordinance and Guidelines require that the MMITOC review the Assessment and make findings and/or provide recommendations for improving the Program. MMITOC feedback provided additional perspective, but is not intended to modify findings from the final Assessment. In accordance with the ordinance, the results of the MMITOC review shall be presented to the Metro Board of Directors as part of the adoption of the Assessment.

BACKGROUND

Approved by Los Angeles County voters in 2016, Measure M is a local revenue source, generated by sales tax and guided by an Expenditure Plan that outlines major multi-year capital projects intended to bring mobility improvements across the Los Angeles region. The Program also includes set-aside funding for Transit Operations, State of Good Repair, Local Return, and other smaller but critical mobility programs such as Active Transportation and Accessibility services. More broadly, Measure M strengthens the region's local funding power, further reinforcing Los Angeles's competitiveness for state and federal funding and representing a commitment from Los Angeles taxpayers to invest in transportation and infrastructure improvements.

A five-year assessment is an interim opportunity to identify successful strategies to continue advancing, to make adjustments where expectations are not being achieved, and to institute a framework to assess the next five years of progress. Starting in 2022, Metro began initial research and outreach to identify preliminary objectives and criteria (Objectives) (Attachment C) to analyze impacts from Measure M's first five years of funding (FY18 - FY22). In early 2023, Metro complied with Measure M Guidelines to propose Assessment objectives and criteria, in consultation with the MMITOC, for Board approval. The Board approved these objectives and criteria in February. Per Measure M guidelines, efforts to conduct the Assessment have been coordinated with Metro efforts to update the Short Range Transportation Plan (SRTP).

During this time the team also reached out to Metro Advisory committees and community organizations and members to identify equity opportunities and key themes from this five-year period to guide research and the framework of a final comprehensive assessment.

DISCUSSION

The Assessment followed the Board-approved Objectives to retroactively analyze efficiency and effectiveness in delivering Measure M projects and programs, including potential barriers in the delivery of the Expenditure Plan, while also identifying opportunities for process improvement, best practices, and organizational changes to improve coordination. Recommendations informed by the Assessment are also categorized using these Objectives.

In its first five years, Measure M has generated over \$4 billion in local sales tax dollars, about 95% of forecasted revenue. These local dollars helped secure over \$3 billion in additional state and federal funding, initiated mega capital and transit projects, and secured funding for Expenditure Plan capital projects, Metro operations, subregional communities, local jurisdictions, and municipal transit providers. The Assessment period is notably marked by the COVID-19 pandemic and unprecedented disruption to the transportation industry as well as other external and internal drivers that have required Metro to adapt to new realities. Just as Measure M does not exist in a vacuum, the Assessment presents a fresh approach to analyzing stewardship of the Program that includes broader quality-of-life issues. This analysis includes assessment of Metro's role in addressing these issues, such as mobility, customer experience, and community and regional impacts and partnerships.

A summary of the report findings, organized by report Objectives, is outlined below.

Efficiency and Effectiveness in Delivery

Metro is making progress towards efficient and effective project and program delivery, including demonstrated adaptability, but could improve transparency in various impacts to delivering expectations.

Measure M has further strengthened the Los Angeles region's "local match" competitiveness for external funding opportunities and Metro has pursued outside funding and project implementation strategically and efficiently, successfully leveraging Measure M to obtain additional funding without increasing Measure M expenditures. Measure M has also sustained local communities and transit providers, generating approximately \$1.7 billion during the Assessment period for local jurisdictions, subregional communities, and Metro operations/state of good repair efforts. The Assessment further finds that Metro continues to serve and identify ways to improve mobility access for marginalized and EFCs, particularly through service areas and fare programs. Measure M Expenditure Plan transit and active transportation projects are also located in proximity to lower income households at a greater rate than all households.

Given the significant funding generated and distributed by Measure M, further transparency and information-sharing would improve taxpayer understanding and expectations of how Measure M funds continue to be invested to advance mobility options for people in Los Angeles County.

Potential barriers in the delivery

Overall, the Assessment finds modifications to project scope have changed project schedule and cost estimates from 2016 forecasts in the Expenditure Plan. Examples of modifications include typical project elements such as environmental review findings and response to community feedback, as well as atypical conditions changes such as the COVID-19 pandemic.

During the assessment period, Metro introduced a suite of project execution strategies, which include new and innovative approaches to address potential barriers to project delivery such as the Early Intervention Team and Alternative Delivery models.

Metro has adapted to delivery barriers and disruptions and is embarking on responsive and innovative strategies for project delivery. As these strategies are responsive and ongoing, they will require further monitoring for progress and success in future assessments.

Opportunities for Process Improvement

This interim Assessment presents the opportunity to identify adjustments needed in management and delivery of the Measure M Program. Planning and implementation efforts for the major Measure M projects, as well as major quality of life issues controlled locally, have highlighted the importance of multijurisdictional coordination. Metro's role as a partner is both regional and community-based. While Metro has been successful in distributing Measure M funds to local jurisdictions and transit providers, tracking these investments to quality of life outcomes can be improved.

Further, Metro is working to re-baseline Measure M project costs and schedules from initial 2016

forecasts and strengthening multijurisdictional partnerships to improve coordination on capital project delivery across the county.

Best Practices

The Assessment period has been characterized by intense and unprecedented change. Prior to the pandemic, Metro built strong data-tracking and collaboration tools to support project and program management, such as the Quality Assurance program and the Measure M Subregional MyGrants portal. More recently, in response to changing conditions, Metro has also advanced additional strategies that will require ongoing assessment, such as the Early Intervention Team and Alternative Delivery methods.

Metro has also elevated its commitment to equity, such as extensive project-based community engagement, to ensure that Measure M projects serve communities across the diverse county.

Organizational Changes

Employment trends and patterns have fluctuated during the Assessment period, underscoring the need for people to do the work to deliver Measure M projects and programs. Metro has not been immune to national labor shortages, especially for bus operators, and has worked aggressively to build back its workforce. Increased efforts to rebuild staff agencywide after the Assessment period hiring freeze/frost and voluntary separation incentives are ongoing and should continue to be monitored for progress.

During the Assessment period, the 2021 agencywide reorganization consolidated departments for streamlined workflows and improved organizational management as the world continued to recover from the pandemic. Metro also worked to streamline hiring processes to support rebuilding the workforce. These strategies will be critical to monitor in future assessments as staffing resources will continue to have a foundational impact on Measure M project and program delivery.

Post-Analysis Period

Some of the efforts Metro initiated after the end of the Assessment period (June 30, 2022), include the launch of the Transit Ambassadors program, transit service restoration to pre-pandemic levels, success in transit operator recruitment and hiring, and the Equitable Zero-Based Budgeting (EZBB) processes that guided FY23 and FY24 annual budget development. These new approaches are outlined in the Assessment and included in recommendations to continue monitoring progress and benefits.

Recommendations

Given the significant period of change during the five-year assessment, the Assessment highlights the importance of equity, partnerships, and adaptability as the region looks to continue meeting ambitious Measure M goals and emerging from the pandemic. Key Assessment recommendations that seek to operationalize these values include:

- Conduct deeper analysis of Measure M investment benefits for marginalized and Equity Focus Communities (EFCs), to measure and quantify existing disparities in access to resources and opportunities and potential gaps in Measure M investments to reduce these disparities.
- Analyze and establish a baseline to measure impacts from Metro's financial and labor

contributions to regional partnerships on key coordination opportunities such as such as street safety, active transportation, bus shelters, and heat resilience strategies.

- Continue to reassess Measure M project benchmarks based on updated project, environmental, and economic information.
- Integrate recommendations from this report into next iteration of Metro's Strategic Plan which serves as a foundation to all plans, programs and services.

Additional recommendations are included in the Assessment.

Measure M Independent Taxpayer Oversight Committee

The Measure M Independent Taxpayer Oversight Committee (MMITOC) plays a significant role in Measure M implementation, representing taxpayers and overseeing the responsible stewardship of Measure M taxpayer revenue dollars. Per the Measure M Ordinance and Guidelines, prior to adoption of the Five-Year Assessment, the MMITOC shall review the Five Year Comprehensive Program Assessment and make findings and/or provide recommendations for improving the program.

Staff and the project consultant team submitted the Assessment for review and presented a summary of assessments and recommendations from the Five-Year Assessment at the MMITOC September 2023 Quarterly Meeting. During the Quarterly Meeting MMITOC members opted to delay making findings and/or recommendations to improve the overall Measure M program, by no less than 30 days, to have additional time to review the Five-Year Assessment and provide feedback. Individual MMITOC members submitted findings and recommendations that were aggregated and presented at a MMITOC Special Meeting on October 5, 2023. At the Special Meeting the MMITOC discussed the individual findings and recommendations and unanimously voted on a committee list of findings and recommendations to improve the Measure M program to be presented to the Metro Board as part of the adoption of the Comprehensive Program Assessment, per Measure M Guidelines.

These MMITOC findings and/or recommendations are included in Attachment B.

DETERMINATION OF SAFETY IMPACT

The approval of the recommendations above will have no negative impact on the safety of Metro employees or passengers.

FINANCIAL IMPACT

Adoption of the Measure M Five Year Assessment does not have a direct financial impact to the agency.

No impact to Metro's budget is anticipated as a result of the Board adopting the Assessment.

EQUITY PLATFORM

The Measure M Five Year Comprehensive Assessment and Equity Report is the first broad analysis of Measure M through Metro's Equity Platform framework. Metro plays a key role in the region, as an operator, employer, developer/builder, and funder, all supported through Measure M's direct and

leveraged funding. Metro continues to serve riders throughout the Los Angeles region, who are predominantly lower-income, Black, Indigenous, and other People of Color (BIPOC), and without access to other mobility options.

The Assessment presents a new and comprehensive framework for financial analysis and stewardship of public dollars by considering impacts of Metro's investments on the people of Los Angeles County. The Assessment also analyzes demographic disparities in ridership, mobility choices, and investments. Assessment recommendations are intended to guide the agency to continue to advance equity through financial analysis, transparent measurement, and assessment of services and impacts to marginalized communities.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

This item supports Strategic Plan Goal #5, which seeks to "Provide responsive, accountable, and trustworthy governance within Metro. The Measure M Comprehensive Assessment seeks to ensure the continued effective delivery of Measure M projects and programs and transparency to the Board, MMITOC, stakeholders and public.

ALTERNATIVES CONSIDERED

The Board may choose to not proceed with adoption of the Assessment, however, this is not recommended as the Five Year Assessment provides ongoing oversight of the program, as well as transparency to Los Angeles County taxpayers, as set forth in the Measure M Ordinance and Guidelines.

NEXT STEPS

With approval of this item, and as stipulated in the Ordinance and Guidelines, staff will utilize this Assessment to monitor progress and guide decisions for the Measure M program. Analysis and findings from the Assessment will continue to be referenced in coordination with efforts to update the Metro Strategic Plan and SRTP. Analysis and findings from the Assessment will continue to be referenced in coordination with efforts to update the Metro Strategic Plan and SRTP.

ATTACHMENTS

Attachment A - Measure M Five Year Comprehensive Assessment & Equity Report

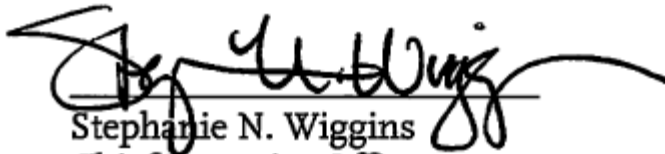
Attachment B - MMITOC Findings and Recommendations

Attachment C - Board Approved Assessment Objectives and Criteria

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