



Board Report

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Agenda Number: 17.

PLANNING AND PROGRAMMING COMMITTEE
OCTOBER 18, 2023

SUBJECT: METRO EXPRESSLANES NET TOLL REVENUE REINVESTMENT EXPENDITURE
PLAN - ROUND 3

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

APPROVE the following actions for Round 3 of the Metro ExpressLanes Net Toll Revenue Reinvestment Grant Program, in the amount of \$124,800,000:

- A. A total of \$14,510,000 to Caltrans for improvements to the I-10 and I-110 freeway corridors (list of improvements provided in Attachment A);
- B. The I-10 recommended projects and funding awards totaling \$28,674,440 and program \$1,266,035 which includes \$920,475 from Round 2, in reserve for the corridor as shown in Attachment B;
- C. The I-110 recommended projects and funding awards totaling \$36,284,255 and program \$8,328,355 which includes \$1,082,560 deobligated from Round 1, in reserve for the corridor as shown in in Attachment C;
- D. A total of \$6,000,000 to be deposited into Reserve Accounts - \$2,400,000 for the I-10 and \$3,600,000 for the I-110 to address unforeseeable operational issues;
- E. A total of \$31,740,000 for continued incremental Transit Service improvements (see Attachment D);
- F. ADMINISTER the grant awards and Transit funding with the requirement that funding recipients bear all responsibility for any cost increases;
- G. AUTHORIZE the Chief Executive Officer (CEO) or their designee to enter into funding agreements with grantees and Transit service providers; and
- H. AUTHORIZE the Chief Executive Officer (CEO) or their designee to enter into the funding agreement with Caltrans for ongoing operations and maintenance (O&M) of the Metro ExpressLanes and other state highway system improvements within the I-10 and I-110 corridors

as shown in Attachment E.

ISSUE

State law requires that net toll revenues generated from the Metro ExpressLanes be reinvested in the corridor from which they were derived, pursuant to an approved expenditure plan. In April 2023 the Board approved the guidelines, project eligibility, and the application package for the Net Toll Revenue Grant Program Round 3 (Attachments F and G). Based on the technical evaluations and in consultation with the Corridor Advisory Group (CAG) Subcommittee, staff recommends funding 16 projects totaling \$64,958,665 in Metro ExpressLanes grant approval.

Based on the April 2023 Board approved fund estimates, staff also recommends funding allocations for: reserve funds; continued funding of incremental transit service improvements along both corridors and Caltrans improvements within the I-10 and I-110 freeways. Finally, staff recommends executing the master agreement for improvements, operations, and maintenance with Caltrans to support the I-10 and I-110 ExpressLanes.

BACKGROUND

In April 2023 the Board approved the reinvestment framework for the expenditure plan with the following conditions:

1. Reinvestments in the transportation corridors provide a direct benefit to reducing congestion on the Metro ExpressLanes (I-10 and I-110);
2. A set aside of funds to be placed into a reserve account;
3. Funding for the continuation of the incremental Transit Service improvements to address social equity considerations;
4. A set aside of 20% of the available grant funds to Caltrans for corridor improvements;
5. Any remaining funds available for allocation to the Grant Program comprised of three categories: Transit Use (TU), System Connectivity/Active Transportation (SC/AT), and Roadway Improvements (RI); and,
6. Grant funds to be reinvested in projects/programs that provide direct mobility benefit to the I-10 and I-110 ExpressLanes within a three-mile radius. Projects beyond a three-mile radius must demonstrate regional significance.

DISCUSSION

Per the approved guidelines, the baseline targets of 40% for Transit Improvements, 40% for System Connectivity/Active Transportation, and 20% for Roadway Improvements were identified as goals, however the actual allocation of the funds is based on the merits of the proposed projects and programs, irrespective of modal category.

Funding Availability

Round 3 Final available funding allocations are as follows:

	Net Toll Revenues	Available to I-110 Corridor	Available to I-10 corridor
Round 3 Funds Available	\$124,800,000		
Set-Aside (Reserve Fund)	\$6,000,000		
Set-Aside (Direct Allocation - Transit Ops)	\$31,740,000		
Set-Aside (Caltrans)	\$14,510,000		
Subtotal Set-Asides	\$52,250,000		
Grant Funding Available	\$74,553,035*/**	\$44,612,560*	\$29,940,475**
40% - Transit Uses	\$29,831,214*/**	\$17,845,024*	\$11,976,190**
40% - System Connectivity/ Active Transportation	\$29,831,214*/**	\$17,845,024*	\$11,976,190**
20% - Roadway Improvements	\$14,910,607*/**	\$8,922,512*	\$5,988,095**

*An additional \$1,082,560 was allocated to the I-110 net set-aside from a deobligated project in Round 1.

**An additional \$920,475 was allocated to the I-10 net set-aside from an unused allocation approved in Round 2.

As part of Round 3, \$74,553,035 is available for grant funding which represents a 167 percent increase in available funding over Round 2. The distribution of funds between the two corridors reflects the level of funding generated in each corridor. The recommended funding level for the I-110 projects reflects \$1,082,560 from Round 1 which was deobligated at the request of the fund's recipient from one project on the corridor and is included in the \$8,328,335 in Round 3 unprogrammed funds which will be placed in reserve for future projects within the corridor. The recommended funding level for the I-10 projects reflects \$920,475 from Round 2 which was placed in reserve for the corridor and is included in the \$1,266,035 in Round 3 unprogrammed funds which will be placed in reserve for future projects within the corridor.

Prior Rounds

In July 2014, the Metro Board approved 20 projects totaling \$19.3 million as part of the Round 1 Net Toll Revenue Grant Program. Of the 20 projects from Round 1, fourteen (14) have been completed, one (1) is being de-obligated per the project sponsors request, and five (5) are in progress and have expended partial funds. In August 2016, the Metro Board approved 21 projects totaling \$27.9 million for funding as part of Round 2. Of those projects, nine (9) have been completed, and twelve (12) are in progress and have expended partial funds. In the seven years since our last award 17 of the 41 projects that received awards have yet to complete their projects. One of the goals of this program is to advance funds to improve mobility so projects that are both shovel ready and have realistic completion schedules are prioritized. Attachment F shows the status of the projects that have

received prior funding.

Reserve Funds

Per the adopted guidelines, reserve funds are set aside to ensure availability of toll funding to cover unexpected costs required for the operation of the ExpressLanes to avoid the use of general funds. Staff is recommending a set aside of \$6,000,000 in reserve.

Transit Service

The adopted guidelines approved the continuation of funding for transit service improvements that were part of the original Congestion Reduction Demonstration (CRD) project. This funding is provided through a direct allocation to the transit providers to subsidize the incremental operating costs associated with increased services. These transit enhancements are a benefit for low-income commuters along the ExpressLanes corridors and have proven to be one of the major success stories for the project. Transit agencies that receive this direct allocation are: Foothill Transit, Torrance Transit, Gardena Municipal Bus Lines, and Metro's J Line service. A breakdown of the funding can be found in Attachment D.

Caltrans Set Aside

Through prior Board actions, Caltrans has received \$12.18 million in prior years through Round 1 and 2 of the Net Toll Revenues as well as the Bi-Annual Work Plan. As part of Round 3, staff recommends \$14.51 million in funding to Caltrans for the projects outlined in Attachment A.

In addition, per State law, Metro is required to enter into an agreement with Caltrans for the operation and maintenance (O&M) of the 10/110 ExpressLanes. Metro and Caltrans executed an O&M agreement in 2011 that has provided \$1.5-\$2 million annually to Caltrans for ongoing O&M. Board approval is requested for an updated O&M agreement that will continue to provide an estimated \$2 million annually to Caltrans and include round 3 net toll set-aside funds granted to Caltrans.

Evaluation and Ranking of Grant Applications

On May 9, 2023, staff distributed the application package to eligible applicants through the South Bay and San Gabriel Councils of Government, the Corridor Advisory Group, Streets and Freeways Subcommittee, the cities along the three-mile radius of the ExpressLanes, the County of Los Angeles, and Metro. Potential applicants were then invited to two workshops to review the application and evaluation process. The Workshops were held on June 20th virtually and in person at Metro Headquarters and June 26th virtually only. Presentations on the Grant application package and process were provided in May to the San Gabriel Valley COG, in May and June to the South Bay Cities COG, and in July 2023 to the Streets and Freeways Subcommittee,

Applications were received on August 7, 2023, and were reviewed for eligibility. 32 of the 32 applications submitted were deemed eligible. All projects submitted were sorted by corridor and reviewed by the technical team comprised of Metro and Caltrans staff with technical expertise in each of the target categories. Technical reviewers evaluated Mobility Benefits, EFC benefits, use of Innovative Technology, Implementation of Regional Sustainability Plans, Local Match, Cost Effectiveness, Safety, Project Readiness, and Partnership with a Community-Based Organization (see attachment G for application and detailed scoring criteria).

Upon completion of the eligibility review, project applicants were invited to a meeting of the Corridor Advisory Groups (CAG) subcommittee to present their applications. Consistent with previous practice in 2014 and 2016, the committee was formed from members of the CAG which included local Councils of Government members, transit providers, and a local community-based organization (Los Angeles Neighborhood Initiative) who volunteered to be on the review panel. The committee members were precluded from scoring projects they had submitted or sponsored. The committee members were provided access to all project presentations and applications. After reviewing all the presentations from the applicants, CAG members then indicated their own project rankings based on the following: High (A) = Project is a priority for funding; Medium (B) = Project has potential and could be funded, if funds are available; and Low (C) = Project is not recommended for funding. High = 80 points; Medium = 70 points; Low = 60 points.

Consistent with past practice approved by the Board and utilized in Rounds 1 and 2, final overall scores were averaged based on the technical review and CAG feedback and projects were sorted into modal categories. Projects were then ranked based on scores. An overall score of 70 was considered the cutoff line for funding consideration. Any projects receiving an overall score of less than 70 were not recommended for funding. Funding recommendations were based on the score within the modal category and the amount of available funding.

Staff received 32 applications totaling \$158,935,299 in funding requests. Most of the applications were for the System Connectivity/Active Transportation category and Roadway Improvements received the least. Applications were distributed as follows:

- 11 projects (34.4%) requesting \$52,752,152 (33.2%) were submitted in the Transit Use category.
- 18 projects (56.3%) requesting \$91,522,973 (57.6%) were submitted in the System Connectivity/Active Transportation category.
- 3 projects (9.3%) requesting \$14,660,174 (9.2%) were requested in the Roadway Improvements category.

Based on the technical evaluations and in consultation with the CAG Subcommittee members, staff recommends funding for 16 projects totaling \$64,958,665. Based on the number and quality of the applications, the recommended projects reflect a modal distribution of 37.2% for Transit Use, 48.8% for System Connectivity/Active Transportation and 14% for Roadway Improvements. Project funding recommendations are provided in Attachments B and C for the I-10 and I-110 respectively. Due to the System Connectivity/Active Transportation category allocation being higher than the recommended amount on the I-110, funding was reallocated from the Transit Use and Roadway Improvements categories. Due to the System Connectivity/Active Transportation and Transit Use categories allocation being higher than the recommended amount on the I-10, funding was reallocated from the Roadway Improvements category.

DETERMINATION OF SAFETY IMPACT

This Board action will not have an impact on established safety standards and in many cases will improve safety in those locations where projects will be implemented.

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. The FY2024 budget includes funding for all recommended actions in cost center 2220 (ExpressLanes). Since many of these are multi-year projects, the cost center manager and Deputy Chief Operations Officer, Shared Mobility will be responsible for budgeting project, transit service, and Caltrans O&M expenditures in future years.

Impact to Budget

Net Toll Revenues generated from the Metro ExpressLanes' operation comprise the entirety of the funds recommended in this action.

EQUITY PLATFORM

The Net Toll Revenue Grant applications awarded up to 10 points to projects that demonstrated a significant benefit to Equity Focus Communities (EFCs). The projects were scored on their ability to show how the project will beneficially impact EFCs. Of the 16 recommended projects, 16 demonstrated a significant positive impact to EFCs and will collect the necessary data to evaluate the EFC impact upon project completion through the use of before and after data. With an average EFC benefit score of 7, the recommended projects will increase mobility options, provide access to regional trip generators, provide safer pedestrian routes, enhance transit frequency, and provide equity program pricing among other benefits of the projects in EFCs.

Metro believes Community-Based Organizations (CBOs) provide a vital role in helping Los Angeles County become more sustainable. The applications recommended wherever possible for applicants to partner with CBOs to deliver projects. The system connectivity/active transportation application provided up to 10 points for partnering with a non-profit agency. The transit use/roadway improvements application provided up to 5 points for the partnership. Of the 16 recommended projects, 10 included a CBO partnership. Active transportation and roadway improvement projects were the most likely to partner with a CBO, with 82% of these recommended projects partnering with a CBO. Due to their role as the direct service provider, transit agencies generally did not partner with a CBO for transit use projects. Only the City of Los Angeles Wayfinding project partnered with a CBO in the transit use category.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Metro ExpressLanes Net Toll Revenue Grants align 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. ExpressLanes provide drivers and transit riders 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 suggest alternative projects for funding through the 2023 Net Toll Revenue Reinvestment Grant Program. This alternative is not recommended because each project was evaluated based on its technical merits in consultation with the Corridor Advisory Group (CAG). Adding additional projects that did not meet the 70 point minimum score will result in projects that do not meet the technical merits or CAG priorities receiving funding that will not best provide mobility benefits to the corridor.

NEXT STEPS

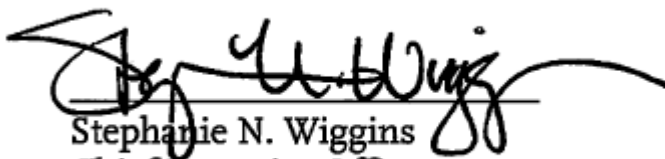
With Board approval of the recommendations, staff will develop and execute funding agreements with project applicants and transit operators and execute the O&M agreement for Metro ExpressLanes with Caltrans.

ATTACHMENTS

- Attachment A - Caltrans Improvements
- Attachment B - I-10 Grant Recommendations
- Attachment C - I-110 Grant Recommendations
- Attachment D - Transit Funding
- Attachment E - Caltrans Operations and Maintenance Agreement
- Attachment F - Rounds 1 and 2 Project Status
- Attachment G - Project Eligibility Guidelines
- Attachment H - Net Toll Revenue Grant Applications

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