



Board Report

File #: 2023-0558, File Type: Program

Agenda Number: 16.

PLANNING AND PROGRAMMING COMMITTEE
OCTOBER 18, 2023

SUBJECT: PROGRAMMING LOCAL FUNDS FOR EAST SAN FERNANDO VALLEY LIGHT
RAIL TRANSIT PROJECT

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

A. DETERMINING the Measure R projects San Fernando Valley North-South Rapidways (Canoga Corridor) and I-5 Capacity Enhancement from SR-134 to SR-170 are complete with surplus Measure R funds remaining in the amount of \$231,417,000;

(REQUIRES TWO-THIRDS VOTE OF THE FULL BOARD)

B. PROGRAMMING \$231,417,000 of surplus Measure R funds and \$201,312,900 of related Proposition C replacement credits to the San Fernando Valley East Light Rail Transit project; and

C. PROGRAMMING \$128,549,218 of non-federal funds in the Long Range Transportation Plan in the third decade of Measure R for uses within the Arroyo Verdugo subregion.

ISSUE

This Board action will determine that two Measure R projects are complete, which is required by the Measure R Ordinance to reprogram the funds for another capital project in the subregion. A portion of the Measure R surplus funds were swapped with Proposition C 25% funds in 2016, which were described as “replacement credits,” and this current Board action would reprogram both the Measure R surplus and the replacement credits to the East San Fernando Valley Light Rail Transit project. The Measure R projects that have a surplus (i.e., they have been completed without using all the Measure R funds allocated by the Ordinance) are funded from the Highway Capital Subfund and would need to be transferred to the Transit Capital Subfund for use on East San Fernando Valley Light Rail Transit.

The I-5 Capacity Enhancement from SR-134 to SR-170 project transverses through two current subregions as defined by Metro - San Fernando Valley and Arroyo Verdugo. The East San Fernando Valley Light Rail Transit project is entirely in the current boundary of the San Fernando Valley

subregion. The Arroyo Verdugo subregion has requested that a proportional share of the surplus and replacement credits be spent in Arroyo Verdugo. This Board item would program \$128,565,757 of non-federal funds (currently planned as Proposition C 25% funds) for uses in Arroyo Verdugo.

BACKGROUND

The East San Fernando Valley Light Rail Transit project is proceeding through the preconstruction phase of a progressive design/build contract. Metro is concurrently pursuing a federal Expedited Project Delivery (EPD) program grant of up to \$908.75 million that would fund approximately 25 percent of the project costs. The EPD grant requires that Metro meet several conditions prior to May 10, 2024, or the Letter of Intent to obligate the funds will expire. One of the conditions is committing the non-federal funds. The programming of Measure R surplus and Proposition C replacement credits by the Metro Board will commit sufficient non-federal funds to the East San Fernando Valley Light Rail Transit project to satisfy the conditions of the EPD grant.

DISCUSSION

The San Fernando Valley North-South Rapidways (Canoga Corridor) project, also known as the Metro Orange Line Extension to Chatsworth, was opened for service in June 2012. This project was completed without expending the full \$182 million of Measure R funds allocated by the Measure R Ordinance. The Metro Board has not yet reprogrammed these Measure R surplus funds for any other capital project within the same subregion, and this Board action would determine that the project is complete and reprogram the funds for East San Fernando Valley Light Rail Transit. The Measure R Ordinance (Section 7(d)(4)) specifies that:

'In the event that a Capital Project identified in Attachment A as a "Transit" is completed without the expenditure of the amount of Net Revenues allocated by this Ordinance, any surplus Net Revenues allocated to that Capital Project shall be credited to the Transit Capital Subfund and expended for Capital Projects located within the same subregion as the project so completed.'

The project I-5 Capacity Enhancement from SR-134 to SR-170, subsequently combined with a northern segment to SR-118, was opened to traffic in April 2022. Caltrans, which managed the construction, accepted the contractors work in June 2023. This project was completed without the expenditure of \$250,729,000 of Measure R funds and Proposition C replacement credits that were initially included in the Measure R Expenditure Plan. The replacement credits were approved by the Metro Board at its meeting of January 2016 . At that time, Metro staff recommended the creation of replacement credits, or a swapping of, or use of Measure R instead of the Proposition C 25% that was programmed on the project. This was done because the use of Proposition C 25% would have required the issuance of debt, and the use of Measure R could be funded with cash, saving interest cost from debt. Based on actual expenditures on the project, the Measure R surplus is currently \$49,417,000, and the replacement credits are \$201,312,900.

East San Fernando Valley Light Rail Transit Funding Plan

Metro and the Federal Transit Administration (FTA) are currently evaluating the project cost, schedule, and risk and tracking the various work products needed to meet the conditions of the EPD

grant. The current project cost for purposes of the EPD grant, based on input from FTA, is \$3,573,952,016. This cost will differ from the expected Metro Life of Project budget as it excludes previous planning costs that are not eligible for the EPD grant (but include finance charges, which are not part of Metro's project budget). Metro has secured much of the funding through the Measure R and Measure M Expenditure Plans and from State grants, including a \$600 million award in January 2023 from the Transit and Intercity Rail Capital Program. The remaining funds to be secured include the EPD grant of up to \$908,750,000 and, \$231,417,000 of surplus Measure R funds and \$201,312,900 of related Proposition C replacement credits.

Arroyo Verdugo Subregion

The project I-5 Capacity Enhancement from SR-134 to SR-170, which will have \$250,729,900 of Measure R surplus and replacement credits, is 4.82 miles in the Arroyo Verdugo subregion and 4.58 miles in the San Fernando Valley subregion (based on Caltrans postmiles). The proportional amount of miles in Arroyo Verdugo is 51.27% (truncated to one hundredth of one percent), which equates to \$128,549,218 of the surplus and replacement credits.

Measure R requires that the surplus be spent in the same subregion, and when Measure R was enacted, there was no formal Arroyo Verdugo subregion with defined boundaries. When the replacement credits were created, the Board action identified both San Fernando Valley and the Arroyo Verdugo subregion in relation to I-5 Capacity Enhancement from SR-134 to SR-170 but did not specify how the replacement credits would be allocated among the subregions.

Metro staff have met with the governing bodies of both San Fernando Valley and Arroyo Verdugo subregions to determine if they support the use of the I-5 Capacity Enhancement from SR-134 to SR-170 Measure R surplus and replacement credits on the East San Fernando Valley Light Rail Transit project. The San Fernando Valley Council of Governments approved an action in support on October 2, 2023, and Arroyo Verdugo Communities Joint Powers Authority approved an action in support on October 5, 2023, subject to Metro programming non-federal funds in the Metro Long Range Transportation Plan for use in the Arroyo Verdugo subregion, recognizing the subregion first in the event the funding can be accelerated, and considering use of alternative funding that may be more flexible should this be available (Attachment A).

EQUITY PLATFORM

This Board action will provide funding to construct a major transit project in the San Fernando Valley. The East San Fernando Valley Light Rail Transit alignment is in a disadvantaged, underserved community where access to premium transit service is limited. Equity Focus Communities (EFC) are within walking and biking distances to the proposed stations and the Project will improve access for transit riders in EFC along the route to additional destinations. Approximately 17.5% of the households in the project's study area are below the poverty level, which is 0.2% higher than the City of Los Angeles and 3.5% higher than the County of Los Angeles. The Hispanic or Latino population represents 71.7% of the total population within the project area. The project provides residents with premium transit service to better access employment, health, and educational opportunities. The first last mile component of the project will connect underserved neighborhoods to the Metro transit network.

No adverse equity impacts are anticipated from determining the San Fernando Valley North-South Rapidways (Canoga Corridor) and I-5 Capacity Enhancement from SR-134 to SR-170 projects are complete, transferring surplus Measure R funds from the Highway Capital Subfund to the Transit Capital Subfund, or programming Measure R funds for uses within the Arroyo Verdugo subregion.

DETERMINATION OF SAFETY IMPACT

The recommended actions will have no direct impact on the safety of our customers or employees.

FINANCIAL IMPACT

Approval of the recommendation would result in the programming of \$231,417,000 of Measure R funds and \$201,312,900 of Proposition C 25% funds for the East San Fernando Valley Light Rail Transit project between fiscal years FY 2025 and FY 2031, which will help secure up to \$908,750,000 from the federal EPD grant by May 2024. The programming of Measure R and Proposition C 25% may result in additional debt up to the amount programmed and interest cost that could be payable over 30 years. Board approval would also program non-federal funds in the third decade of Measure R for uses as determined by the Arroyo Verdugo subregion.

Impact to Budget

The staff recommendations do not impact the FY 2024 budget as the funding impacts FY 2025 through FY 2031.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Board action will provide funding to help deliver the East San Fernando Valley Transit project, which supports Strategic Plan Goal #1 - Provide High Quality Mobility Options That Will Enable People to Spend Less Time Traveling. The project is expected to improve travel time, mobility, transit access, and connectivity to Metro's regional transit system. By 2040, the project is expected to reduce travel time for transit passengers from 48 minutes to approximately 30 minutes between the Metro G (Orange) Line Station and the Sylmar/San Fernando Metrolink Station.

This item also supports the Strategic Plan Goal #5, which seeks to "Provide responsive, accountable, and trustworthy governance within the Metro organization." This programming action helps ensure fiscal responsibility in how programming decisions are made and transparency in the agency's investment decisions.

NEXT STEPS

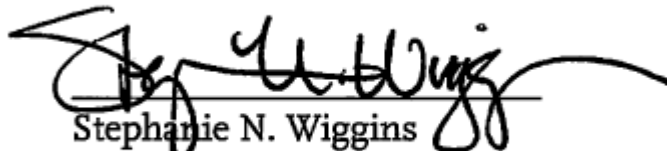
Upon approval of this item, Metro staff will inform FTA that it has committed the funds needed to satisfy the conditions of the EPD Letter of Intent. Metro staff will transfer funds as needed from the Measure R Highway Capital Subfund to the Measure R Transit Capital Subfund to fund East San Fernando Valley Light Rail Transit expenditures and also incorporate the programming of non-federal funds for projects in the Arroyo Verdugo subregion, in the third decade of Measure R, as part of the Long Range Transportation Plan, subject to funding availability.

ATTACHMENTS

Attachment A - San Fernando Valley Council of Governments and Arroyo Verdugo Communities Joint Powers Authority actions in support of Metro programming

Prepared by: Craig Hoshijima, EO, Countywide Planning and Development, (213) 418-3384
Laurie Lombardi, SEO, Countywide Planning & Development, (213) 418-3251
Ray Sosa, Deputy Chief, Countywide Planning & Development, (213) 547-
4274

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



Stephanie N. Wiggins
Chief Executive Officer