



Board Report

File #: 2024-0510, File Type: Program

Agenda Number: 8.

PLANNING AND PROGRAMMING COMMITTEE
SEPTEMBER 18, 2024

SUBJECT: COUNTYWIDE CALL FOR PROJECTS

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

CONSIDER:

- A. DEOBLIGATING \$5.94 million of previously approved Call for Projects (Call) funding, as shown in Attachment A, and hold in RESERVE;
- B. APPROVING changes to the scope of work for:
 - 1. City of Los Angeles - Last Mile Folding Bike Incentive Program (Call #F7707);
 - 2. City of Los Angeles - Building Connectivity with Bicycle Friendly Business District (Call #F9803);
- C. AUTHORIZING the Chief Executive Officer (CEO) or their designee to negotiate and execute all necessary agreements/or amendments for previously awarded projects; and
- D. RECEIVING AND FILING time extensions for 49 projects shown in Attachment B.

ISSUE

Each year the Board must recertify funding for Prior Call projects in order to release the funds to project sponsors. The Board must also approve the deobligation of lapsing project funds after providing project sponsors the opportunity to appeal staff’s preliminary deobligation recommendations to Metro’s Technical Advisory Committee (TAC). The Board must also approve changes to the project scope of work. Staff has evaluated the proposed changes and found that they are consistent with the intent of the original scope of work. The Board must also receive and file the time extensions granted through previously delegated Board authority. The background and discussion of each of these recommendations can be found in Attachment C.

BACKGROUND

The Call, an existing competitive grant program dating back to the early 1990s, programs transportation funds to local jurisdictions for regionally significant projects that are often beyond the financial capabilities of local sponsors. The last Call cycle, including all funding commitments and project scopes of work, was approved by the Metro Board in September 2015.

The Call process implements Metro's multi-modal programming priorities and the adopted Long Range Transportation Plan (LRTP). Since the adoption of the Call funding commitments, the Metro Board has reinforced annual authorization and timely use of funds policies. Specifically, Board policy calls for the consideration of the deobligation of funding from project sponsors who have not met lapsing deadlines or have formally notified Metro that they no longer wish to proceed with the project (cancellation). All projects are subject to a close-out audit after completion. This report summarizes the 2024 annual review and recommendations.

DISCUSSION

Technical Advisory Committee (TAC) Appeals

Projects with significant delays are then notified of the potential deobligation and the project sponsor's right to appeal at the Metro TAC. In May 2024, project sponsors who were required to appear at the Metro Call for Projects TAC appeals were notified. On June 5, 2024, TAC heard sponsor appeals on the proposed deobligation of funding from eight projects (Attachment D). TAC recommended a one-year extension for all eight projects and requested one LA County project return to TAC in six months for a status update. Staff concurs with these recommendations.

Close-out audits are performed once a project is complete. Once the project sponsor concurs with the audit findings, remaining funding, if any, is proposed for deobligation. All proposed deobligated funds included in Attachment A are due to project savings or cancellation requested by the project sponsors and would not be involuntarily deobligated by this proposed Board action, as further described in the attachment.

Project Scope of Work Changes

1. The City of Los Angeles Department of Transportation - Last Mile Folding Bike Incentive Program (Call #F7707) was programmed through the 2013 Call. As approved, this project provides financial incentives to transit riders towards the purchase of 1,800 collapsible or electric bikes to use in conjunction with bus and rail systems.
2. The City of Los Angeles Department of Transportation - Building Connectivity with Bicycle Friendly Business Districts (Call #F9803) was programmed through the 2015 Call. As approved, this project creates Bicycle Friendly Business Districts that coordinate with business districts to offer Transportation Demand Management (TDM) incentives and provide applications and amenities that encourage short trips by bicycle.

The cost of an e-bike has risen significantly since the awards of the Call grants. The City has found that to benefit low-income residents, the subsidy amount must be approximately equal to the cost of

a good quality e-bike. The City is requesting to revise the scope of work by combining the two above projects with a single e-bike voucher program that will provide approximately 900 income-qualifying participants with at least \$1,500 toward the purchase of a pedal-assisted e-bike. The project area will either be South Los Angeles where the city is currently implementing the Universal Basic Mobility (UBM) pilot program or a UBM Priority Area as determined by the City’s Mobility Action Plan. Metro staff has evaluated the proposed change in scope and found that it is consistent with the intent of the original scope of work for both projects. Metro will maintain its funding commitment using the combined total of the original two projects of \$1,518,124 (\$694,570 + \$823,554), and the city will maintain its local match commitment of the two combined projects of \$398,267 (\$192,378 + \$205,889). In addition, the City is committed to covering any future project cost overruns, if they should occur.

Active Call for Projects as of June 30, 2024

Staff have been actively working with the local jurisdictions to prioritize and expedite project implementations, especially the earlier cycles of the Call, to meet the Call funding commitments. Annually since August 2020, Metro staff reported the completed assessments of the past and current recipient performance in project delivery (2007 to 2015 Call cycles). We updated the table as of June 30, 2024 (see below), which shows 123 active Call projects totaling \$294.3 million are yet to be fully implemented. Since July 2023, project sponsors have completed 26 projects which include bottleneck intersection, signal, bikeway, and pedestrian improvement projects, with total expenditures of \$52.4 million. Remaining projects across numerous jurisdictions throughout Los Angeles County focus on multimodal improvements and support for the region’s mobility needs and support of safe, sustainable, environmentally friendly improvements. The majority of the remaining projects are near the construction phase, and approximately 30 projects are near completion. Staff will continue working with the project sponsors to expedite those projects' delivery.

Cycle	# of Awarded Projects	Original Programming Years	Total Prog Amount (\$000')	# of Active Projects (June 2023)	# of Active Projects (June 2024)	Remaining Balance (\$000')
2007 Call	169	FY08 - FY13	\$ 454,520	22	19	\$ 41,826
2009 Call	133	FY12 - FY15	337,551	24	19	59,317
2011 Call	72	FY15 - FY17	123,516	14	13	17,585
2013 Call	96	FY15 - FY19	199,390	35	28	84,925
2015 Call	88	FY17 - FY21	201,923	54	44	90,647
	558		\$1,316,900	149	123	\$294,300

STBG/CMAQ Corrective Action Update

A portion of the funding for the Call is from the federal Surface Transportation Block Grant (STBG) Program and Congestion Mitigation and Air Quality (CMAQ) Improvement Program funds. Federal CMAQ and Regional Surface Transportation Program (RSTP) funds were previously programmed by Metro for the benefit of the Call recipients but in April 2021, the Federal Highway Administration (FHWA) and Federal Transit Association (FTA) issued a corrective action to Caltrans on the

administration of the STBG and CMAQ Improvement Programs. The findings require Caltrans to ensure that sub-recipients of STBG and CMAQ funds throughout the state are administering these programs in compliance with federal program guidance and regulations. Subsequently, in August 2022, FHWA and FTA jointly issued a corrective action to SCAG, requiring a review of Caltrans' CMAQ and STBG administrative policies and the development of a process that ensures compliance with federal program guidelines and regulations for the administration of the STBG and CMAQ programs. The program guidelines adopted by SCAG to comply with the federal Corrective Action require that any new project or new project phase funded with CMAQ and/or STBG funds are subject to a competitive project selection process administered by SCAG.

The Corrective Action took effect in the 2023 Federal Transportation Improvement Plan (FTIP) on July 1, 2023. Under this new federal action, any STBG/CMAQ funds that were programmed in the 2023 FTIP between FFY23 and FFY26 before July 1, 2023, are considered 'grandfathered.' In the upcoming 2025 FTIP, grandfathered funds are only permitted to be programmed in FFY25 and FFY26 and agencies must obligate the funds by September 30, 2026. Failure to obligate by the deadline will result in the permanent loss of funds.

Should agencies not be able to obligate by September 30, 2026, agencies are encouraged to apply in the next SCAG Nomination process as the STBG/CMAQ funds programmed from the Call will be lost permanently.

DETERMINATION OF SAFETY IMPACT

The 2024 Call Recertification and Deobligation will not have any adverse safety impacts on Metro's employees or patrons.

FINANCIAL IMPACT

The amount of \$40.2 million is included in the FY 2024-25 Adopted Budget in Cost Centers 0441 (Subsidies to Others) and 0442 (Highway Subsidies) for the Countywide Call. Since these are multi-year projects, the cost center managers and Chief Planning Officer will be responsible for budgeting in future years.

Impact to Budget

The sources of funds for these activities are Proposition C 25%, State Repayment of Capital Project Loan Funds, CMAQ and RSTP. Proposition C 25% funds are not eligible for Metro bus and rail operations expenses.

CMAQ funds can be used for both transit operations and capital. Los Angeles County must strive to fully obligate its share of CMAQ funding by May 1 of each year, otherwise, it risks its redirection to other California Regional Transportation Planning Agencies by Caltrans. Staff recommends the use of long lead-time CMAQ funds as planned to ensure the utilization of Metro's federal funds.

RSTP funds in this action could be used for Metro's transit capital needs. Also, while these funds cannot be used directly for Metro's bus or rail operating needs, these funds could free up other such

eligible funds by exchanging the funds used for Metro's paratransit provider, Access Services Incorporated. Since these RSTP funds originate in the Highway portion (Title 23) of MAP-21, they are among the most flexible funds available to Metro and are very useful in meeting Call projects' requirements.

EQUITY PLATFORM

Metro's Call program was a competitive process that distributed discretionary capital transportation funds to regionally significant projects that improve traffic flow, reduce congestions, provide access and mobility, connect bikeway networks, and promote walking, etc. The projects (and scopes) included in this action predate the Equity Platform (adopted in 2018). As such, Equity Platform criteria were not included in the evaluation of these projects. However, the third pillar of the Equity Platform, "Focus and Deliver" applies to these community-driven projects. Given that no equity analysis occurred during the initial grant process, staff are now working to evaluate the equity impacts from the existing grants. The Equity Focus Communities ("EFCs", adopted as part of the 2020 Long Range Transportation Plan, updated in 2022) are being applied to all current Call grants to support the first pillar of the Equity Platform "Define and Measure." Specifically, the EFCs are a mapping tool that has been added to the Call administration database since July 2021. The analysis of the EFC layer to the Call grants (within a 1-mile radius) provides information about the makeup of the communities being served by these projects. See Attachment E for a map of the remaining 123 projects and EFCs.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommendation supports the following goals of the Metro Vision 2028 Strategic Plan:

Goal 1: Provide high-quality mobility options that enable people to spend less time traveling by alleviating the current operational deficiencies and improving mobility along the projects.

Goal 4: Transform LA County through regional collaboration with the subregions and local jurisdictions in the implementation of the projects.

ALTERNATIVES CONSIDERED

The Board could cancel all or some of the FY 2024-25 funding commitments rather than authorize their continued expenditures. This would be a change to the previous Board-approved Countywide Calls programming commitments and would disrupt ongoing projects, right-of-way acquisition particularly, that received multi-year funding.

With respect to deobligation, the Board could choose to deobligate funds from one or more project sponsors whose projects are beyond the lapse dates and are not moving forward consistent with the adopted Revised Lapsing Policy rather than extending the deadlines. A much stricter interpretation of the Revised Lapsing Policy might encourage project sponsors in general to deliver them in a timelier fashion. However, this would be disruptive to the process of delivering the specific projects currently underway, approximately 30 projects, are now very close to being delivered. On balance, the appeals process between the project sponsors and the Metro TAC is a significant reminder to project

sponsors that these funded projects should not be further delayed thus ensuring policy objectives are achieved in expending the funds as intended by the Call program.

NEXT STEPS

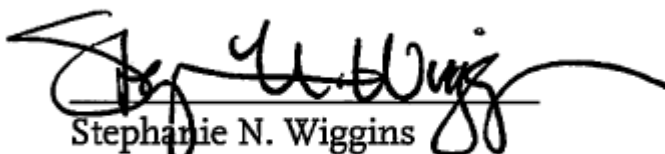
With Board approval of the 2024 Countywide Call Deobligation and Extension process, project sponsors will be notified. Amendments to existing Funding Agreements will be completed for those sponsors receiving time extensions. Metro staff will identify recommended uses for the reserve, including countywide needs and to address subregional cost increases, which are consistent with the prior recommended uses of the Call reserve. Project sponsors whose funds are being deobligated and those receiving date-certain time extension deadlines for executing their agreements will be formally notified of the Board's action.

ATTACHMENTS

- Attachment A - FY 2023-24 Countywide Call Deobligation
- Attachment B - FY 2023-24 Countywide Call Extensions
- Attachment C - Background/Discussion of Each Recommendation
- Attachment D - Result of TAC Appeals Process
- Attachment E - Call and Equity-Focused Communities Map

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