



Board Report

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**EXECUTIVE MANAGEMENT COMMITTEE COMMITTEE
AUGUST 18, 2016**

**SUBJECT: METRO EXPRESSLANES NET TOLL REVENUE REINVESTMENT EXPENDITURE
PLAN - ROUND 2**

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATIONS

APPROVE the following actions for **Round 2 of the Metro ExpressLanes Net Toll Revenue Reinvestment Grant Program**, in the amount of \$54,155,000.

- A. 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;
- B. a total of \$13,800,000 for continued incremental Transit Service improvements (see Attachment A for detailed distribution).
- C. a total of \$5,580,000 for Caltrans for improvements to the I-10 and I-110 freeway corridors (list of improvements provided in Attachment B)
- D. the I-10 recommended projects and funding awards totaling \$10,239,525 and program \$920,475 in reserve for the corridor as shown in Attachment C
- E. the I-110 recommended projects and funding awards totaling \$17,615,000 which includes \$875,000 from Round 1 as illustrated in Attachment D
- F. ADMINISTER the grant awards and Transit funding with the requirement that funding recipients bear all responsibility for cost increases; and,
- G. AUTHORIZE the Chief Executive Officer (CEO) or his designee to enter into funding agreements with grantees and Transit service providers.

ISSUE

In October 2015 the Board approved the Guidelines for the Net Toll Revenue Allocation (Attachment E) and in January 2016 the Board approved the application package, including the evaluation criteria, for the grant program (Attachment F). Staff began the grant process in early February with a Board approved submittal deadline of May 16, 2016. A total of 28 applications requesting \$60,328,680 in

funding were received. Based on the technical evaluations and in consultation with the Corridor Advisory Group (CAG) Subcommittee, staff recommends funding of 21 projects totaling \$27,854,525 in Metro grant approval.

Based on the October 2015 Board approved fund estimates, staff also recommends the following funding allocations: \$6,000,000 in reserve funds; \$13,800,000 for continued funding of incremental transit service improvements along both corridors and \$5,580,000 for Caltrans improvements within the I-10 and I-110 freeways.

DISCUSSION

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 October 2015 the Board approved the re-investment 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.

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 2 Final funding targets are as follows:

| | Net Toll Revenues | Available to I-10 Corridor | Available to I-110 corridor |
|--------------------------------|--------------------------|-----------------------------------|------------------------------------|
| Round 2 Funds Available | \$53,280,000 | | |

| | | | |
|---|--------------|--------------|--------------|
| Round 1 Reserve (I-110) | \$875,000 | | |
| Net Funds Available | \$54,155,000 | | |
| | | | |
| Reserve Funds (3%) | \$6,000,000 | | |
| | | | |
| Transit Service | \$13,800,000 | | |
| | | | |
| Caltrans | \$5,580,000 | | |
| | | | |
| Subtotal | \$25,380,000 | | |
| | | | |
| Grant Funding | \$27,900,000 | \$11,160,000 | \$16,740,000 |
| Transit Use (40%) | | \$4,464,000 | \$6,696,000 |
| | | | |
| System Connectivity/ Active Transportation (40%) | | \$4,464,000 | \$6,696,000 |
| | | | |
| Roadway Improvements (20%) | | \$2,232,000 | \$3,348,000 |

As part of Round 2, \$27,900,000 is available for grant funding which represents a 41 percent increase in available funding over Round 1. Additionally, 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 the inclusion of \$875,000 from Round 1 which was placed in reserve for the corridor. The recommended funding level for the I-10 projects reflects \$920,475 in Round 2 unprogrammed funds which will be placed in reserve for future projects within the corridor.

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. 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 include: Foothill Transit, Torrance Transit, Gardena Municipal Bus Lines, and Metro's Silver Line service. A breakdown of the funding can be found in Attachment A.

Caltrans Set Aside

In addition to receiving funding on an annual basis for ongoing maintenance of the ExpressLanes, Caltrans has received \$6.6 million in prior years through Round 1 of the Net Toll Revenues as well as the Bi-Annual Work Plan. As part of Round 2, staff recommends \$5.58 million in funding to Caltrans for three projects outlined in Attachment B.

Evaluation and Ranking of Grant Applications

In February 2016, staff distributed the application package to eligible applicants through the South Bay, San Gabriel, and Gateway Councils of Governments, the County of Los Angeles, and Metro. Notice was also sent out to City of Los Angeles's elected officials and staff and to Metro's Community Relations Managers. Potential applicants were then invited to a workshop to review the application and evaluation process. The I-110 Workshop was held on March 3rd at the South Bay Council of Governments (SBCCOG) office in Torrance. The I-10 Workshop was held on March 8th at Metro Service Council office in El Monte. Presentations on the Grant application package and process were provided in January 2016 to the Streets and Freeways Subcommittee and in February 2016 to the Technical Advisory Committee (TAC), Streets and Freeways Subcommittee, Local Transit Systems Subcommittee (LTSS), Arterial ITS Committee, and the San Gabriel Valley COG Active Transportation Working Group.

Applications were received on Monday May 16, 2016 and were reviewed for eligibility. 3 of the 28 applications submitted were deemed ineligible (Please see Attachments C & D for more detail). All projects submitted were sorted by corridor and reviewed and scored by the technical team comprised of Metro staff. Projects were then ranked based on scores.

Upon completion of the technical review, project applicants were invited to a meeting of the respective I-10 and I-110 Corridor Advisory Groups (CAG) Reinvestment Subcommittees. The subcommittees were formed from members of each CAG who volunteered to be on the review panel and represent the following agencies: City of Gardena, Great Streets, Los Angeles County Bicycle Coalition (LACBC), Los Angeles Neighborhood Initiative (LANI), San Gabriel Valley Economic Partnership, Fixing Angelenos Stuck in Traffic (FAST), Day One, Foothill Transit. The Subcommittee members were provided access to all project applications. After hearing all of the presentations from the applicants, CAG members then indicated their own project rankings based on the following: High= Project is a priority for funding; Medium= Project has potential and could be funded, if funds are available; and low=Project is not recommended for funding. High = 80; Medium = 70; Low = 60 points.

Final overall scores were averaged based on the technical review and CAG feedback and projects were then sorted into modal categories. 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 28 applications totaling \$60,328,680 in funding requests. Based on the technical evaluations and in consultation with the CAG Subcommittee members, staff recommends funding for 21 projects totaling \$27,854,525. The recommended projects reflect a modal distribution of 41% for Transit Use, 20% for Roadway Improvements, and 39% for System Connectivity/Active Transportation. Project funding recommendations are provided in Attachments C and D for the I-10 and I-110 respectively.

Due to funding limitations, staff worked with project sponsors to downscope 5 projects. As part of the new scope, sponsors identified portions of the project, as defined in the project description, that could be implemented with reduced funding.

DETERMINATION OF SAFETY IMPACT

The 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 FY 2017 budget includes funding for all recommended actions in cost center 2220. Since many of these are multi-year projects, the cost center manager and Executive Officer, Congestion Reduction, will be responsible for budgeting project 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. No other funds were considered due to the fact that these funds are specifically required to be reinvested within the two corridors per State Law. This activity will not impact ongoing bus and rail operating costs.

ALTERNATIVES CONSIDERED

The Board may suggest alternative projects for funding through the 2016 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 Groups (CAGs). Additionally, any projects added to the recommended list will result in displacement of other projects from the funded list resulting in either removal of the project from the funded list or a reduction in the project's recommended grant amount.

NEXT STEPS

With Board approval of the recommendations, we will develop and execute funding agreements with project applicants. We will also amend the FY 17 budget and program the funds into the Regional TIP.

ATTACHMENTS

Attachment A - Transit Funding

Attachment B - Caltrans Funding

Attachment C - I-10 Grant Recommendations

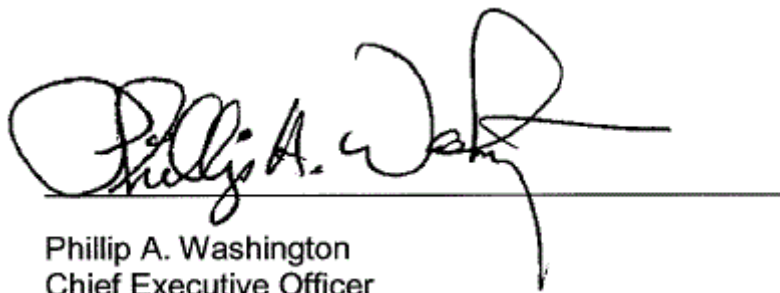
Attachment D - I-110 Grant Recommendations

Attachment E - Guidelines for the Net Toll Revenue Allocation

Attachment F - Application and Guidelines for Net Toll Revenue Grant Application

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