



Board Report

File #: 2017-0289, **File Type:** Program

Agenda Number: 51

**REVISED
REGULAR BOARD MEETING
JULY 27, 2017**

**SUBJECT: COUNTYWIDE CALL FOR PROJECTS
RECERTIFICATION AND DEOBLIGATION**

ACTION: APPROVE 2017 RECERTIFICATION AND DEOBLIGATION RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. RECERTIFYING \$133.2 million in existing Fiscal Year (FY) 2017-18 commitments from previously-approved Countywide Calls for Projects (Call) and AUTHORIZING the expenditure of funds to meet these commitments as shown in Attachment A;
- B. DEOBLIGATING \$18.8 million of previously approved Call funding, as shown in Attachment B, and REPROGRAMMING these dollars to the same modal category from which they came in the 2015 Call;
- C. PROGRAMMING:
 - 1. funds made available from the 2013, 2014 and 2015 Deobligation to the three previously-approved County of Los Angeles Signal Call projects; and
 - 2. funds released from City of Los Angeles per the November 2007 Board direction on the Proposition 1B funding to the three previously-approved Signal Call projects;
- D. AUTHORIZING the CEO to:
 - 1. negotiate and execute all necessary agreements for approved projects; and
 - 2. amend the FY 2017-18 budget, as necessary, to include the 2017 Countywide Call Recertification and Extension funding in the Regional Programs' budget;
- E. APPROVING changes to the scope of work for:
 - 1. City of Los Angeles - Boyle Heights Chavez Avenue Streetscape/Pedestrian Improvement (#F3643);
 - 2. City of Long Beach - Daisy Corridor and 6th Street Bike Boulevard (#F3518)
 - 3. City of South Gate - Firestone Boulevard Capacity Improvements (#F3124);
 - 4. City of West Hollywood - Melrose Avenue Complete Street Project (#F9601);

F. REALLOCATING funds originally programmed to the City of Glendale Train Station 1st/Last Mile Regional Improvements Project (#F9624) to the Glendale CNG Fueling and Maintenance Facility Project (#F3432); and

G. RECEIVING AND FILING:

1. time extensions for the 55 56 projects shown in Attachment D; and
2. reprogram for the 24 projects shown in Attachment E.

ISSUE

Each year the Board must recertify funding for projects that were approved through prior Calls in order to release the funds to the project sponsors. The Board must also approve the deobligation of lapsing project funds after providing project sponsors with the opportunity to appeal staff's preliminary deobligation recommendations to Metro's Technical Advisory Committee (TAC). The Board must also receive and file the extensions and reprograms being granted through previously-delegated Board administrative authority.

DISCUSSION

The Call process implements Metro's multi-modal programming responsibilities and implements the adopted Long Range Transportation Plan (LRTP). Metro is required by federal (Title 23 U.S.C. 134 (g) & (h)) and state (P.U.C. 130303) statutes to prepare a Transportation Improvement Program (TIP) for Los Angeles County. The TIP allocates revenues across all transportation modes based on the planning requirements of the federal Moving Ahead for Progress in the 21st Century Act (MAP-21). Metro accomplishes these mandates, in part, by programming revenues through the Call.

The 2017 Call Recertification and Deobligation process reinforces the annual authorization and timely use of funds policies. Specifically, Board policy calls for consideration of deobligation of funding from project sponsors who have not met lapsing deadlines, have not used the entire grant amount to complete the project (project savings) or have formally notified Metro that they no longer wish to proceed with the project (cancellation).

Technical Advisory Committee (TAC) Appeals

On May 3, 2017, TAC heard sponsor appeals on the deobligation of funding from nine projects (Attachment F). TAC recommended either one-year or 20-month extensions with certain reporting conditions on all appeals. Staff concurs with these recommendations. Therefore, no projects would involuntarily lose funding due to lapsing schedule and would have the timeline to completion lengthened under this proposed Board action. Additionally, all proposed deobligated funds are due primarily 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 attachments.

DETERMINATION OF SAFETY IMPACT

The 2017 Call Recertification and Deobligation will not have any adverse safety impacts on Metro's employees or patrons.

FINANCIAL IMPACT

\$75.2M is included in the FY18 Proposed 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, Chief Planning Officer and Chief Program Management Officer will be responsible for budgeting in future years.

Impact to Budget

The sources of funds for these activities are Proposition C 10% and 25%, State Repayment of Capital Project Loan Funds, Congestion Mitigation and Air Quality (CMAQ), and Regional Surface Transportation Program (RSTP). Any deobligated funds freed as a result of this action would be programmed in coordination with Office of Management and Budget in order to identify funding priority projects. The Proposition C 10% funds were previously programmed in Calls prior to the 2015 Call. The Proposition C 10% and 25% funds are not eligible for Metro bus and rail operating and capital expenditures.

CMAQ funds can be used for both transit operating and capital. However, there are no additional operating expenses that are eligible for CMAQ funding. Los Angeles County must strive to fully obligate its share of CMAQ funding by May 1st 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 insure utilizing 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.

ALTERNATIVES CONSIDERED

The Board could cancel all or some of the FY 2017-18 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 that received multi-year funding.

With respect to deobligations, 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 more timely fashion. However, this would be disruptive to the process of delivering the specific projects currently underway, many of which 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 to ensure policy objectives are achieved in expending the funds as intended by the Call program.

NEXT STEPS

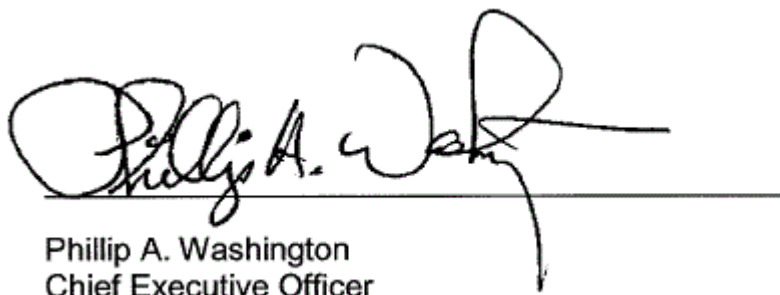
With Board approval of the 2017 Countywide Call Recertification, Deobligation and Extension process, project sponsors will be notified and Funding Agreements (FAs) and Letters of Agreement (LOAs) will be executed with those who have received their first year of funding through the Recertification process. Amendments to existing FAs and LOAs will be completed for those sponsors receiving time extensions. Project sponsors whose funds are being deobligated will be formally notified of the Board action as well as those receiving date certain time extension deadlines for executing their agreements.

ATTACHMENTS

- Attachment A - FY 2017-18 Countywide Call Recertification
- Attachment B - FY 2016-17 Countywide Call Deobligation
- Attachment C - Background/Discussion of Each Recommendation
- Attachment D - FY 2016-17 Countywide Call Extensions
- Attachment E - FY 2017-18 Countywide Call Re-programming
- Attachment F - Result of TAC Appeals Process

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