

South Bay Cities Council of Government

August 24, 2017

TO: SBCCOG Board of Directors

FROM: SBCCOG Transportation Committee

SUBJECT: Measure R South Bay Highway Program (SBHP) Project Funding Agreement Extensions; Project De-obligation; Funding Increase Requests

ADHERENCE TO STRATEGIC PLAN:

Goal A: Environment, Transportation and Economic Development. Facilitate, implement and/or educate members and others about environmental, transportation and economic development programs that benefit the South Bay.

BACKGROUND

SBCCOG staff has been working with Measure R SBHP lead agencies during the past three months to implement the Annual Performance Evaluation (APE) process and to determine whether any active SBHP projects should be de-obligated or recommended for a funding agreement amendment to increase funding or avoid expiration of funding. The process included presentations on the new APE process, development of a project monitoring tool, and 1-on-1 meetings with each of the SBHP lead agencies, Metro Highway staff and SBCCOG staff.

In June 2016, the SBCCOG Board approved a new SBHP policy related to funding agreement extensions. The proposed policy revision incorporates the original policy and recommends modifications to incorporate funding increase requests, agreement term extensions, and to add a recovery plan requirement, as follows:

“If project funding programmed in a MR funding agreement is expiring prior to completion of the SBHP project, or if the project requires additional Measure R SBHP funding to be completed, the lead agency would need to formally request the extension, justify the project’s delay and increased cost and commit to a milestone and recovery plan. Upon review and approval by the SBCCOG and Metro of the recovery plan and targeted project milestones to be accomplished in the next fiscal year, an amendment would be executed memorializing the revised project schedule (including projected completed milestones in the upcoming year), projected project completion date, and additional funding required. If the project milestone schedule in the amendment is met but the project is not completed, then a second amendment to complete the project can be approved. If the annual project milestone schedule is met prior to the year deadline, the city can immediately request a second amendment required to complete the project through construction. If the project schedule in the amendment is not met, then project de-obligation should be brought before the SBCCOG Board for potential de-obligation of the funds without prejudice.”

SBCCOG staff is working with Metro Staff to ensure that funding agreement amendments are executed and complied with during FY 17-18. After SBCCOG Transportation Committee and Board approve the following recommendations, SBCCOG will ask Metro to approve the recommended funding agreement amendments.

RECOMMENDATION

Recommend that the following actions be approved by the SBCCOG Board to be transmitted as recommendations for Metro Board of Directors approval. The Infrastructure Working Group and Transportation Committee reviewed and concur with the recommendations.

- 1. Carson SBHP Project #MR312.37** – SBCCOG staff recommends de-obligating the \$1,158,000 in SBHP funds allocated to this project and removing the project from the active project list. SBHP funding was allocated for construction. However, construction of the project has been significantly delayed to the point that the city expects construction to begin in July 2019. The funding agreement signed in 2012 expired June 30, 2017 with no funds spent for construction. When the City is ready to enter the construction phase of the project, staff recommends that the city be allowed to apply for SBHP funds as a new project without prejudice for construction funding.
- 2. Hermosa Beach SBHP Project #MR312.05** – In concurrence with the city, SBCCOG Staff recommends amending the project scope to eliminate the Artesia/PCH intersection improvement and to combine the improvements at Aviation /PCH and Pier/PCH with an extended term until June 30, 2018. The scope of the project improvements at the intersections to be improved have increased from their initial design because of Caltrans changes in design requirements for projects on a state highway. To accommodate the new design requirements, SBCCOG staff recommends an additional \$191,000 in SBHP funding for construction contingent on the city providing sufficient detail in their cost increase justification **before the SBCCOG Transportation Committee considers the recommendation.**
- 3. Inglewood SBHP Project #MR312.12** - The original project funding agreement was signed March 15, 2012. However, due to staffing turnover and retirements, project design began approximately one year behind the original proposed schedule. In response to the City's April 18, 2016 request letter projecting completion of the project and agreement closeout by June 2018, SBCCOG staff recommended a one-year extension through June 30, 2017. The city indicated in June 2017 that they are still on schedule to complete the project and close out the agreement by June 2018. SBCCOG staff recommends extending the Funding Agreement until June 30, 2018 to allow construction to be completed and project close out.
- 4. Lawndale SBHP Project #MR312.15** - The scope of Lawndale's Inglewood Avenue Widening Project originally extended the project limits of a Metro Call for Projects project. However, the street widening outside the Call for Projects section proved infeasible. Therefore, the SBHP funds are not needed. In response to the City's request letter, SBCCOG Staff recommends closing out the SBHP project funding agreement and de-obligating \$440,524 in unexpended SBHP funds.
- 5. Lomita SBHP Project #MR312.43** - In response to the City's request letter, SBCCOG staff recommends approval of \$606,000 in additional SBHP funding for this project. The project received construction bids in May 2017 that were approximately double the engineer's estimate done in 2014. The additional funding would allow the City to complete the project with no reduction in scope. The total cost of this project is estimated at \$1,506,000 (an approximate 66% increase in project cost). The cost increase was due to the increase in materials and labor unit prices since 2014. The city has completed the Caltrans permit process and is ready to proceed with construction once the additional funds are approved.
- 6. Redondo Beach SBHP Project #MR312.06** - SBCCOG approved a conditional project time extension in June 2016, with the condition that Phase 1 design be completed by March

1, 2017. The city was delayed in timely completion of design due to staffing changes and an extended Caltrans review process. In response to the City's August 2, 2017 request letter, SBCCOG staff recommends extension of the funding agreement through June 30, 2018 to allow for Phase 1 Design completion. Conditioned on confirmation of project progress by June 2018, SBCCOG staff recommends conditional administrative approval of a subsequent amendment through June 30, 2019 to allow project construction and closeout.

7. **Redondo Beach SBHP Project #MR312.07** – An extended right of way acquisition process, a protracted Caltrans permitting process, and longer-than-expected County Flood Control review process have all significantly affected the original schedule of this project. In response to the City's request letter, SBCCOG recommends a funding agreement amendment to December 31, 2018 with no increase in the projected cost.
8. **Redondo Beach SBHP Project #MR312.08** – The city has requested \$100,000 in additional funding. If approved, the total project cost will be \$420,000, an approximate 31% increase over the original project cost. In response to the City's request letter expected by August 2, 2017, SBCCOG staff recommends a conditional funding agreement extension to June 30, 2018 and approval of \$100,000 in additional SBHP funding for this project with the condition that the city provide additional specificity on the causes for the cost increase to ensure that the increased costs are “through no fault” of the city **before the SBCCOG Transportation Committee considers the recommendation.**
9. **Redondo Beach SBHP Project #MR312.20** – **In June 2016, SBCCOG approved a one-year extension of the project schedule.** A difficult right of way acquisition process continues to significantly affect the revised project schedule. In response to the City's request letter, SBCCOG recommends extension of the project funding agreement to June 30, 2018 with no increase in the projected cost. Conditioned on award of construction by June 2018, SBCCOG staff recommends conditional administrative approval of a subsequent amendment through June 30, 2019 to allow project completion and closeout.
10. **Torrance SBHP Project #MR312.23** - The Torrance Transit Park & Ride Regional Terminal has experienced additional costs related to unanticipated changes to the design scope of the original project and other projected incremental costs increases for construction. These changes include the construction of an additional building to increase overall functionality; addition of a driveway aisle, entrance/exit and traffic signal on Crenshaw Blvd. to improve site access; additional site grading for the extra building and driveway; and an added underground drainage retention basin to reduce storm water peak flow and improve storm water quality. Pending approval of additional SBHP funding, the project would be advertised for construction in Fall 2017. In response to the City's July 20, 2017 request letter, SBCCOG staff recommends approval of \$7,600,000 in additional SBHP funding for this project. The total SBHP share of the cost of this project is now estimated at \$25,700,000 (an approximate 42% increase in the SBHP project share)
11. **Policy Approval** - That the original SBCCOG policy adopted by the SBCCOG Board in June 2016 be approved as modified to read as noted in italics in the Background section of this report.