

South Bay Cities Council of Governments

DATE: September 9, 2013

TO: SBCCOG Measure R Oversight Committee
SBCCOG Steering Committee

FROM: Jacki Bacharach, SBCCOG Executive Director
Steve Lantz, SBCCOG Transportation Consultant

SUBJECT: SBCCOG Request to Opt out of Metro Measure R Acceleration Initiative

BACKGROUND

The South Bay Highway Program is one of three Measure R Highway Operational Improvement Programs (HOIPs) established in Measure R as 30-year programs of discreet, small highway and arterial operational improvement projects. Unlike major Freeway programs, the HOIPs are structured to evolve over the 30 years with projects implemented by local jurisdictions based on project readiness, funding leverage and other benefit and cost factors. As such, the project prioritization and delivery processes do not lend themselves to a major project approach that accelerates the entire program using bonding rather than reserving cost-escalation contingency funding.

In response to SBCCOG concerns, the Metro Board approved a motion as permanent Board Policy on June 27, 2013 by Directors O'Connor, Najarian, DuBois, and Knabe known as the Highway Capital Subfund Protection Policy of 2013. This policy allows Measure R sub-regional highway programs to opt out of the Measure R Project Finance Acceleration Plan at this juncture and to use it on an "as needed" basis in the future if and when needed without potentially penalizing a sub-region whose highway needs do not lend themselves to the acceleration strategy at this time.

The approved recommendations read:

- "Metro will focus on transit project acceleration and provide flexibility to allow a sub-region the choice to opt out of highway-related acceleration:
- A. Concurrently protecting the Sub-region's share of Highway Contingency/Escalation Funds (as reflected in Line 39, Measure R Highway Expenditure Plan) used for acceleration in proportion to the sub-regional share of *Measure R funds Comparison – Highway Projects FY 2010-2039*; and
 - B. If (in 2019) a Subfund Transfer (from Highway to Transit, or vice versa) is approved, the proportionate amount of the subregion's Subfund Contingency/Escalation funding will also be available for transfer and allocated to the project being funded; and
 - C. Having originally set forth in 2011 the policy protections contained in the O'Connor/Molina/Dubois **Measure R Fiscal Responsibility Policy**, i.e. Highway Capital Project Contingency/Escalation funds will have equal access to Measure R Contingency funds in later decades; **Staff is hereby directed to conform those provisions to reflect the above updated policy amendments.**

SBCCOG representatives met with Metro staff on August 22, 2013 to determine the procedure for “opting out” of the Measure R Project Finance Acceleration Plan. It was determined that the SBCCOG should submit a letter to Metro requesting that the South Bay Highway Program not be accelerated consistent with the adopted permanent Metro Board policy at this time. The draft letter is attached (see Exhibit 1).

RECOMMENDATION

The Measure R Oversight Committee and Steering Committee recommend that the SBCCOG Board of Directors approve and transmit the letter in Exhibit 1 requesting that the South Bay Highway Program not be accelerated consistent with adopted Metro Board policy at this time.

Exhibit 1

September 27, 2013

Mr. Arthur Leahy
Chief Executive Officer
Los Angeles County Metropolitan Transportation Authority
One Gate Plaza
Los Angeles, CA 90012

Dear Mr. Leahy:

The South Bay Cities Council of Governments (SBCCOG) is seeking to have our sub-regional highway program removed from inclusion in the Measure R Finance Acceleration Plan at this time consistent with the Metro Board motion passed on June 27, 2013 - Item 11: The Highway Capital Subfund Protection Policy 2013.

The South Bay Cities Council of Governments hereby requests that the Measure R Highway Program (officially known as line item 33 of the 2009 Metro Long Range Transportation Plan (LRTP) – “Interstate 405, I-110, I-105, and SR-91 Ramp and Interchange improvements – South Bay”) be allowed to opt out of the Measure R Project Finance Acceleration Plan at this time. We also request that 2009 LRTP highway contingency funds in Line 39 proportionate to the South Bay Highway Program funding not be encumbered by bonding or other commitments that would preclude availability of these contingency funds over the life of the South Bay Highway Program for cost escalation or other eligible contingency needs related to the SBHP program.

Please respond with a written approval of the SBCCOG request or let us know if there is anything further we need to do to effect the “opt out” provision.

Sincerely,

Dan Medina, SBCCOG Chair
Mayor Pro Tem, City of Gardena

c.c.: Metro Board Member O’Connor
Metro Board Member Najarian
Metro Board Member DuBois
Metro Board Member Knabe
Metro Board Member Ridley-Thomas
Martha Welbourne
Michael Bohlke
Julie Moore
David Riccitiello