

South Bay Cities Council of Governments

September 23, 2021

TO: SBCCOG Board of Directors

FROM: Jacki Bacharach, Executive Director
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SUBJECT: Initiation of FY 2022-23 Subregional Transportation Funding Call for Projects

BACKGROUND

The SBCCOG administers an annual South Bay Metro Budget Request (MBR) to allocate uncommitted funds generated by Measure R and Measure M sales taxes and assigned to the following South Bay programs:

- Measure R I- 405, I-110, I-105, and SR-91 Ramp and Interchange Improvement (South Bay), (also known as the South Bay Highway Program or SBHP)
- Measure M Highway Efficiency and Operational Improvements Program (HEOIP)
- Measure M Transportation System and Mobility Improvement Program I (TSMIP I)
- Measure M Transportation System and Mobility Improvements Program II (TSMIP II)
- Measure M Subregional Equity Program (SEP)

SBCCOG Metro Budget Request (MBR)

The SBCCOG's annual MBR development process begins in September in anticipation of an annually updated five-year funding forecast that Metro provides each October. SBCCOG is required to submit an updated 5-year programming plan by the subsequent February. Known in the South Bay as the Metro Budget Request (MBR), the annual update for the Measure R SBHP, Measure M HEIO, and two Measure M TSMIPs must include active project cashflow and funding modifications, project deletions, and new projects. The MBR development process also must include a transparent public participation element. Metro includes eligible projects in its subsequent annual fiscal year budget which runs from July to June. Following approval of the annual Metro budget, funding agreements are executed or amended between the lead agency for the project and Metro.

Measure R SBHP

Per the 2008 Measure R Ordinance Expenditure Plan, up to \$906 million (unescalated) in Measure R funds can be allocated through expiration of the measure in 2039. SBCCOG assists local jurisdictions to develop their Measure R projects and Metro directly oversees Caltrans projects that use South Bay subregional funds. For the past several years, funding needs have been identified through the annual MBR process in which funding is committed to complete a specific multi-year phase of the project delivery process (e.g.: Environmental, Right of Way, Construction). The MBR includes updated funding modifications for previously approved project phases, project deletions, and initial funding for new projects. Funds not needed to complete an active project are returned to the subregional fund source from which they were allocated.

In 2020, the SBCCOG approved a one-time transfer of \$400 million of SBHP funds to a new Measure R South Bay Transit Investment Program (SBTIP). SBCCOG has recommended MBR allocations within

the SBTIP for the designated list of transit projects. Metro approved an allocation of \$233 million for the Inglewood Transit Connector project in July 2021 and is expected to consider the balance of the one-time SBTIP project list in September 2021.

Concurrent with the Measure R Transfer program development, SBCCOG changed its policy regarding funding of Caltrans projects. Rather than fund Caltrans projects through construction, the SBCCOG reverted to its initial policy of providing funding during the project identification phase to strategically position a project for further development, but requiring Caltrans to internally fund environmental/design of those projects with the understanding that the SBCCOG would assist Caltrans to find outside funds to deliver required rights of way and to construct the projects.

South Bay Measure R Subregional Funding Status

SBCCOG staff estimates that costs to complete the future phases of active SBHP and SBTIP projects, with a 10% contingency reserve, will consume \$892 million of the \$906 million allocated in Measure R to the SBHP and SBTIP programs, leaving only \$14 million in uncommitted funding through 2039.

Many of the projects have yet to begin their construction phase. Construction costs currently are very volatile due to labor and material cost uncertainty associated with the COVID-19 pandemic. With only \$14 million uncommitted before Measure R expires in 2039, SBCCOG staff believes it is prudent to not commit to any new local or Caltrans projects funded within the two Measure R programs during FY 2022-23. Instead, staff proposes to annually update uncommitted Measure R SBHP and SBTIP funding, monitor active project progress and changing funding needs, and to determine when a sufficient uncommitted subregional funding balance is available to justify a new call for projects using for the remaining Measure R SBHP funds.

Measure M South Bay Programs

SBCCOG assists local jurisdictions to develop eligible subregional projects and annually updates the 5-year Measure M HEOI, TSMIP I and TSMIP II funding programs to reflect active project modifications, project deletions and new projects. The program and project updates are submitted to Metro in February in the annual MBR. Metro reviews the projects for eligibility and incorporates the programming for eligible projects in its subsequent annual budget.

The South Bay Measure M HEOI Program is intended to supplement the ½-cent Measure R SBHP until 2039 when Measure R expires and Measure M is raised from ½-cent to 1-cent. The two South Bay Measure M TSMIP Programs allow a broader range of projects that improve mobility on the South Bay transportation network. TSMIP I funding allocations end in 2036. TSMIP II funding allocations will continue indefinitely, or until Measure M is rescinded by L. A. County voters.

Although some projects are eligible for both Measure R and Measure M subregional funds, transit projects are not eligible for Measure M funds unless Metro adopts a South Bay Measure M Transit Improvement Program, which, per the Measure M ordinance, cannot occur prior to 2028. Examples of potentially-eligible Measure M HEOI and TSMIP projects (regardless of whether the projects are allocated TSMIP I or TSMIP II funds) are included in Exhibit A.

South Bay Measure M HEOI and TSMIPs Programs Funding Status

Because Measure M funding has been accumulating during the first years of the program and is committed through the annual MBR and Metro's budget process, the South Bay has a significant

uncommitted balance in its subregional Measure M programs. Through FY 2026-27, the uncommitted balances total \$167.8 million, as follows:

- Measure M HEOI - \$78,658,049
- Measure M TSMIPs (I and II) - \$92,155,577

Measure M South Bay Subregional Equity Program (SEP)

The Measure M Ordinance includes a Subregional Equity Program that includes \$133 million (un-escalated, available after 2043). The SBCCOG originally committed the entire \$133 million to provide a share of funding for the Centinela Grade Separation project.

More recently, Metro staff has recommended \$22 million of the South Bay SEP funding be used to reimburse Metro for cost-overruns on the Crenshaw/LAX project. The SBCCOG is discussing use of a to-be-determined portion of South Bay SEP funding for the Crenshaw/LAX cost overrun with the conditions that the SEP funds are a one-time contribution and that the City of Los Angeles provides its proportionate share of the cost overrun (based on the proportion of Crenshaw/LAX line route miles in L.A. and Inglewood). In addition, SBCCOG concurrence would need to be contingent on Metro finding regional, state or federal funding to fully fund the estimated \$235 million grade separation project cost including replacement of the portion of the \$133 million in South Bay SEP funds that is being requested by Metro for the Crenshaw/LAX project overrun. Metro will also need to determine how to accelerate the availability of the South Bay SEP funds from 2043 to the year the funds are needed or will need to identify a bridge funding or financing strategy.

Metro has identified additional remediation work that must be completed by the Crenshaw/LAX line contractor prior to final pre-revenue testing, but has yet to adopt a timeline or funding source for resolution of the outstanding issues nor committed to the SBCCOG that no additional subregional funds will be used for project completion.

RECOMMENDATION

Staff recommends committee and board approval to:

- a. Initiate a call for an updated FY 2022-23 5-year program of Measure M HEOI and TSMIP projects, including project modifications, project deletions, and new projects by December 1, 2021 to allow the SBCCOG MBR to be submitted to Metro by February 2022 with an aggregate amount not to exceed \$75,658,049 in Measure M HEOI funding and \$92,155,577 in Measure M TSMIP I and II funding; and
- b. Not initiate a call for projects using the funding within the two Measure R programs during FY 2022-23. Instead, staff will update uncommitted SBHP and SBTIP funding and monitor active project progress and change funding needs annually to determine when a new SBHP call for projects should be held for uncommitted funding available through 2039.
- c. Seek clarification from Metro of the updated Crenshaw/LAX line projected revenue operation date and confirmation that no additional sub-regional funds will be used to fund any project cost increases beyond those identified in 2020.

Potentially Eligible Projects For Funding From Revised Measure M Guidelines, Section X Multi-Year Programs (Highway Efficiency And Operational Improvement Subfunds)

Revisions approved by the Metro Board in June 2021 replaced subsection 'A. "Highway Efficiency and Operational Improvements " definition: ' in its entirety. The updated language is as follows:

Highway Efficiency and Operational Improvements includes those projects, which upon implementation, would improve regional mobility and system performance; enhance multimodal efficiency, safety, equity, and sustainability; improve traffic flow, trip reliability, travel times; and reduce recurring congestion, high-frequency traffic incident locations, and operational deficiencies on State Highways. Similarly, improvements which achieve these same objectives are eligible on major/minor arterials or key collector roadways.

Highway subfunds are eligible for pre-construction and construction related project phases as referenced in Sections IX and X and are subject to eligibility criteria and phasing thresholds that will be developed within 6 months as part of the applicable administrative procedures. In accordance with the Board-adopted policies set forth in Metro's Complete Streets Policy, Active Transportation Strategic Plan, and First/Last Mile Strategic Plan, complete streets projects and project elements are eligible for highway subfunds. Other projects could be considered on a case-by-case basis as long as a nexus to Highway Efficiency and Operational Improvements can be shown, such as a measurable reduction in Vehicle Miles Traveled.

Examples of potentially-eligible HEOI Projects include:

- System and local interchange modifications
- Ramp modifications/improvements
- Auxiliary lanes for merging or weaving between adjacent interchanges
- Alignment/geometric design improvements
- Left-turn or right-turn lanes on state highways or arterials, intersection and street widening/improvements
- New traffic signals and upgrades to existing signals, including left turn phasing, signal synchronization, and all supporting infrastructure
- Turnouts for safety purposes
- Shoulder widening/improvements for enhanced operation of the roadway
- Local travel network infrastructure
- Safety improvements
- Freeway bypass/freeway to freeway connections providing traffic detours in case of incidents, shutdowns or emergency evacuations
- ExpressLanes
- On-street bus priority infrastructure, including but not limited to bus lanes, signal prioritization, queue jumps, bus boarding islands/curb extensions, and bus stop improvements
- Class 1, 11, 111, or IV bikeways
- Sidewalk improvements, including but not limited to widening, shade trees, and curb ramps
- Pedestrian safety improvements, including but not limited to bulb-outs, refuge islands, midblock crossings, pedestrian signals/beacons, raised intersections/pedestrian crossings, and scramble crosswalks

- Transportation Demand Management infrastructure that supports the implementation of TDM strategies in a public right-of-way, including associated software, licensing, and related one-time support costs, to the maximum extent permitted by the Measure M Ordinance.

Active transportation, transit and TDM projects that reduce Vehicle Miles Travelled are eligible either as ancillary elements of highway projects or as stand-alone projects. Using Measure M subregional highway funds for active transportation / transit capital / TDM projects must be at the discretion of the Sub-Regional COGs, are permissive. Neither Metro staff nor the Metro Board and shall require use of these funds for active transportation / transit capital / TDM projects or establish a mandatory use through guidelines that limit the flexibility allowed in the Measure M Ordinance and the Metro Highway Modernization policy.

Potentially Eligible Projects for Funding From Measure M Transportation System and Mobility Improvement Programs (TSMIP I, II) Subfunds

- Signal Synchronization
- Intelligent Transportation Systems
- Autonomous Vehicle Infrastructure System
- Broadband Regional Connectivity Infrastructure
- Bikeways and Bike Route/Slow Speed Infrastructure
- Pedestrian Infrastructure / ADA Improvements
- Complete Streets
- Local travel network infrastructure
- Transportation Enhancement / Beautification Elements of Transportation Improvements
- Transportation Management Systems (Traffic Operations Centers, Emergency Management)
- Goods Movement on CSTAN network
- Paratransit (Dial-a-Ride, Senior / Disabled Capital Projects)
- Metro / Municipal Transit Capacity Expansion
- Transit Centers / Park and Ride Lots and Parking Structures
- Car Sharing / Ridesharing / Vanpool / Telecommuting Capital Projects
- Sustainable SB Plan (Neighborhood-Oriented Development, First / Last Mile Infrastructure)
- Vehicle Conversion (Electric Vehicle Charging Infrastructure)
- Land Use and Transportation Projects that reduce vehicle miles travelled
- Transportation Demand Management infrastructure that supports the implementation of TDM strategies in a public right-of-way, including associated software, licensing, and related one-time support costs, to the maximum extent permitted by the Measure M Ordinance.