

# South Bay Cities Council of Governments

March 28, 2018

TO: SBCCOG Board of Directors

FROM: Steve Lantz, SBCCOG Transportation Director

RE: Metro Board Actions Related to Metro's & "28 By 2028" Initiatives

## **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**

The Metro Board of Directors has been considering a range of funding options to accelerate completion of twenty-eight projects by the 2028 Olympics and to prioritize Metro actions pursuant to "Re-Imagining L. A. County: Mobility, Equity, and the Environment". A white paper was presented to the board on January 24<sup>th</sup> by Metro CEO Phil Washington. At the Metro Board's February 28, 2019 meeting, the Board provided direction and instructions to the CEO that responded to the staff recommendations and several related board motions dealing with both the Re-Imagining L. A. County strategy and the 28 by 2028 initiative. Exhibit 1 summarizes the motions adopted by the Metro Board at its February 28<sup>th</sup> meeting.

The Re-Imagining L. A. County initiative proposed potential strategies to close the acceleration funding / financing gap and challenges the Board to broaden the agency's vision beyond acceleration to dramatically improve equity through mobility, eradicating congestion, increasing transit frequency and capacity, and reducing L. A. County's carbon footprint to combat climate change.

Washington's recommended funding toolkit identifies numerous potential funding sources for the 8 underfunded projects in the acceleration plan. It is important to note that the Metro Board instructed staff to pursue all of the identified funding sources with the exception of Local Return funding which they removed from further consideration. The Board supported continued consideration of potential re-programming of up to \$846.4 million of Multi-year Sub-regional Program funding.

Washington's January 2019 board presentation included a list of baseline assumptions and "sacred" priorities that should not be changed in order to accelerate the major projects. The "sacred" items include:

- Ensure funding for the following ancillary projects of systemwide importance:
  - Division 20 expansion for Purple Line subway cars - \$699 million
  - Combined new Rail / Bus Operations Center - \$190 million
  - New Maintenance & Material Management System - \$50 million
  - New train radio for existing subway system - \$75 million
  - Barrier Wall between Gold Line and I-210 freeway lanes - \$200 million

- Ensure funding to implement the NextGen bus service study
- Preserve annual State of Good Repair allocations at \$475 million per year
- Maintain current debt limits for Propositions A and C and protect Metro’s debt covenants to ensure available operating subsidies are not reduced
- Convert to an all-electric Metro bus fleet by 2030
- Simplify and right-size fares rather than increasing fares
- Pursue creation of a White House Task Force for the 2028 Olympics to generate \$370 million in new revenue

The February 28<sup>th</sup> Board motions instructed staff that the proposed “Sacred Items” are subject to future Review and Revision if circumstances arise where the Board feels such Review and Revision is warranted.”

One alternative that generated little discussion in January was labeled by staff as “new mobility fees,” that might be imposed for ride hailing services like Uber and Lyft and for private shared e-mobility devices like e-scooters, e-bikes and bike sharing programs. The Board adopted a specific motion at its February 28<sup>th</sup> meeting on e-mobility services partly out of concern that Metro’s fee program could potentially compete with local jurisdictions that are considering whether to implement local fees as part of their regulatory programs.

The 28 by 2028 Motion identified four of the eight underfunded projects as “pillar projects” having priority over the remaining four. The Green Line extension to Torrance was included as a “pillar project”. The I-405 South Bay Curve project was not.

### **RECOMMENDATION**

Receive and file.

The L. A. Metro Board approved several motions during its 2/28/19 meeting related to the re-imagining of L. A. County and the 28 by 2028 Project Acceleration strategy. The motions are summarized below.

L. A. County: Mobility, Equity, And The Environment Strategy

The Board:

APPROVED the staff recommendations in Item 32 AS AMENDED to:

- A. PURSUE the Transformational Initiatives that are central to “The Re-Imagining of LA County;”
- B. CONTINUE work on the Twenty-Eight by '28 goal and accelerate the delivery of the remaining eight projects in every feasible way, and report progress to the Board on the acceleration efforts on a quarterly basis; and
- C. DEVELOP proposed funding and financing plans for the accelerated projects, and report back to the Board in ~~September~~ July 2019.

APPROVED Item 32.3, a Motion by Garcetti, Kuehl, Butts, Solis and Hahn that the Board direct the CEO to:

- A. Move forward with a Congestion Pricing Feasibility Study entitled “The Re-Imagining of LA County”;
- B. Ensure the Congestion Pricing Feasibility Study fully addresses and incorporates the parameters identified in the January 2019 Motions 43.1 (Butts) and 43.2 (Solis, Garcetti, Dupont-Walker, Butts, Hahn), which include, but are not limited to, a detailed implementation timeline, cost estimates, sources of funding, and an equity strategy execution plan;
- C. Move forward to explore fees for Transportation Network Company (TNC) trips in Los Angeles County; and
- D. Report back on all the above at the April 2019 Board cycle.

In the referenced Item 43.1 Motion, James Butts raised a number of questions related to the January Board report and included instructions to the CEO. The Board approved the recommended instructions in the motion by reference in the March Item, as follows:

- A. The CEO shall bring forward a schedule on the program approach that details the tasks to be performed during the 12-24 months;
- B. Monitor the State’s Road Charge Program for potential synergistic opportunities and monitor the City of San Francisco’s Congestion Pricing projects for potential lessons learned;
- C. The “Sacred Items” previously proposed for Board Approval are subject to future Review and Revision if circumstances arise where the Board feels such Review and Revision is warranted.

In the referenced item 43.2 Motion by Metro Board Members Solis, Garcetti, Dupont-Walker, Butts, and Hahn the Board directed the CEO by reference in the March item to:

- A. Develop an Equity Strategy that considers reinvesting congestion pricing revenue as a key source of funds to minimize economic impacts to low-income drivers;
- B. In partnership with the Board of Directors, nominate subject matter experts in equity as members of the Advisory Council.
- C. Engage academia, community-based organizations, cities, subregions, and Los Angeles County during the development of the Equity Strategy and consider the effects of congestion pricing on drivers that rely on their vehicles for their livelihood;

- D. Defer inclusion of congestion pricing revenue in any project acceleration financial plan until the completion of the congestion pricing feasibility study and Equity Strategy;
- E. Revise the congestion pricing recommendation language contained in the Board Report to include the directives in this Motion for approval at the February 2019 Board of Directors meeting; and,
- F. Report back on proposed components of the Equity Strategy at the February 2019 Board of Directors meeting.

#### Twenty-Eight By '28 Initiative Recommendation

APPROVE Motion by Garcetti, Butts, Solis and Hahn related to 2.28.19 Metro Board of Directors Meeting Agenda, Item 32.4 in which the Board directed the CEO to:

- A. Prioritize the following pillar projects to address Twenty-Eight by '28 acceleration funding needs:
  - Gold Line Eastside Extension Phase 2
  - Green Line Extension to Torrance
  - Sepulveda Transit Corridor
  - West Santa Ana Branch to Downtown LA and reaffirm that it is the first priority for P3 investment
- B. Prepare a detailed year-by-year potential financial forecast to deliver Twenty-Eight by '28, prioritizing the four pillar projects in section A, with updated assumptions from the revenue sources listed in Board File 2019- 0089 (Item 32, February 2019);
  - 1. This forecast shall provide an accelerated schedule for the four pillar projects, including detail on when Measure M funds are available compared to accelerated project schedules;
  - 2. The forecast should prioritize low-risk revenue sources, maximize potential funding from state and federal grant and formula programs, and assume efficiencies from P3 realization;
  - 3. The forecast may assume the use of Inter-fund Borrowing, Multi-Year Sub-regional Program Funds and Sub-Regional Equity Program funds under the condition that reprogramming of these sources must be approved by the affected corridor jurisdictions and subregions before the Metro Board assigns the funds for acceleration; and
  - 4. The forecast shall not assume the use of any local return revenues
- C. Report on alternative public and private financing mechanisms not included in Metro's existing financing toolbox that could be used for acceleration of the four pillar projects, including but not limited to Build California Green Bonds;
- D. Conduct a "Constructability Analysis" for the four pillar projects, including scope, costs, risks, P3 status, the use of alternative technology modes, and timelines for environmental clearance, conceptual design, preliminary engineering, and construction;
- E. Adopt the five policy recommendations contained in the Policy Advisory Council letter and incorporate them into the Twenty-Eight by '28 and "Re-Imagining of Los Angeles County" programs;
- F. Maintain the Twenty-Eight by '28 name for this acceleration initiative; and
- G. Report on all the above to the May 2019 Construction and Executive Management Committees.