

# South Bay Cities Council of Governments

May 22, 2014

**TO: SBCCOG Board of Directors**

**FROM: SBCCOG Measure R Oversight Committee**

**SUBJECT: SBHP Project Monitoring, Reporting, New SBHP Project Selection and Process for Request for 2015 Metro Call for Projects Applications**

## 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

At the last Measure R meeting, a review was provided of the expenditure of funds for Measure R South Bay Highway projects. LA Metro is very concerned with the large amount of Measure R funding that is not being used as forecast in the agency's Long Range Transportation Plan and the Measure R Oversight Committee is understandably concerned about the lack of progress on a significant percentage of the SBHP projects.

LA Metro and the SBCCOG have committed Measure R South Bay Highway Project funding for 41 projects totaling more than \$225 million by 2019. To date, we have expended \$14,887,387 of the \$145 million that, according to current Funding Agreements, should have been expended by this coming June. In addition, there are 8 projects that have yet to have executed Funding Agreements that were expected to be completed in the Metro budget request by June 30, 2014.

The current status of projects is as follows: (Statistics have been updated since the original memo last month.)

- 12 future projects will receive first funding between FY 15 and FY 19
- 10 projects have funding agreements & on schedule
- 11 projects have funding agreements & are 6 months or more behind schedule
- 8 projects do not have executed funding agreements (2 of these projects are more than one year late in executing funding agreements)
- 41 projects – total

Funding previously committed to projects in a particular year can be re-programmed to other ready-to-go projects by deferring and de-programming the execution of a delayed project's funding agreement. This project deferral is accomplished during the semi-annual SBHP process used by the SBCCOG to request Metro to modify the SBHP Metro Budget Request. Although the lead agencies that do not execute funding agreements would not permanently lose the funding, their project would have to wait for subsequently available Measure R funding to be programmed. In addition, the delays could cause increases in the cost of the project and the

SBCCOG would need to determine if it is willing to program additional funds to cover the project cost increases.

Once funding agreements are executed, lead agencies generally have 5 years to deliver their project. No projects are currently at risk of exceeding their initial 5 year schedule. However, 11 of the current 29 projects are more than 6 months late. There are 29 projects that will reach the five year limit for project completion or will have funding agreements expire over the next four years, grouped as follows:

FY 15/16 – 9 projects

FY 16/17 – 5 projects

FY 17/18 – 15 projects

#### PROPOSED POLICIES AND PROCEDURES

Because of the poor project delivery trends during the past two years, the Measure R Oversight Committee asked the Infrastructure Working group to comment on the policies and procedures discussed at the last meeting which were as follows:

1. During the semi-annual process when the SBCCOG accepts new projects and considers re-programming current projects, a City Council resolution will be required from the lead agency requesting SBHP funding for any new SBHP project and/or future Metro Call for Project applications in which SBHP funding is proposed for the minimum local match. The resolution must include a list of all current SBHP project commitments previously made by the lead agency with the Metro funding agreement delivery deadline and most current estimate of completion date for each project.
2. For those cities that have SBHP funds but are not requesting new funding in this program cycle, SBCCOG is requesting a City Council resolution listing all of the projects for which the funds have been granted along with the amount requested, the date of their funding agreement with Metro for each project, and an estimated cost and schedule to complete the phase of the project for which funding has been requested.
3. The SBCCOG will provide a sample resolution template to each eligible local jurisdiction by May 1, 2014.
4. For the next cycle City Council resolutions requesting funds must be received by June 30, 2014 to ensure that project requests can be considered during preparation of the next Metro Budget Request which must begin in June 2014 in order to be ready for approval by the Metro Board in November 2014 to meet Metro's submittal deadline. This deadline also applies to the FY 2015 Metro Call for Projects in which SBHP funding is being requested as the minimum local match since the SBCCOG will have to act in November 2014 to meet the anticipated January 2015 Metro Call for Projects application deadline.
5. Funding agreements for SBHP projects must be executed within the first fiscal year in which the Measure R and other funds are available. If the lead agency does not execute a funding agreement with Metro during the first year that the project is eligible for funding, the Measure R Oversight Committee will reserve the right to defer and/or re-program the funds for the project during any subsequent semi-annual Metro SBHP Program Budget Update process.

## COMMENTS RECEIVED

The only comments received on this proposed set of policies had to do with the resolution and whether it was really necessary. The reason that the resolutions from City Councils were requested was so that SBCCOG has the assurance that the City has made SBHP funding a part of its current work program and will be providing necessary resources to implement the projects for which they have requested funding.

Additionally, a sample resolution template has not been prepared and will not go out to cities in time for them to meet the schedule described above. The earliest that cities will receive the sample resolution template will be mid May so the above schedule does need to be modified.

## 2015 CALL FOR PROJECT DEVELOPMENT PROPOSED SCHEDULE

At the April Measure R Oversight (MRO) Committee meeting, the committee received a presentation on the schedule for the SBCCOG to provide technical support in the preparation of applications for Metro's 2015 Call for Projects (CFP.) The SBCCOG may be able to provide project development funding and funding for the minimum required local match. The SBCCOG 2015 CFP development schedule would be as follows:

1. Lead Agency (city) informs the SBCCOG, in writing, by April 30, 2014, of its intent to seek authority to prepare a 2015 MTA CFP application, which either requires SBCCOG South Bay Highway Program (SBHP) technical assistance, or includes a minimum local match provided from SBHP funds. As of close of business on April 30, 2014, the following cities have submitted letters of intent to use the SBCCOG's assistance in preparation for Metro's 2015 Call for Projects: Carson, Gardena and Lawndale.
2. Since there is not time for cities to process and approve resolutions for this year, a letter signed by the City Manager requests SBCCOG SBHP 2015 MTA CFP project development funding, the CFP required local match, and/or technical assistance from the SBHP technical bench NO LATER THAN MAY 30, 2014. The letter should include other current SBHP commitments, status of funding agreement(s), funding agreement deadline(s), and anticipated project completion dates for all existing commitments.
3. At the JULY 2, 2014 Measure R Oversight Committee meeting, funding and technical assistance for these projects will be recommended for approval.
4. Technical bench task orders will be considered by the SBCCOG Board (NO LATER THAN THE AUG 28 BOARD MEETING.)
5. PSR/PSREs are completed for the project NO LATER THAN OCT 31, 2014.
6. MRO Committee recommends SBHP budget for inclusion as minimum local match for 2015 CFP applications ON NOV 5, 2014.
7. SBCCOG Board approves local match recommended by the MRO Committee (AT THE NOV 20 BOARD MEETING.)
8. Project applications are completed and submitted by lead agency with local match commitment letter from SBCCOG by Metro's Jan 2015 submittal deadline (date TBD.)

## RECOMMENDATION

Approve the revised policies and procedures for initiating project selection and the specific schedule for the 2015 Call for Projects applications with the understanding that for this year only, resolutions will not be required due to lack of time for city adoption but will be replaced by a letter from the City Manager.