



**SOUTH BAY CITIES**  
COUNCIL OF GOVERNMENTS

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May 23, 2013

The Honorable Michael Antonovich, Chairman  
Los Angeles County Metropolitan Transportation Authority  
One Gateway Plaza  
Los Angeles, CA 90012

Dear Chairman Antonovich:

The South Bay Cities Council of Governments (SBCCOG) takes this opportunity to: 1) express its concerns regarding the proposed Measure R Acceleration Amendment Program; and 2) provide recommendations we feel will protect the integrity and needed flexibility within the Measure R Highway program and maintain the commitment of regional equity promised to the voters in 2008.

We feel there are a number of good reasons why the Metro Board should give serious consideration to a strategy that bifurcates acceleration strategies within the Transit and Highway Sub-Fund programs that will allow respective sub-regions the option to opt out of "Highway Acceleration" or at least use it on an "as needed" basis without potentially penalizing a sub-region whose highway needs do not immediately lend themselves to the acceleration strategy.

The Measure R South Bay Highway Program (SBHP) is a 30-year program of discrete, smaller projects; potentially including several major freeway Caltrans projects and more than one hundred local highway operational improvements. Unlike a single major transit or highway project, the SBHP is structured to evolve over the 30 years of Measure R, based on project readiness, funding leveraging, and other benefit & cost factors. Funds are allocated annually, so the current five-year implementation timeframe is appropriate. Accelerating Measure R SBHP funding in order to fully fund a few new major projects by 2023 is not a reasonable strategy to meet the long term South Bay needs and goals, especially if it eliminates the ability to leverage non-Measure R funding when new projects are shovel-ready.

As proposed, the Acceleration Program sets in motion a very complex set of funding computations that make it difficult to determine IF Highway Acceleration provides any benefit to the South Bay. The SBHP was allocated \$906 million escalated to \$1.5 billion in the voter-approved Measure R Expenditure Plan. The existing plan has allocated \$346 million of those funds to the SBHP during the first decade.

Under the proposed "accelerated" highway scenario, the allocation of Measure R funds to the SBHP is increased to \$736 million during the first decade and \$0 Measure R funds thereafter. The difference between the \$1.5 billion over three decades and \$736 million in the first decade is attributed to escalation savings from project acceleration and a 10% downward adjustment due to lower-than-anticipated Measure R revenues during the recession. Given that the existing plan already includes \$346 million in the first decade of Measure R funding, the actual accelerated funds only total \$390 million ( $\$736 - \$346 = \$390$ ).

Most of the SBHP projects are small projects to be constructed on state highways and arterials by the South Bay cities. It is unlikely the cities could deliver all the projects by the acceleration deadline. The cities have limited staffing and will be unable to keep pace with an accelerated schedule. Consequently, it is unlikely that accelerating more projects into the 1<sup>st</sup> decade will save enough to offset the difference between \$390 million net

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acceleration and \$1,512 million (\$906 million plus escalation) envisioned in the 30 year program in the original LRTP.

Furthermore, the SBCCOG has always assumed that the larger projects would be funded with a mix of Measure R Highway, Proposition C 25% and federal funds, since the Expenditure Plan allocates \$515.6 million in Proposition C 25% funds and \$90.8 million in federal funds to the South Bay projects during the second and third decades of the Expenditure Plan. Although we believe the non-Measure R funds would continue to be available to the South Bay, they will not be accelerated. Consequently, under the acceleration plan, projects that are accelerated would need to be paid for exclusively using Measure R funds. Conversely, if these larger projects were delayed past the acceleration deadline, they would have to be funded exclusively with Proposition C 25% or federal formula funds. Neither scenario provides any leverage of Measure R funding, which is a cornerstone of the current SBHP. A worst case scenario would be if the Proposition C 25% funds were used as security for the highway or transit program acceleration bonding during the first decade and, therefore, would not be available in the second and third decades.

In closing, we believe any Measure R Acceleration Amendment should include provisions for flexibility for sub-region highway programs, because a one-size highway acceleration program does not fit all sub-regions.

The SBCCOG urges the Metro Board to consider incorporating the following recommendations to the Highway Sub-Fund of the proposed Measure R Acceleration Amendment program:

1. Metro should focus on transit project acceleration and create flexibility to allow the South Bay \$1.5 billion 30-year program to be held whole and for each sub-region the choice to opt out of Highway Sub-Fund acceleration by:
  - a. Concurrently protecting the sub-region's share of escalated dollars assumed in their program and protecting Highway Contingency Funds in proportion to the sub-regional share of Measure R funds allocated to each sub-region in the 2008 Measure R Expenditure Plan (e.g. South Bay share = 17.1%); and
  - b. If (in 2019) a Sub-Fund Transfer (from Highway to Transit or vice versa) is approved, the proportionate amount of Sub-Fund Contingency funding will also be transferred and allocated to the project that is being funded by the transfer from the Highway Sub-Fund to the Transit Sub-Fund Contingency line item (or vice versa).

We wish to thank the Metro Board for their consideration in this matter and look forward to working with you on an appropriate acceleration strategy specific to the differing needs of sub-regions and specific transit and highway-related projects.

Sincerely,

Ralph L. Franklin, Chairman

South Bay Cities Council of Governments

C.C.:

Metro Board of Directors

Arthur Leahy, Metro Chief Executive Officer

Michelle Jackson, Metro Board Secretary