



**Measure R South Bay Highway
Program Oversight Committee Minutes**

January 14, 2013

Attendees: Jim Goodhart (Chair, PVE); Ralph Franklin (Inglewood); Ellen Perkins (Palos Verdes Estates); Susan Rhilinger & Rob Beste (Torrance); Nasser Abbaszadeh (Lawndale); Alan Clelland, Vigen Davidian, & Alek Hovsepian (Iteris); Fulgene Asuncion & Lan Saadatnejadi (MTA); Mike Bohlke (MTA Director O'Connor); Jacki Bacharach & Marcy Hiratzka (SBCCOG); Steve Lantz (SBCCOG transportation consultant)

- I. **CALL TO ORDER / Introductions-** Chair Goodhart called the meeting to order at 10:30 a.m.
- II. **REPORT OF POSTING OF THE AGENDA** – Received and Filed
- III. **ANNOUNCEMENTS OF ANY CHANGES TO THE AGENDA** – None
- IV. **PUBLIC COMMENT-** None
- V. **CONSENT CALENDAR**
 - A. **Minutes from November 13, 2012 meeting** (Attachment A) – **approved** as submitted; Councilman Franklin moved; Chair Goodhart seconded.
- VI. **METRO UPDATES** – Metro staff
 - A. **Metro Project Management Information System Update** – Ms. Asuncion reported that Metro is still uploading all of the baseline information and the progress and expenditure reports. There is no dedicated PMIS staff, so it's taking longer than expected. Metro hopes to have this system up within the month. Once the historic data is in the system, Metro will release the passwords to lead agencies and they can begin to enter their monthly and quarterly reports electronically. Until then, reports will have to continue to be submitted manually.
 - B. **Status of Caltrans projects agreements** – Measure R funding agreements for two of the three FY 2012 Measure R SBHP funded projects are being deferred to FY 2014. Those Measure R funding agreements will start in July 2013 and will fund Project Approval/Environmental Document Studies (PAEDs) for I-405 at 182nd St/Crenshaw Boulevard interchange and an integrated PAED that evaluates both the I-110 Auxiliary Lanes from SR-91 to Torrance Boulevard and the I-405/I-110 Connector. Caltrans has already initiated the planning process using state funds to develop a Project Study Report (PSR) for each of the projects. The Caltrans project development process requires that a (PSR) precede the PAED (environmental phase). Ms. Saadatnejadi said that Caltrans used its own financial resources in order to get started while Measure R funding agreements continue to be negotiated between Caltrans and Metro.
 - C. **Status of traffic studies** – Ms. Asuncion reported that Caltrans has completed the traffic studies for the I-405 / 182nd / Crenshaw interchange and they are using the results for the scope of work for the PSR. Metro had planned to contract out the traffic study but Caltrans proceeded with developing their traffic analysis using state funds. Caltrans committed to share its traffic analysis for the project area with the city of Torrance which has a related Measure R project on streets connecting to the freeway on/off ramps
- VII. **SBHP PROJECT STATUS**
 - A. **SBHP Monthly Project Progress Report** (Attachment B)

Mr. Clelland explained that a new indicator was added to the Gantt chart- projected construction completion dates (PC). Steve Lantz clarified that there are 2 types of funding agreements- Planning / Design / Right of Way and Construction. Using the design funding agreements as a baseline does not indicate when the construction will occur. The new "PC" box shows the lead agency's projected construction completion date (unrelated to the dates noted in the funding agreement.)

Councilmember Rhilinger noted that the “finish” column should instead be called “current phase finish” to reflect that the column is referring to the *current* phase of the project, not the construction phase. Rob Beste added that the new “PC” column should be called “*construction* project completion Date.” In order to accommodate both projects that only have a design phase and no construction and projects that have both phases, Mr. Clelland said that he will now have two columns- one for design completion and one for construction completion. Ms. Asuncion noted that some project funding agreements are only for construction. However, for projects that have design funding agreements and will also receive Measure R for construction once design and right of way agreements scopes are completed, the construction phase will be amended into initial design funding agreement. Chair Goodhart asked if there can be another bar added to reflect the progress of construction. Jacki Bacharach found 2 typos that Iteris confirmed- the dates in the “finish” column for Redondo Beach projects MR312.07 and MR312.08 are incorrect. Ms. Bacharach also asked for clarification about the listing order of the 2 Redondo Beach completed projects. She wondered why they were not at the end of the Gantt chart (at the bottom of the list). Mr. Hovsepian explained that the projects below the 2 completed ones still have funding agreements in process or are Caltrans projects, but the 2 completed projects *are* at the bottom of the other 15 active projects. Ms. Bacharach requested that the completed projects be listed on a separate page of the Gant chart, so as not to confuse anyone outside the Measure R Oversight Committee who might see the chart; Iteris agreed to make the changes. Chair Goodhart asked why there is a 5-month gap between the purple construction phase bar and the “PC” box. Mr. Clelland said that this project is pending Caltrans’ approval, and that accounts for the delay.

B. SBHP Monthly Project Issues Report (Attachment C)

Steve Lantz explained that the Redondo Beach project of PCH Study Improvements/Recommendations is delayed 14 months due to a potential ROW and construction increase and a delay issuing the design RFP. John Mate will continue to confirm future costs as part of the design phase. A request for additional funds for this project should be anticipated. The issues of funding additional Measure R project cost increases, scope changes, and lead agency maintenance-of-effort (specifically due to loss of RDA funds) must be addressed in the South Bay Highway Program Implementation Plan update.

C. SBHP Project Management Course Evaluation Summary (Attachment D)

Steve Lantz distributed quantitative results of the course evaluations (from the 40% of the participants that filled out an evaluation.) Ms. Bacharach was concerned that half of the evaluations said that the class was too complex or advanced. Rob Beste commented that the evaluations indicated that very few of the participants had experience with Project Management (training), and that the influx of newly hired Torrance engineers who attended spoke favorably of the course. Chair Goodhart recognized that, while each city/agency has their own project management methods, it would still be wise to offer this course periodically, as there is enough turnover within the different cities. Ms. Saadatnejadi explained that PMBOK (project management body of knowledge) is what MTA uses but emphasized that the only way to learn project management is to do it. Training does not guarantee a good project manager. Steve Lantz said that the SBCCOG plans to reconvene the course participants for a follow-up/feedback workshop. Councilmember Franklin remarked that he would encourage the SBCCOG to hold this training annually. He also suggested having the survey available throughout the course and then making it mandatory at the last session to get more complete feedback instead of just 40%.

Discussion included: a majority of agencies hire project managers but they need to manage them so they need to know what they can influence and what they can't.

VIII. Post- Measure J project acceleration policy ramifications for SBHP – Oral Report –

Mike Bohlke, Deputy to MTA Director O'Connor, explained that Measure J fell short by 16,000 votes. In March 2013, Metro staff will return to the Metro Board with recommendations for a specific path forward for Measure R project acceleration, including highway projects and the Green Line South Bay extension. The Metro Board can instruct the staff to continue to explore acceleration through some or all of the following strategy options (or it could decide to suspend these efforts):

- **Creation of a Federal America Fast Forward Transportation Bonds Program-** The portion of the LACMTA America Fast Forward initiative that did not get adopted into law in MAP-21 was a Metro policy proposal to create a new class of qualified tax credit bonds for transportation projects, both highway and transit. To date, Congress has authorized qualified tax credit bond programs totaling in excess of \$35 billion for forestry, conservation, renewable energy projects, energy conservation, qualified zone academies and new school construction. The creation of an America Fast Forward Transportation Bond program would represent a sixth class of qualified tax credit bonds. The new

bond program would be national in scope, with a proposition that the U.S. Congress authorize \$45 billion for America Fast Forward bonds allocated evenly at \$4.5 billion annually for ten years. Previously, this proposal faced a series of challenges in the U.S. Congress, especially from those officials in the U.S. House and Senate who were skeptical of creating a new sixth class of qualified tax credit bonds. Metro is eager to again advance the idea of establishing and funding an America Fast Forward Transportation Bonds program during the 113th Congress.

- **Focus on Future Federal Transportation Authorization-** MAP-21 was enacted as a two-year federal transportation program and gas tax authorization that expires on September 30, 2014. Discussions concerning an extension or successor authorization are expected to begin in Congress almost immediately. Metro staff will continue to work with its Federal partners to create a new authorization that best meets the needs of the Metro Board-approved Long Range Transportation Plan.
- **Further Exploration of P3 Opportunities-** In September 2008, the Metro Board adopted a Public Private Partnership (P3) Workplan which set the stage for identifying P3 candidates from among the projects included in the 2009 LRTP. The P3 program has placed particular emphasis on identifying projects that could attract private investment capital and thus allow for accelerated and less expensive project delivery. P3s are primarily a financing and delivery system that may allow accelerated project delivery through flexible financing and leveraging of public funds. Utilizing low interest loans and flexible repayment terms are opportunities provided by P3 project delivery methods, due to the new revenue streams that can supplement funding provided through Measure R, Propositions A and C, and TIFIA. However, P3s may also provide significant new project funding in cases where new sources of revenue, such as net-positive user charges or tolls, can be generated by the project. For some of the highway projects, implementation of tolling strategies on managed lanes and/or truck-only lanes can generate significant new revenue and accelerate projects, in addition to positively affecting congestion.

In June 2012, an initial screening of P3 candidate projects was presented to the Board. Through that screening process as well as subsequent exploration, the P3 program has thus far generated Business Plans for six of the Measure R projects, and recommendations are being provided for the following highway and multi-modal projects to be delivered as P3s to accelerate their delivery: High Desert Corridor, SR 710 North Gap, I-710 South Freight Corridor, the Accelerated Regional Transportation Improvements (ARTI) bundle of highway projects, and the Sepulveda Pass Corridor. If directed by the Board, staff will pursue these projects as P3s and any others where net positive user charges or tolls could be generated by a project.

- **Combination of Borrowing from Propositions A and C with Long-Term Bonds-** Long-term borrowing in combination with TIFIA enhancements will require an alternate source of funds in the years beyond 2039, the current end date for Measure R. Currently, without Measure J, only those revenues from Propositions A and C that are not needed for local return, operations, and state-of-good repair could be used for acceleration before 2039. However, if the Board of Directors were to assume that a ballot measure similar to Measure J were to pass before 2039, then Proposition A and C funds currently programmed in the Metro LRTP for operations and state of good repair could be pledged now in anticipation of realizing voter approval of such a ballot measure. Since more than half of the Measure R transit project costs are for underground rail and highway projects, and Proposition A and C currently cannot be used for such work, there are a number of issues to be worked out before Metro can thoroughly brief the Board of Directors on the viability of these options. Mr. Lantz noted that this option is controversial within the Metro Board.
- **Further Discussions with Sovereign Wealth Funds-** Metro had previously determined acceleration of all 12 transit projects in the Measure R program would require a series of sovereign wealth fund loans over an decade of approximately \$8 billion at an average 2.17% interest. However, favorable terms for a loan of this size were not available from any of the sovereign wealth funds Metro met with late in 2011. The Metro Board could ask staff to offer better terms to such lenders, such as participation in the work to be performed, to attract the low interest loans required. Since Metro would not be able offer such favorable terms for any project that has federal funds due to federal restrictions, the actual projects to be considered for Sovereign Wealth Funding would need to be selected from the 12 Measure R projects.
- **Pursue Various Actions with the State of California-** In November, both Los Angeles and Alameda County voters considered but ultimately did not pass local sales tax measures. In both cases the votes were within one percent of the 66.67% margin required in state law to approve such measures. Since that time a number of transportation stakeholders in California have discussed the possibility of lowering the vote threshold for transportation specific taxes to 55%. On Monday, December 3, 2012, State Senator Carol Liu introduced SCA 4 which would do exactly that. The measure will now proceed through the legislative process and Metro staff will bring it to the Metro Board for their

consideration. If the measure is approved in this legislative session, a new L. A. County sales tax proposition could not be on a ballot until 2014. Additionally, transportation stakeholders in California are also discussing a number of additional measures such as transportation related fees and a potential bond measure all of which could help to accelerate completion of Metro's Board approved program of projects. Mr. Bohlke noted that this is currently the Metro Board's most sought-after and viable strategy.

- **Create Another Acceleration Measure for a Future County Ballot-** With statewide interest in lowering the vote threshold for transportation specific taxes to 55%, efforts could be initiated to create another acceleration measure for the County ballot in 2014. MoveLA and other organizations which supported Measure J are already proceeding to undertake steps to initiate a future campaign.

Mr. Bohlke noted that over the next 4 years, the Metro Board membership will change significantly due to term limits. It takes a long time to build trust in a Board that is so diverse in terms of three categories of Metro Board membership (LA County Supervisors, LA City Mayor / mayoral appointees, non-LA Cities). Ms. Rhilinger mentioned that she was against Measure J because agencies overextend themselves to procure more money to accelerate future projects before finishing their current projects, which later have their own delays and problems. Also she mentioned that it is not clear that the agencies have the staff resources and infrastructure to complete all of the projects that they would be accelerating.

- IX. Final Metro Call for Projects (CFP) Applications Committing Measure R SBHP Funds** (Attachment E)
–Steve Lantz presented the final refined CFP list of projects that are using Measure R money as matching funds. The list shows what the SBCCOG committed in December 2012, alongside the refined matching funds requested as of January 2013. He announced that this is an item on the SBCCOG Steering Committee agenda later this afternoon. **Approved** – Councilwoman Rhilinger moved, Councilman Franklin seconded.
- X. South Bay Highway Program Implementation Plan (SBHPIP) Update** Steve Lantz reported that normally the quarterly review of the Implementation Plan status would be completed in January, but Iteris was closed for two weeks in December so the quarterly update will be presented to the Measure R Oversight Committee in February. In addition, the IWG Executive Committee will begin in February to review policies that need to be incorporated into the SBHPIP Update. There are 100 items to review. A *draft* plan will be sent to the lead agencies for any comments or suggestions, which are due to Marcy via email by January 31. Mr. Clelland briefly overviewed the IP Update status in a PowerPoint presentation that focused on policy issues like CFP match, conflict of interest, delegation of authority, signage, project oversight, administrative procedures, green construction and sustainable design requirements, training, STE/ITS, and cost overruns.
- XI. 3-Month Look Ahead** (Attachment F)
Steve Lantz announced that (as a lessons learned from the 2013 CFP process) the SBCCOG will hold an 18-month-early 2015 CFP workshop this fall.
- XII. SBHP Implementation Update Calendar** (Attachment G)
- XIII. Adjournment** – The group ended their discussion at 12:00. The next meeting will be Feb 11, 2013 at 10:30 AM.