



Board Report

File #: 2015-0501, File Type: Program

Agenda Number: 15.

REVISED
PLANNING AND PROGRAMMING COMMITTEE
JUNE 17, 2015

SUBJECT: 2015 CALL FOR PROJECTS**ACTION: APPROVE PRELIMINARY FUNDING MARKS, AND FUND ESTIMATE
~~AND PRELIMINARY RECOMMENDATIONS FOR DISTRIBUTION~~****RECOMMENDATION**

APPROVED ON CONSENT CALENDAR:

- A. preliminary transportation modal category funding marks; and
- B. fund estimate of \$199.4 million; and
- C. ~~release of preliminary recommendations for the 2015 Countywide Call for Projects (Call) for distribution.~~

ISSUE

The Board initiated the 2015 Call for Projects to allocate transportation funds now available for regionally significant projects that public agencies may implement. Staff has identified preliminary transportation modal category funding marks and a preliminary fund estimate to assist in the development of preliminary recommendations. The preliminary review of the 2015 Call applications has been completed. ~~These preliminary recommendations are presented in the Rainbow Report, distributed separately to the Board, and will be released to project sponsors, subject to upon Board approval of the funding marks and fund estimate.~~ Staff will initiate the Technical Advisory Committee (TAC) review and appeals process leading to the September Board approval.

DISCUSSION

The preliminary modal category funding marks (Attachment A) are based on the regional program direction provided in the adopted 2009 Long Range Transportation Plan (LRTP). The fund estimate of \$199.4 million (Attachment B) is based on the 2015 funding availability and priorities as adopted by the Board. Evaluation criteria used to select the projects include a "Complete Streets" integrated, multimodal transportation network, consistency with Senate Bill (SB) 375 goals of reducing Vehicle Miles Traveled (VMT) and Greenhouse Gas Emissions (GHGe), and First/Last Mile access to the transit system. The preliminary fund estimate is based on federal, state, and local funds forecasts used in the adopted 2009 LRTP (as updated in March 2015).

Background

Federal statute (Title 23 U.S.C. 134 (g) & (h)) and state statute (P.U.C. 130303) require Metro to prepare a Transportation Improvement Program (TIP) for Los Angeles County. The TIP allocates revenues across all surface transportation modes based on the planning requirements of the federal Moving Ahead for Progress in the 21st Century Act (MAP-21).

Metro accomplishes these mandates, in part, by programming transportation revenues through the Call for Projects process wherein Los Angeles County jurisdictions and transit agencies may apply for funding for regionally significant projects. These regionally significant projects are often beyond the fiscal capabilities of local sponsors. The Call for Projects process provides an opportunity for these projects to be funded to meet the County's transportation needs. The Call for Projects implements Metro's multi-modal programming responsibilities for Los Angeles County and the Board-adopted 2009 LRTP.

Funding Marks

The preliminary fund estimate is based on the Board-adopted 2009 LRTP assumptions, as updated in March 2015, and includes federal, state, and local funds. Forecasts for the local fund sources in Attachment B are consistent with the LRTP update and Metro's Debt policy. Federal funding forecasts are based on historical trends, but are adjusted to reflect federal Highway Trust Fund growth rates and possible downside risks (e.g., possible reductions in the amount of Congestion Mitigation and Air Quality Improvement [CMAQ] Program funds). State fund forecasts are based on historical trends, but do not reflect growth, assuming higher priority needs such as state highway safety, maintenance, and operating costs. The State Regional Improvement Program (RIP) funding is subject to the actual 2016 State Transportation Improvement Program (STIP) fund estimate to be adopted by the California Transportation Commission in August 2015. The specific funding sources chosen for the 2015 Call for Projects are subject to change based upon the projects finally selected and other factors, including eligibility and availability.

The modal category funding marks are provided as preliminary minimums (percentage for each mode) and are based on the relative modal shares from the Board-adopted 2009 LRTP, combined with the Board-approved motion on September 16, 2010 with regard to increasing the bicycle modal funding percentage from seven to 15 percent as well as the Board-approved motion on April 25, 2013 increasing the pedestrian modal funding percentage from seven to 10 percent. The Board will need to determine the final funding levels for each category based on the regional significance and demonstrated evaluation criteria benefit of the specific projects that the eligible sponsors submitted in the 2015 Call for Projects process.

Per the September 2009 motion, the Board directed that a five- to 10-percent reserve be established to allow the TAC through the appeals process to consider potential meritorious projects that might be recommended for funding. Staff initially created a 10-percent TAC Appeals reserve fund; however, to comply with additional Board direction, staff has shifted a portion of the TAC reserve to increase the bicycle and pedestrian improvements modal funding marks leaving a \$5.9 million (3%) reserve balance.

Preliminary Recommendations

~~Preliminary recommendations for the 2015 Call are provided in the “Rainbow Report” which was distributed separately to the Board. In order to maintain scoring consistency across all modes, projects assigned a score of 70 points or higher are eligible for funding, as directed by the September 24, 2009 Board-approved motion. These projects are indicated in the Rainbow Report by a solid, “qualifying” line.~~

Staff modal evaluation has found that the Regional Surface Transportation Improvements (RSTI), Bicycle Improvements, Pedestrian Improvements, and Transit Capital modes have more “qualified” projects than could be funded within their funding marks. The sum total of the seven projects recommended for funding beyond the modal marks is approximately \$4.47 million for these four modes, about two percent of the funding available in this Call.

Attachment C shows a surplus of \$4,213,492 in the Goods Movement Improvements mode, \$125,809 in the Signal Synchronization and Bus Speed Improvements mode, and \$739,672 in the Transportation Demand Management mode. Staff proposes to fund the seven projects, mentioned above, with \$4,470,846, using a portion of the funds from these three modes to supplement the preliminary funding marks shown in Attachment A.

Staff proposes to reallocate the remaining \$608,127 to the 2015 Call for Projects TAC Appeals Reserve, thereby increasing the TAC Appeals Reserve to \$6,590,127.

~~Subject to~~ Upon Board approval of the preliminary funding marks and fund estimate, these preliminary recommendations will be released to the public in early July ~~in the Rainbow Report~~ and reported to TAC, who will hold the funding recommendations appeals process in July. Based on funding appeals, TAC will also have the opportunity to recommend additional projects to receive funding (successful appeals), using the TAC Reserve Fund.

DETERMINATION OF SAFETY IMPACT

The 2015 Call will not have any adverse safety impacts on our employees and patrons.

FINANCIAL IMPACT

The 2015 Call does not have an impact on the FY15 budget. Funding of \$199.4 million for the 2015 Countywide Call for Projects will be included in FYs 2016-17, 2017-18, 2018-19, 2019-20, and 2020-21 budgets in cost centers 0441 - Subsidies to Others and 0442 - Subsidies to Others. Since this is a multi-year program, the cost center manager, Chief Planning Officer, and Executive Director of Engineering and Construction will be accountable for budgeting the costs in future years.

Consistent with the Metro Board’s approval of the Short Range Transportation Plan (S RTP) in July 2014, funding for the Plan, including the Call for Projects, assumes borrowing consistent with Metro’s debt policies. The funding marks here may consist of bond funds backed by Proposition C. After these bonds are issued, the debt service is assigned to the appropriate sub-fund within Proposition

C. The funding mark for Proposition C 25% funds is \$89.3 million spread over five years as shown in Attachment B. In year six, assuming level debt service and a 30-year term at the SRTP-assumed interest rate of 4.5%, we find that if all of the \$89.3 million is attributed to such a borrowing, the annual debt service including principal and interest will be \$5.9 million of Proposition C 25% funds in FY 2021 and beyond. The funding mark for Proposition C 10% is \$10.2 million also spread over five years as shown in Attachment B. In year six, using the same borrowing assumptions, the annual debt service including principal and interest will be \$667,000 of Proposition C 10% in FY 2021 and beyond. The Proposition C 10% bond funding approach, if necessary, will impact future possible subsidies to Metrolink by up to \$667,000 per year. These assumptions are all consistent with the SRTP.

Impact to Budget

The sources of funds for these activities are: Proposition C 10%, Proposition C 25%, Repayment of Capital Projects Loan Funds, Congestion Mitigation and Air Quality (CMAQ), and Regional Improvement Program (RIP) [State Transportation Improvement Program (State TIP)]. The Proposition C 10% and Proposition C 25% funds fund balances are exhausted and approval of this action will require debt issuance. These funds are not eligible for Metro bus and rail operating and capital expenditures. RIP funds cannot be used for transit operating expenses.

While CMAQ funds are eligible for operating purposes or transit capital, there are no additional operating expenses eligible under CMAQ funding. CMAQ funds could be used for transit capital purposes. Los Angeles County must strive to fully obligate its share of CMAQ funding by May 1st of each year, otherwise Metro risks its redirection to other California Regional Transportation Planning Agencies by Caltrans. Staff recommends the use of long-lead-time CMAQ funds as planned to ensure utilizing our federal funds.

In light of new state and federal funding programs such as the Active Transportation Program managed through the Southern California Association of Governments (SCAG) and the California Transportation Commission (CTC) and the state Cap and Trade Program, staff recommends that the Call process seek to maximize opportunities to leverage Call funding with other programs.

ALTERNATIVES CONSIDERED

The Board could adjust the preliminary fund estimate or the modal category funding marks, or defer the 2015 Call for Projects modal marks entirely. Adjusting the funding marks is not recommended because they are consistent with the adopted 2009 LRTP and subsequent Board direction. Staff understands Metrolink needs but the SRTP financial forecast adopted by the Board in March 2015 balances the needs of the Call with those of Metrolink. Deferring the 2015 Call for Projects modal marks decision also is not recommended because funds are expected to be available and some allocation process is necessary, so that Metro may fulfill its statutory transportation programming responsibilities. For example, Metro would not be positioned to submit the statutorily required 2016 Regional Transportation Improvement Program (TIP) for Los Angeles County to SCAG and the California Transportation Commission (CTC) by the required December 2015 deadline. Los Angeles County's State TIP funding priorities will be set for the six-year period ending in FY 2020-21 and the Call for Projects is our established process for that purpose.

NEXT STEPS

Upon Board approval, staff will release the preliminary funding recommendations (~~“Rainbow Report”~~) to the public. ~~The Rainbow Report~~The recommendations will be posted online on June 29th and mailed on July 6th. Applicants will be given an opportunity to appeal their project scores to TAC on July 28th and 29th where TAC will be able to make recommendations for the distribution of the TAC Reserve Fund. The Board is scheduled to formally adopt the 2015 Countywide Call for Projects at its September meeting.

ATTACHMENTS

Attachment A - 2015 Countywide Call for Projects Preliminary Modal Category Funding Marks

Attachment B - 2015 Countywide Call for Projects Preliminary Fund Estimate

Attachment C - 2015 Countywide Call for Projects Recommended Changes to Preliminary Modal Category Funding Marks

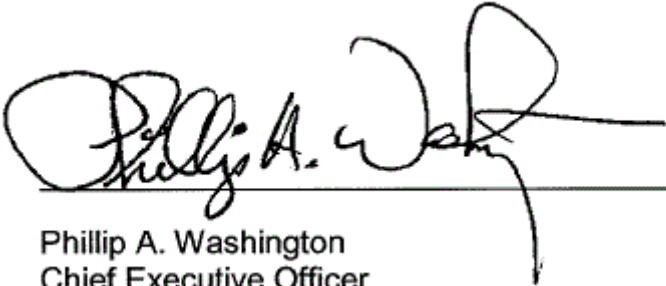
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ATTACHMENT B

**2015 Countywide Call for Projects
Preliminary Fund Estimate *
(\$ in thousands)**

	Program Fiscal Years *					TOTAL
	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	
<u>LOCAL PROPOSITION C:</u>						
Transit-Related Streets/Highway Imprv. (Prop C 25%) (debt)	\$10,300	\$12,550	\$16,450	\$25,000	\$25,000	\$89,300
Commuter Rail, Park and Ride (Prop C 10%) (debt)	\$2,000	\$2,000	\$2,000	\$2,100	\$2,100	\$10,200
Repayment of Capital Projects Loan (LTF)	\$1,000	\$2,200	\$3,000	\$4,000	\$5,000	\$15,200
<u>STATE:</u>						
2016 State Transportation Improvement Program (State TIP) [Regional Improvement Program (RIP)]		\$10,100	\$15,000	\$24,000	\$26,000	\$75,100
<u>MAP-21 and Beyond:</u>						
Congestion Mitigation and Air Quality Prog. (CMAQ)	\$200	\$4,400	\$5,000			\$9,600
TOTAL	\$13,500	\$31,250	\$41,450	\$55,100	\$58,100	\$199,400

* Individual FY total amounts are estimated and are subject to revisions without changing overall programming totals as approved.

**2015 Countywide Call for Projects
Recommended Changes to Preliminary Modal Category Funding Marks**

Modal Category	Preliminary Modal Mark	Amount Recommended	Difference **
Regional Surface Transportation Improvements	\$37,886,000	\$39,305,307	0
Goods Movement Improvements	\$33,898,000	\$29,684,508	0
Transit Capital	\$19,940,000	\$21,085,327	0
Signal Synchronization & Bus Speed Improvements	\$43,868,000	\$43,742,191	0
Bicycle Improvements	\$29,910,000	\$30,133,543	0
Pedestrian Improvements	\$19,940,000	\$21,622,669	0
Transportation Demand Management	\$7,976,000	\$7,236,328	0
Reserve *	\$5,982,000	\$6,590,127	0
TOTAL FUNDING MARK	\$199,400,000	\$0	

- * Reserve reflects a reduction from 10% to 3% to allow for the 15% bicycle improvements and 10% pedestrian improvements modal marks
- ** Surplus funds transferred from Goods Movement Improvements, Signal Synchronization & Bus Speed Improvements, and Transportation Demand Management modes will supplement the preliminary funding marks in the Regional Surface Transportation Improvements, Transit Capital, Bicycle Improvements, and Pedestrian Improvements modes as well as the TAC Appeals Reserve

**2015 Countywide Call for Projects
Preliminary Modal Category Funding Marks
(\$ in thousands)**

Modal Category	Modal Mark %	Modal Mark
Regional Surface Transportation Improvements	19%	\$37,886
Goods Movement Improvements	17%	\$33,898
Transit Capital	10%	\$19,940
Signal Synchronization & Bus Speed Improvements	22%	\$43,868
Bicycle Improvements	15%	\$29,910
Pedestrian Improvements	10%	\$19,940
Transportation Demand Management	4%	\$7,976
TAC Appeals Reserve *	3%	\$5,982
TOTAL FUNDING MARK		\$199,400

* In compliance with Board motions, TAC Appeals Reserve reflects a reduction from 10% to 3% to allow for the 15% bicycle improvements and 10% pedestrian improvements modal marks

2015 Call for Projects Preliminary Funding Marks and Fund Estimate

Planning and Programming Committee
June 17, 2015



Metro

Overview

- Preliminary modal funding marks and \$199.4 million fund estimate
- Competitive process – cities, county and transit agencies eligible to apply
- Programs federal, state and local funds
(FY 17 thru FY 21)
- Performance-based:
 - Regional Significance
 - First/Last Mile
 - Need/Mobility Benefit
 - Local Match
 - Cost Effectiveness
 - Sustainability

2015 Call Highlights

- 178 applications submitted for \$473.3 million
- 84 recommended for funding of \$199.4 million
- Complete Streets focus
- Incorporates First/Last Mile Improvements
- Supports Sustainability Policies
- Retains Board increases from recent



Calls

— Metro

— Bike and Pedestrian funding

Preliminary Recommendations

Modal Category	Proposed Modal Mark	Amount Recommended for Funding	Difference
Regional Surface Transportation Improvements	\$37,886,000	\$39,305,307	\$1,419,307
Goods Movement Improvements	\$33,898,000	\$29,684,508	(\$4,213,492)
Transit Capital	\$19,940,000	\$21,085,327	\$1,145,327
Signal Synchronization & Bus Speed Improvements	\$43,868,000	\$43,742,191	(\$125,809)
Bicycle Improvements	\$29,910,000	\$30,133,543	\$223,543
Pedestrian Improvements	\$19,940,000	\$21,622,669	\$1,682,669
Transportation Demand Management	\$7,976,000	\$7,236,328	(\$739,672)
TAC Appeals Reserve	\$5,982,000	\$6,590,127	\$608,127
TOTAL FUNDING MARK	\$199,400,000	\$199,400,000	\$0

Next Steps

- Early July – Release Preliminary Recommendations
- Late July – TAC Appeals
- September – Board Approval