



**Board Report**

**File #:** 2016-0329, **File Type:** Program

**Agenda Number:** 12

**PLANNING AND PROGRAMMING COMMITTEE  
MAY 18, 2016**

**SUBJECT: REPURPOSING OLDER FEDERAL EARMARKS IN LOS ANGELES COUNTY**

**ACTION: APPROVE RECOMMENDATION**

**RECOMMENDATION**

APPROVAL OF:

- A. CONSOLIDATING up to \$96.0 million in **repurposed Los Angeles County Federal transportation earmarks on State Route 71**, freeing up a corresponding amount of funds for Los Angeles County sponsors;
- B. AUTHORIZING the Chief Executive Officer to:
  - 1. NEGOTIATE AND EXECUTE agreements with participating local agencies for the funds shown in Attachment A, so as to ensure that the exchanged funds being made available are properly administered, used in a timely fashion, and are expended within three years of executing the agreements;
  - 2. PROVIDE 97% replacement funding to Los Angeles County project sponsors for repurposed federal earmarks from the local funds currently planned for State Route 71, unless the sponsor affirmatively opts out of the program by June 30, 2016;
  - 3. Use three percent (3%) of the earmarked amount that LACMTA would retain to administer the exchange program; and
- C. CONSOLIDATING up to \$2.4 million in potentially repurposed Metro-controlled Federal transportation earmarks to allocate on the Airport Metro Connector Project without freeing up any funds.

**ISSUE**

The Federal Highway Administration (FHWA) and the California Department of Transportation (Caltrans), under the authority of the Consolidated Appropriations Act of 2016 (Act), have initiated the process of repurposing federal transportation earmarks. This Board Report outlines our

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recommended approach for maximizing the delivery of transportation projects in Los Angeles County.

## **DISCUSSION**

### **Background**

The Consolidated Appropriations Act of 2016 (Act) allows States and territories to repurpose certain funds originally earmarked for specific projects more than 10 years ago. To qualify under this provision, an earmark must have been designated on or before September 30, 2005 and be less than 10 percent obligated or have received its final voucher and closed with earmarked funds remaining.

Under this Act, local agencies are under no obligation to repurpose their earmarks. Local agencies may wish to deliver the original project or they may wish to repurpose the funds. The repurposed funds may be obligated on a new or existing project in the State and must be within 50 miles of the earmark designation. The project receiving the repurposed earmark funding must be an eligible project under the Surface Transportation Block Grant Program (STPBG).

The FHWA issued guidance on March 8, 2016 for implementation of the earmark repurposing. Caltrans then requested input from the Regional Transportation Planning Agencies to help identify and recommend projects for repurposing. We are working with Caltrans to ensure that transportation funding earmarked for projects in Los Angeles County remain within the county. More information about the earmark repurposing process can be found at this website: <http://www.dot.ca.gov/hq/LocalPrograms/earmark/>.

Local agencies will need to communicate their desire to opt-out of the Exchange Program in writing to Metro by June 30, 2016. The written correspondence must indicate how the local agency intends to repurpose their earmark or if they wish to deliver their original earmark.

### **Findings**

FHWA and Caltrans have provided a list of original earmarked projects which meet the repurposing eligibility requirements established by the Act. Attachment A shows the estimated unobligated funding amounts by agency in Los Angeles County. Caltrans estimates approximately \$96 million in earmarks available for repurposing. The ability to repurpose federal transportation earmarks presents an opportunity to assist local agencies with delivering critical transportation projects.

Subsequent to the release of the FHWA Guidelines, we are participating with several regions throughout the state to establish the roles and responsibilities to manage the repurposing effort. The proposed list of repurposed projects is due to Caltrans by August 1, 2016 and must be obligated by July 1, 2019.

### **Recommended Approach to Maximize Regional Transportation Funds**

The repurposing option afforded by the Act presents an opportunity for Metro and local agencies to better utilize regional transportation funds and to expedite project delivery. To maximize the amount of funding retained in Los Angeles County and to accelerate its use, we propose consolidating the

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unobligated earmark amount shown in Attachment A on the SR-71 project. Local agencies may opt-out of this policy and retain their earmarks if they do so by June 30, 2016.

#### Proposed Use of Repurposed Federal Earmarks

We are proposing to consolidate the repurposed federal transportation earmarks in Los Angeles County on the State Route 71 project in exchange for local funds currently planned for the project. This will allow Metro to consolidate and accelerate the use of federal funding on one large project. This project is eligible and ready to utilize the federal funds made available by the repurposing opportunity on an expedited basis.

#### Federal Transportation Earmark Exchange Program

Metro will reimburse each local agency up to 97 percent of their earmark amount with local funds. This will allow local agencies to utilize more flexible funding and avoid substantial staff resources in attempting to obligate federal funding on alternative projects. The remaining three percent will be used to cover administration costs of this program.

By allowing local agencies to exchange Federal dollars for more flexible, easier to administer local dollars, Metro and local agencies should see faster delivery of projects to the counties transportation system users. However, to ensure this in fact happens, staff is recommending that a “timely use of funds” provision be applied to the local funds made available under the exchange. Under this provision, local agencies participating in the Federal Transportation Earmark Exchange Program will need to identify a project or have an executed funding agreement with Metro in place by July 1, 2019 to receive their reimbursements. We will then allow up to three years from execution of a Memorandum of Understanding to invoice Metro for the cost of the project.

#### Proposed Use of Metro-Controlled Earmarks

Caltrans has identified an up-to amount of approximately \$7.7 million in unobligated earmarks which were designated for various Metro-sponsored projects as shown in Attachment B. We are proposing consolidating \$2.4 million in earmarks on the Airport Metro Connector Project. As a regionally significant project at a designated Regional Facility with a current funding need, this project is the most appropriate use of the repurposed earmarks. The remaining \$5.3 million will be obligated to deliver the existing projects, as identified under their respective, original earmarks.

### **DETERMINATION OF SAFETY IMPACT**

Approval of the staff recommendation will have no adverse impact on the safety of Metro customers or employees.

### **FINANCIAL IMPACT**

Adoption of the staff recommendation should have a positive financial impact for Los Angeles County and Metro. Repurposing decade-old transportation earmarks will allow local agencies greater flexibility with the local funds as well as lower the administrative burden for expending the federal earmarks. This opportunity allows more projects to be funded with less money spent on funding

administration costs and federal requirements. We anticipate this approach will accelerate the delivery of transportation improvements to the public.

Impact to Budget

Adoption of the staff recommendation has no impact to the FY2016 Budget. The Chief Planning Officer will be responsible for budgeting of the exchanged projects and costs of administering the program in future budget cycles.

**ALTERNATIVES CONSIDERED**

The Board of Directors could reject the staff recommendation or direct staff to develop a new policy. Rejection of the staff recommendation is not recommended as it would require each local agency to individually review their earmarked project and submit for repurposing to Caltrans and FHWA. Without the exchange program, many local agencies would face substantial administrative burdens and costs to repurpose their federal funds on new projects.

Developing a new policy is not recommended either. Given the relatively short timeline to submit repurposing requests to Caltrans and FHWA, the time to develop a new policy is limited. The staff recommendation provides the most flexibility for local agencies to deliver transportation projects and avoid increased administrative burdens.

**NEXT STEPS**

Upon approval of this item, we will work closely with the local agencies identified in Attachment A to solicit their feedback and interest in the exchange program. We will then submit the repurposed earmark list to Caltrans and FHWA for review. For those interested, we will develop a Memorandum of Understanding to establish the parameters of the exchange and the process for invoicing.

Key Milestones Include:

Caltrans 2016 Earmark Repurposing Workgroup Kickoff Meeting	April 14, 2016
Metro sends Interest Letter to Affected Local Agencies	May 26, 2016
Local Agencies Deadline to Opt Out	June 30, 2016
Metro Submits Repurposed List to Caltrans	August 1, 2016
Caltrans Submits Repurposed List to FHWA	August 31, 2016
Deadline for Repurposing Earmarks	September 12, 2016

**ATTACHMENTS**

- Attachment A - Federal Earmark Amount Available for Repurposing by Agency
- Attachment B - Metro Sponsored Earmarks to be Repurposed or Delivered
- Attachment C - Caltrans/FHWA Earmark Repurposing Timeline

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Phillip A. Washington  
Chief Executive Officer

## ATTACHMENT A

### Federal Earmark Amount Potentially Available for Repurposing by Agency

4/19/2016

	<b>Agency</b>	<b>Total Available</b>
1	City of Los Angeles	\$ 24,929,420
2	City of South Gate	\$ 9,829,100
3	City of Long Beach	\$ 8,947,255
4	City of Compton	\$ 8,344,638
5	City of Diamond Bar	\$ 6,849,280
6	Los Angeles County	\$ 6,040,288
7	I-5 JPA	\$ 4,160,614
8	City of Inglewood	\$ 3,600,008
9	City of Palmdale	\$ 3,444,721
10	City of Downey	\$ 2,492,222
11	Culver City	\$ 1,972,580
12	City of Lawndale	\$ 1,909,603
13	ACE	\$ 1,564,503
14	City of Santa Clarita	\$ 1,427,919
15	City of Signal Hill	\$ 1,305,558
16	City of Whittier	\$ 1,002,695
17	City of Huntington Park	\$ 863,904
18	City of El Segundo	\$ 810,863
19	City of Santa Monica	\$ 802,028
20	City of Pasadena	\$ 775,532
21	Gateway Cities COG	\$ 774,168
22	City of Arcadia	\$ 562,980
23	City of El Monte	\$ 539,940
24	City of Bellflower	\$ 474,765
25	City of Monterey Park	\$ 431,952
26	City of Azusa	\$ 359,960
27	City of Burbank	\$ 359,921
28	City of Carson	\$ 308,150
29	City of San Gabriel	\$ 287,967
30	City of Glendale	\$ 279,330
31	City of South Pasadena	\$ 215,977
32	City of Torrance	\$ 122,417
33	City of West Covina	\$ 119,256
34	City of Malibu	\$ 44,470
35	City of Hawaiian Gardens	\$ 41,726
36	City of Gardena	\$ 36,540
37	City of Lancaster	\$ 14,576
38	<b>Totals</b>	<b>\$ 96,046,822</b>

Source: Caltrans Office of Local Programs

\*Unobligated balance subject to confirmation by Caltrans and FHWA

## Metro Sponsored Earmarks to be Repurposed or Delivered

5/2/2016

Sponsor	Project Description	Amount Available*	Project Status
LACMTA	710 Freeway Study to comprehensively evaluate the technical feasibility of a tunnel alternative to close the 710 Freeway gap, considering all practicable routes, in addition to any potential route previously considered, and with no funds to be used for preliminary engineering or environmental review except to the extent necessary to determine feasibility.	\$2,159,760	Project to be repurposed to AMC
LACMTA	Conduct necessary planning and engineering and implement comprehensive Corridor Management Plan for Arroyo Seco Historic Parkway, Los Angeles	\$290,018	Project to be repurposed to AMC
<b>Total Repurposed to AMC Project</b>		<b>\$2,449,779</b>	

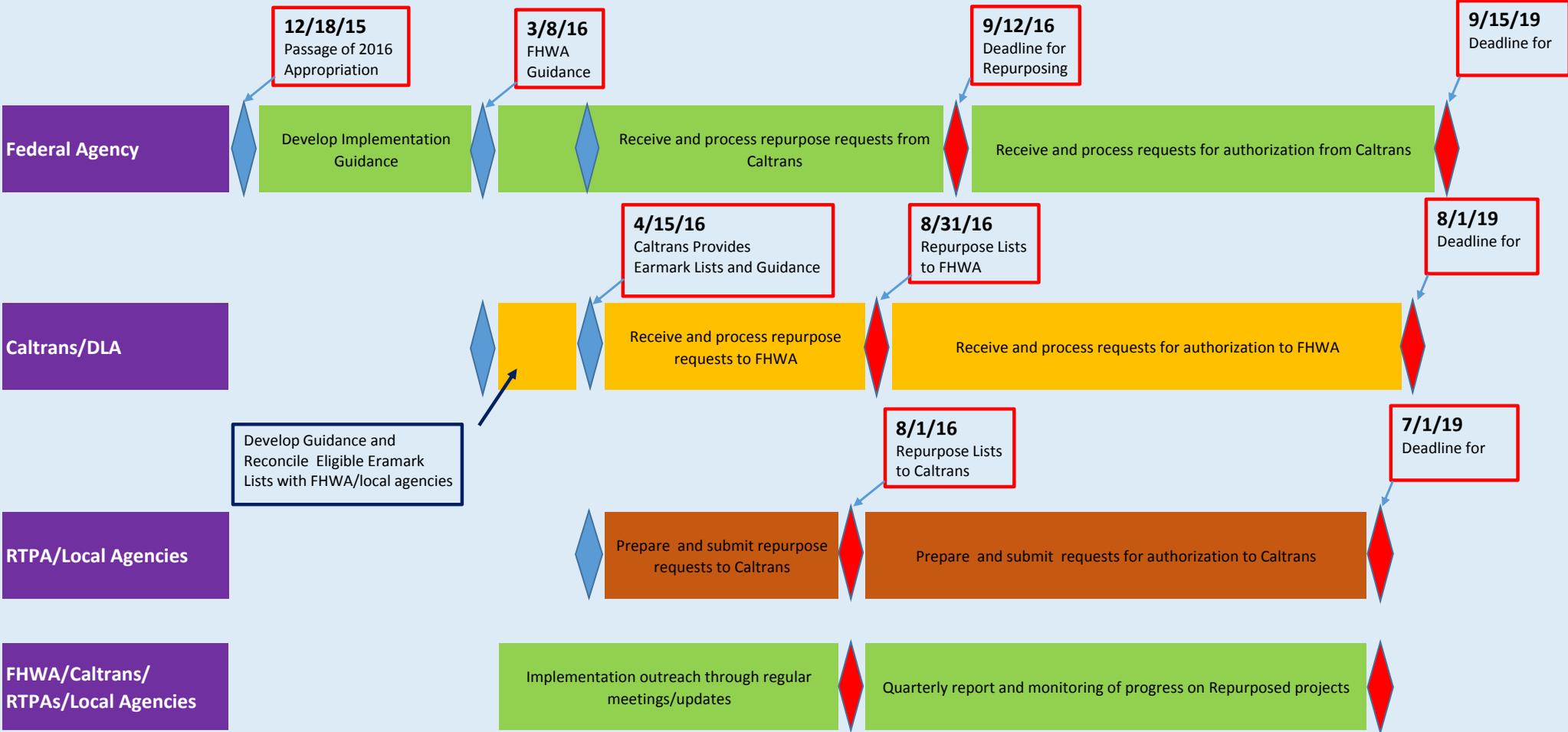
Sponsor	Project Description	Amount Available*	Project Status
LACMTA	Upgrade CA Rt. 2 Southern Freeway terminus and transportation efficiency improvements to Glendale Boulevard in Los Angeles	\$3,013,091	Metro will obligate the balance to deliver the SR-2 project
LACMTA	I-405 HOV Lane	\$2,235,059	Working to obligate balance on the I-405 HOV Lane Project.
<b>Total to be Obligated and Delivered</b>		<b>\$5,248,150</b>	

Source: Caltrans Office of Local Programs

\*Unobligated balance subject to confirmation by Caltrans and FHWA

**ATTACHMENT C**

# 2016 Earmark Repurpose Timeline (Draft)



**Important Reference Documents:**

- 1 FHWA Earmark Repurposing Guidance Memorandum
- 2 FHWA Earmark Repurposing Guidance Frequently Asked Questions