

**Board Report**

File #: 2017-0546, **File Type:** Policy**Agenda Number:** 40.

**EXECUTIVE MANAGEMENT COMMITTEE
SEPTEMBER 20, 2017****SUBJECT: STATE AND FEDERAL TRANSPORTATION FUNDING PROGRAMS****ACTION: RECEIVE AND FILE****RECOMMENDATION**

RECEIVE AND FILE the state and federal transportation funding program evaluative criteria framework to implement Metro's adopted plans and programs.

ISSUE

The recent state approval of Senate Bill 1 (SB-1), the Road Repair and Accountability Act of 2017, presents Metro with new and expanded funding opportunities that will play an important role in our ability to implement Measure M and the Board's priority projects and programs. In recognition that these state and other federal funds will be distributed through a combination of competitive and formula programs, an evaluative framework will be necessary to guide program specific criteria and competitive project selection. This framework will allow Metro to be competitive in securing available funding and will support the implementation and sustainment of the Measure M expenditure plan along with other Board priorities.

DISCUSSION

With the passage of Measure M in November 2016, LA Metro is committed to the implementation of a \$120 billion expenditure plan of capital, operating and maintenance projects over the next 40 years that will transform the transportation system across Los Angeles County. This commitment adds to other Metro priorities adopted by the Metro Board prior to the passage of Measure M including the 2009 Long Range Transportation Plan (LRTP) and Measure R. As part of the full funding plan for Measure M, Measure R, and the 2009 LRTP, Metro staff has assumed both state and federal formula and competitive funding consistent with historic programs, funding levels and Metro's ability to leverage them.

The recent state approval of SB-1 presents Metro with the opportunity to begin realizing these planned funds. SB-1 is estimated to provide approximately \$5 billion annually in new and expanded funding programs. In recognition that these state and other federal funds will be distributed through a combination of competitive and formula programs, an evaluative framework will be necessary to guide program specific criteria and competitive project selection. This framework will allow Metro to

be competitive in securing available funding and will support the implementation and sustainment of the Measure M expenditure plan along with other Board priorities. The objectives of this framework are as follows:

1. Establish consistent parameters to guide program-specific criteria;
2. Advance Metro's competitive advantage in securing funding; and
3. Implement Measure M and Board priorities

Evaluative Criteria Framework

The proposed evaluative criteria framework to guide Metro investment decisions for new and expanded state and federal funding includes six project assessment parameters:

1. *Sustain Measure M and other Pre-Measure M/LRTP Priorities and Schedules*

With its passage in November 2016, Measure M encompasses Metro's largest single policy objective over the next 40 years. In combination with \$52 billion in direct Measure M revenues, the expenditure plan identifies over \$40 billion in other local, state, and federal funds required to fully fund the major transit and highway capital projects along with the multiyear subregional capital programs. As Metro moves forward with the implementation of the Measure M program, staff is confident that these prior assumptions of other local, state, and federal revenues can effectively be realized; however, it is imperative that funding opportunities presented in SB-1 and other federal discretionary programs be committed to do so. The commitment of SB-1 formula and discretionary grant funds to these existing priorities will ensure Metro is able to sustain Measure M and the other pre-Measure M projects and schedules.

2. *Match Competitiveness of Projects to New/Expanded Programs Criteria*

As candidate projects are considered for new and expanded state and federal funding programs, it is important to recognize that other state and federal agencies adopt the guidelines that determine what projects will be eligible and ultimately most competitive for applications. While Metro staff is actively participating in the guidelines development process for all SB-1 programs to support identified Metro priorities, the adopted guidelines will emphasize state goals that SB-1 will incentivize through competitive funding awards. With the higher share of funding in SB-1 going to capital projects through competitive versus formula programs, there will be increased levels of competition that require highly competitive projects to secure the maximum share of funding for Los Angeles County to support the implementation of Measure M and Board priorities. One immediate example is project readiness to meet aggressive state delivery schedules to publicize the benefits of SB-1 investments. As program guidelines are adopted, Metro staff will need the opportunity to review application criteria to identify projects that are not only eligible, but highly competitive for funding.

3. *Certainty (Formula) vs. Risk (Competitive/Discretionary)*

The difference in risk between investing formula funds and securing discretionary grant funds requires strategic decisions to support individual projects and overall program delivery. Metro has sought discretionary funds for competitive capital projects that can tolerate risk for delivery. This

tolerance can include longer timelines to realize funding as a project progresses through project development. Metro has employed formula funds for projects that are not competitive or have delivery risk that is incompatible with uncertainty inherent in discretionary program awards. Examples of these projects and programs include operations, safety and state of good repair activities as well as advanced project development activities for projects that are not ready for construction within the funding period of a discretionary program. These advanced project development activities can be important to develop a pipeline of projects to compete in future discretionary programs.

4. *Geographic Balance*

Measure M created a structure for geographic balance in both total funding and the schedules of funding availability across the entire 40-year program including the establishment of subregional capital programming targets. The management of this geographic balance was further addressed through provisions to manage project cost increases within subregions and ensure no negative impacts to other project schedules if any project is accelerated before its identified funding availability schedule. As actual competitive funding is pursued through discretionary state and federal programs, geographic balance is not always achievable within each grant cycle or each grant program due to the status of individual projects or their competitiveness in individual grant programs. Similar to Measure M this type of geographic balance will be achieved over the entire program portfolio and over multiple discretionary program cycles.

5. *Consistency with Board Policies and Directives*

In addition to specific projects identified in Measure M, Measure R and the 2009 LRTP, the Metro Board has expressed or adopted plans and policies for other interests over time. For example, the Board has adopted policies regarding first/last mile connections to transit stations and an ExpressLanes Strategic Plan. Other future Board interests will include but not be limited to the pending Goods Movement Strategic Plan and Zero Emissions Bus Strategy. Consistency with these types of Board interests and policies will be considered as staff brings forward candidate projects for eligible discretionary programs such as the Active Transportation Program (First/Last Mile), the Solutions for Congested Corridors Program (ExpressLanes) and the Trade Corridor Enhancement Program (Goods Movement).

6. *Consistency with Metro Long Range Transportation Plan (LRTP) and SCAG Regional Transportation Plan (RTP)*

Developed and adopted by the Southern California Association of Governments (SCAG) as the Metropolitan Planning Organization (MPO) for the six-county region, the Regional Transportation Plan (RTP) is a state- and federally-mandated planning document that substantiates the financial constraint, air quality conformity and greenhouse gas (GHG) emissions of individual projects at the regional program level. Consistency with the RTP has been a standard requirement for both formula and discretionary funding programs at the state and federal levels. This consistency is being expanded through SB-1 to specifically include the Sustainable Communities Strategy which addresses the region's ability to meet state mandated GHG emission reduction targets. SCAG updates the RTP every four years and provides periodic opportunities for amendments to add new or

change existing projects. The Measure M expenditure plan is currently being amended into the 2016 RTP for new projects and delivery schedules as needed.

As Metro's long range planning document that feeds into the SCAG RTP, the 2009 LRTP-as updated to reflect Measure M-will also serve as a defining project assessment parameter to ensure that Metro's effort to secure funding from state and federal programs fulfills the priorities committed through the Measure M Expenditure Plan and adopted by the Board.

DETERMINATION OF SAFETY IMPACT

The recommendations in this report will not have any adverse safety impacts on employees and patrons.

FINANCIAL IMPACT

Developing a sound policy framework for addressing federal and state grant opportunities is an essential part of the strategy to maximize funding for Los Angeles County and fully implement Measure M, Measure R and the LRTP.

Impact to Budget

Approving the staff recommendations will have no impact on the FY 2018 Budget. Funds obtained through following an optimal strategy to address state and federal funding opportunities will offset the projected need for non-sales tax resources to implement Measure M, Measure R, the LRTP, and other prior funding commitments.

NEXT STEPS

Staff anticipates the following actions over the current fiscal year as we develop and execute a strategy to maximize the state and federal resources for implementation of Metro's adopted plans and programs.

State:

- October 2017 - February 2018: CTC adopts program guidelines
- October 2017 - June 2018: CTC adopts program of projects
- December 2017 - 2018 Regional Transportation Improvement Program (RTIP) submittal deadline
- December 2017 - June 2018: Metro staff returns with information on project and grant identification process

Federal:

- October 16, 2017 - TIGER application deadline
- November 2, 2017 - INFRA application deadline
- 2018: Secure Full Funding Grant Agreement for Westside Subway Extension Section 3

ATTACHMENTS

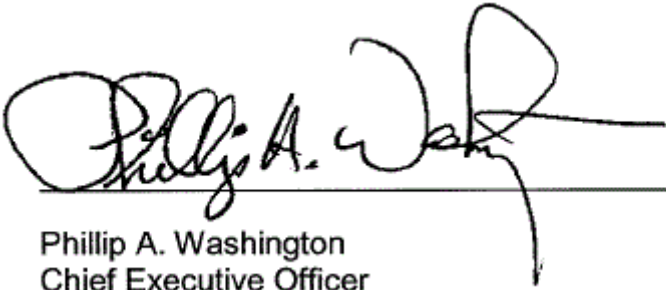
Attachment A - Federal and State (Road Repair and Accountability Act of 2017 - SB-1) Programs Schedule

Attachment B - Opportunities to Implement Measure M through New and Expanded State and Federal Transportation Funding Programs - Briefing Book web link

Prepared by: Patricia Chen, Senior Director, Countywide Planning & Development, (213) 922-3041
Michael Cano, Deputy Executive Officer, Countywide Planning & Development, (213) 418-3010

Wil Ridder, Executive Officer, Countywide Planning & Development, (213) 922-2887

Reviewed by: Therese W. McMillan, Chief Planning Officer, (213) 922-7077



Phillip A. Washington
Chief Executive Officer

Federal and State (Road Repair and Accountability Act of 2017 - SB-1) Programs Schedule

Ln	Program	Fiscal Year 16-17		Fiscal Year 2017-18											
		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
1	2017 Active Transportation Program (ATP) Augmentation		◇		□		○		○						
2	Local Planning Grants					◇	□		○						
3	Infrastructure For Rebuilding America (INFRA) ¹		◇					□			○				
4	National Infrastructure Investments Program (TIGER) ¹					◇	□					○			
5	2018 State Transportation Improvement Program (STIP)				◇				□			○			
6	Transit Intercity Rail Capital Program (TIRCP)						◇			□			○		
7	Solutions for Congested Corridors Program								◇		□			○	
8	Trade Corridors Enhancement Account (TCEA)									◇		□		○	
9	Local Partnership Program						◇					□			○
10	2019 ATP (Cycle 4) ¹											◇			□
11	New Starts ²												○		
12	Advanced Mitigation	TBD													
13	Commuter and Intercity Rail														
14	Transit SOGR														
15	Freeway Service Patrol														
16	Workforce Development														

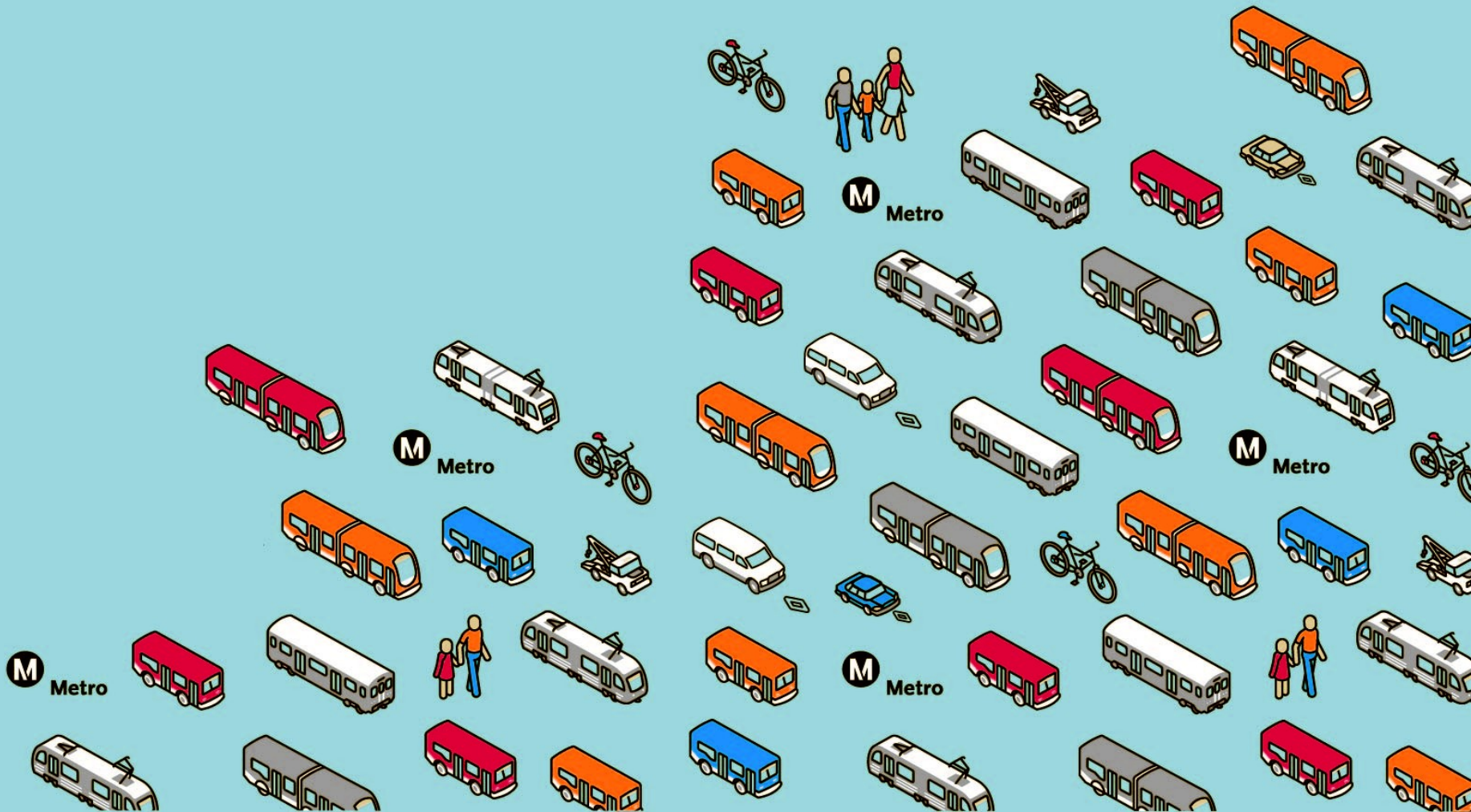
Notes

- 1) Schedule is based on past cycles' schedules
- 2) Westside Subway Extension Section 3
- = Guidelines process
- = Application process
- ◇ = Guidelines adoption/Notice of Funding Opportunity
- = Application/Submittal
- = Adoption/Award/Full Funding Grant Agreement

Opportunities to Implement Measure M through New and Expanded State and Federal Transportation Funding Programs - Briefing Book web link:

https://media.metro.net/projects_studies/funding/images/Attachment_B_Opportunities_to_Implement_Measure_M_Briefing_Book.pdf

IMPLEMENTING MEASURE M: Update on State and Federal Transportation Funding Programs Evaluative Criteria Framework for Investment Decisions



Update: State and Federal Transportation Funding Programs

Rationale

- SB-1 provides new, non-sunsetting revenue opportunities to leverage, sustain, and deliver Measure M priorities
- An evaluative criteria framework for each funding category is essential to guide Metro's efforts to secure funding from SB-1
- Framework can also be used for other state and federal funding opportunities



Update: State and Federal Transportation Funding Programs

STATE

- SB-1 enacted April 2017
 - Approximately \$5 billion annually, statewide
 - New programs – multimodal
 - Significant funds for goods movement
 - New funds for existing programs:
 - Active Transportation Program (ATP)
 - State Transportation Improvement Program (STIP)
 - Transit and Intercity Rail Capital Program (TIRCP)
 - State Transit Assistance (STA)



Update: State and Federal Transportation Funding Programs

STATE (cont.)

- SB-1
 - Most programs augment or modify existing program structures
 - New: Solutions for Congested Corridors program
 - Aggressive program roll-out schedules
 - Goal: \$5.9 billion over first 10 years
 - Formula share programs -- \$2.5 B
 - Competitive programs -- \$3.4 B
- Cap and Trade extension bill signed



Update: State and Federal Transportation Funding Programs

FEDERAL

- **INFRA** (Infrastructure for Rebuilding America)
 - Rebranded FASTLANE program
 - Current program worth approximately \$1.5 billion
 - Applications due November 2, 2017
- **TIGER** (Transportation Investment Generating Economic Recovery)
 - FY 17 funding level: \$500 million
 - Applications due October 16, 2017
- **New Starts**
 - FY 18: Administration: \$0 / House: \$1.7 B / Senate: \$2.1 B
 - Final FY 18 funding: Subject to congressional action (Fall 2017)



Evaluative Criteria Framework

to Guide Investment Decisions

Framework Objectives

- Establish consistent parameters to guide program-specific criteria
- Advance Metro's competitive advantage in securing funding
- Implement Measure M and Board priorities



Evaluative Criteria Framework

to Guide Investment Decisions

Project Assessment Parameters

- Sustain Measure M and other Pre-Measure M / LRTP priorities and schedules
 - Identify Measure M expenditure plan/pre-Measure M commitments that are eligible for competition as priority consideration
- Match projects to new/expanded programs criteria
 - Guidelines adopted by CTC, USDOT will determine competitive projects
 - Highly competitive state/federal funding environments demand strategic choices



Evaluative Criteria Framework

to Guide Investment Decisions

- Certainty (Formula) vs. Risk (Competitive/Discretionary)
 - Seek discretionary funds for competitive projects that can tolerate risk for delivery
 - Prioritize formula funds for projects with schedule or other risk
- Geographic balance
 - Not always achievable within every program, every cycle
 - Achieve over entire program portfolio
 - Achieve over multiple cycles



Evaluative Criteria Framework

to Guide Investment Decisions

- Consistency with Board policies and directives

For example:

- ExpressLanes Strategic Plan
 - Active Transportation Plan – first mile/last mile
 - Goods Movement Strategic Plan (future)
- Consistency with Metro Long Range Transportation Plan (LRTP) and SCAG Regional Transportation Plan (RTP)
 - State and Federal programming must be consistent with applicable long range transportation plans



Next Steps

Individual State and Federal Programs are scheduled throughout the year:

- **CTC adopts SB-1 program guidelines:**
 - October 2017 – February 2018
- **CTC adopts initial cycle of SB-1 programs of projects:**
 - October 2017 – June 2018
- **Submit 2018 Regional Transportation Improvement Program (RTIP)**
 - December 2017
- **Submit applications to federal programs:**
 - TIGER: October 16, 2017 application deadline
 - INFRA: November 2, 2017 application deadline
- **Secure FFGA for Purple Line Segment 3:**
 - 2018



Metro



Thank you

