

**Board Report**

File #: 2019-0051, **File Type:** Project**Agenda Number:** 6.

**AD HOC CONGESTION, HIGHWAY AND ROADS COMMITTEE
MARCH 20, 2019****SUBJECT: METRO EXPRESSLANES NET TOLL REVENUE GRANT PROJECTS****ACTION: APPROVE RECOMMENDATION****RECOMMENDATION**

CONSIDER:

- A. AUTHORIZING the Chief Executive Officer (CEO) to extend all in-progress Round 1 Net Toll Revenue projects' lapsing dates by one year. (Attachment A); and
- B. APPROVING a total of \$15,870,000 for continued Direct Annual Allocation for Transit Service on the I-110 and I-10 ExpressLanes in Fiscal Years 2019 and 2020 (FY2019-FY2020).

ISSUE

The Metro Board approved Round 1 of the Net Toll Revenue Program in July 2014 allocating \$20.7 million in competitive grants to 21 projects. As of this date, 48% of the Round 1 funding has been expended with seven (7) projects completed and fourteen (14) in progress, having expended partial funds. Consistent with other discretionary grant programs approved by the Board, there is a timely use of funds provision requiring expenditure of funds within forty-two (42) months from the date the Grant Agreement is executed. As shown in Attachment A, some of the Round 1 projects are at risk of lapsing their funds. However, in light of good-faith efforts by the project sponsors and consistent with the Call for Projects process, staff is recommending a one-time, one (1) year extension from the current month and year of lapsing to all Round 1 projects.

BACKGROUND

Gross toll revenues generated from the ExpressLanes are first used to cover the direct expenses related to the maintenance, administration, and operation of the lanes. The remaining revenue is then used to support incremental additional transit service on the ExpressLanes, and to maintain project reserves. The remaining balance is made available for freeway improvements and ExpressLanes related transportation improvement projects identified through a competitive grant program (Net Toll Revenue Grants).

In October 2013 the Board approved the re-investment framework that includes the set aside of

funds for transit service to address social equity considerations. This direct annual allocation is to continue to fund the incremental transit service implemented to support the deployment of the Metro ExpressLanes. The incremental services include Metro Silver Line, Foothill Silver Streak, Foothill Route 699, Gardena Line 1X, Gardena Line 2, and Torrance Transit Line 4.

DISCUSSION

The Board policy calls for consideration of de-obligation of funding from project sponsors who have not met lapsing deadlines or have not used the entire grant amount to complete the project. Project sponsors have made an effort to make progress with these projects and have expended partial funds. Based on best practices, lessons learned, and demonstrated good faith, staff is recommending a one-time, one (1) year extension with certain reporting conditions on all projects shown in Attachment A.

Transit Service

A continuation of the direct allocation is recommended to subsidize the incremental operating costs of the transit service deployed to support the Metro ExpressLanes. This funding is provided to the transit providers to subsidize the incremental operating costs of the additional transit service on the ExpressLanes. These transit enhancements are a benefit for low income commuters (and others) by providing more travel choices and reducing congestion on the ExpressLanes.

The Transit Agencies that receive this direct allocation are: Foothill Transit, Torrance Transit, Gardena Municipal Bus Lines, and Metro's Silver Line service. Metro ExpressLanes will increase the FY17/18 amounts by 15% in FY19/20 to mitigate the increased costs for transit agencies to operate the incremental transit service. The recommended allocation to subsidize the transit operations is \$7,935,000 in FY2019 and \$7,935,000 in FY2020 to support these services for an additional 24 months.

FINANCIAL IMPACT

All recommended actions will be funded with toll revenues generated from the I-10 and I-110 ExpressLanes. No other funds will be required from LACMTA. Funding of \$7,935,000 for incremental transit service is included in the FY19 budget. The cost center manager and Executive Officer, Congestion Reduction, will be responsible for budgeting project and transit service expenditures in future years.

Impact to Budget

There is no impact to the bus and rail operating and capital expenditures. Net Toll Revenues generated from the Metro ExpressLanes' operation comprise the entirety of the funds recommended in this action.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Metro ExpressLanes Net Toll Revenue Grant Projects aligns with Strategic Goals 1: Provide high

-quality mobility options that enable people to spend less time traveling and 4: Transform LA County through regional collaboration and national leadership. The ExpressLanes provide drivers with the option of a more reliable trip while enhancing the overall operational efficiency of the freeway network and enabling collaboration among partners to implement mobility improvements.

ALTERNATIVES CONSIDERED

The Board may choose not to approve or defer approval of any of the requested actions. Staff does not recommend this option as the recommendations further the Board's objective of assuring that funds are optimally utilized and reinvested in project improvements within the region.

NEXT STEPS

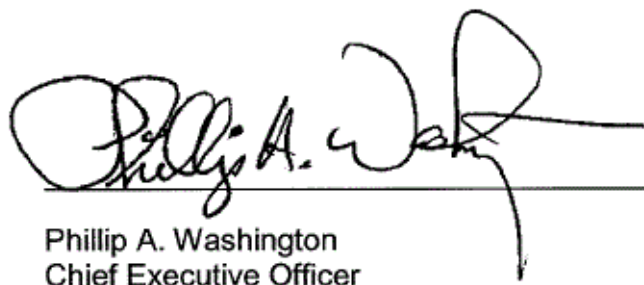
With Board approval, staff will formally notify and execute agreements with project sponsors and transit operators impacted by the time extension and direct allocation.

ATTACHMENTS

Attachment A - Net Toll Revenue Grant Program Time Extension Project List
Attachment B - Annual Funding Breakdown for Incremental Transit Service

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Phillip A. Washington
Chief Executive Officer

Net Toll Revenue Round 1 Project List:

Attachment A

Project ID	Corridor	Sponsor	Project Name	Funding	Agreement Execution Date	Lapsing Date	Proposed New Lapsing Date
MX201412	I-10	City of Los Angeles	My Figueroa Project Marketing and Safety	\$150,000	3/13/2015	9/13/2018	9/13/2019
MX201414	I-110	County of Los Angeles	South Bay Arterial Performance Measurement Project	\$504,000	6/5/2015	12/5/2018	12/5/2019
MX201404	I-10	City of Baldwin Park	Baldwin Park Commuter Connector Express Line	\$700,395	8/17/2015	2/17/2019	2/17/2020
MX201420	I-10	City of Los Angeles	Cesar Chavez Great Street	\$435,000	1/27/2016	7/27/2019	7/27/2020
MX201409	I-110	City of Los Angeles	Active Streets LA Budlong Avenue	\$1,176,185	11/2/2015	5/2/2019	5/2/2020
MX201406	I-110	City of Carson	Dominguez Channel Bike & Pedestrian Path	\$1,259,000	12/8/2015	6/8/2019	6/8/2020
MX201419	I-10	City of El Monte	I-10 Active Commute, Healthy Communities Project	\$440,000	1/14/2016	7/14/2019	7/14/2020
MX201403	I-110	Caltrans	I-110 HOT/Express Lanes Improvements	\$1,020,039	1/14/2016	7/14/2019	7/14/2020
MX201410	I-110	City of Los Angeles	ATSAC Infrastructure Communication Systems Enhancement along I-110 Freeway	\$1,425,000	2/3/2016	8/3/2019	8/3/2020
MX201405	I-10	City of Baldwin Park	Frazier Street Pedestrian and Bicycle Safety Improvements	\$895,288	3/30/2016	9/30/2019	9/30/2020
MX201407	I-10	City of El Monte	Santa Anita Avenue Active Transportation for El Monte Station and Downtown El Monte	\$633,782	4/5/2016	10/5/2019	10/5/2020
MX201418	I-110	Torrance Transit	Torrance Transit Expansion of Line #1 and Line #4 HOTLane Service	\$2,235,991	4/27/2016	10/27/2019	10/27/2020
MX201408	I-110	City of Gardena	Line 1X-Expand Transit Bus Service on I-110 Freeway	\$842,482	4/29/2016	10/29/2019	10/29/2020
MX201402	I-10	Caltrans	Express Lanes Corridors Incident Management Improvements Project	\$480,000	5/4/2016	11/4/2019	11/4/2020

Annual Funding Breakdown for Incremental Transit Service

Attachment B

<u>Agency</u>	<u>Lines</u>	<u>Annual Amounts</u>
Foothill Transit	Silver Streak and Route 699	\$1,840,00
Gardena Municipal Bus Lines	Line 2	\$920,000
Metro	Silver Line	\$4,370,000
Torrance Transit	Line 4	\$805,000
ANNUAL TOTAL		\$7,935,000

Metro ExpressLanes Net Toll Revenue Grant Projects

**Board of Directors – Ad Hoc Congestion, Highway and Roads Committee
March 20, 2019 Item #6**



Metro

Net Toll Revenue Grants

- In July 2014 the Metro Board approved Round 1 of the Net Toll Revenue Grant program, which allocated \$20.7 million in grants to 21 projects.
- To date, 48% of the Round 1 funding has been expended with 7 projects completed and 14 projects in progress, having expended partial funds.
- Based on best practices, lessons learned, and demonstrated good faith efforts by the project sponsors and consistent with the Call for Projects process, staff is recommending a one-time, one (1) year extension from the current month and year of lapsing to all Round 1 projects.

Direct Allocation for Transit Service

- In October 2013 the Metro Board approved the reinvestment framework that includes funds to subsidize the incremental operating costs of the additional Transit Service on ExpressLanes.
- The reinvestment framework funding Transit Service also addresses social equity considerations. These transit enhancements benefit low income commuters (and others) by providing more travel choices and reducing congestion.
- A continuation of the direct allocation is recommended at \$7,935,000 in FY19 and \$7,935,000 in FY20 to mitigate the increased costs for transit agencies to operate the incremental transit service and to support these services for an additional 24 months.

Transit Agencies / Bus Lines

Transit agencies that receive the direct allocation:

- Metro Silver Line
- Foothill Silver Streak
- Foothill Route 699
- Gardena Line 2
- Torrance Transit Line 4