



Board Report

File #: 2021-0377, **File Type:** Ordinance / Administrative Code

Agenda Number: 33.

**EXECUTIVE MANAGEMENT COMMITTEE
JULY 15, 2021**

SUBJECT: MEASURE R ORDINANCE AMENDMENT

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. APPROVING the Measure R Ordinance Amendment (Attachment A);
- B. APPROVING the Measure R Transit Program Guidelines (Attachment B);
- C. PROGRAMMING of projects in the Measure R South Bay Transit Investments program, as shown in Attachment C; and
- D. AUTHORIZING the CEO or their designee to negotiate and execute all necessary agreements and/or amendments for approved projects, including:
 - 1. the potential future reassignment to the Inglewood Transit Connector Joint Exercise of Powers; and
 - 2. advancement of \$1.9 million in working capital funds as part of the funding agreement.

(REQUIRES 2/3 VOTE OF THE FULL BOARD)

ISSUE

This Board action approves an amendment to the Measure R Ordinance (the Ordinance) to allow transfers between the highway and transit subfunds and adds a program of transit projects requested by the South Bay subregion.

The added program of projects is for transit uses and would be the first Measure R transit program. This action approves Measure R Transit Guidelines that create a process and eligibility requirements to ensure the requested uses of funds for this program are consistent with the provisions of the Ordinance, existing Board policy, and other statutory requirements.

Should the Board approve the amendment and guidelines, this item would program \$233.7 million of funding from Fiscal Year (FY) 2021-22 through FY26 for the Inglewood Transit Connector (ITC) project, as a component of the South Bay Transit Investments program. The Board's approval will serve as the basis for Metro to enter into a funding agreement with the implementing agency.

The City of Inglewood intends to transfer the ITC assets, including any grant and funding agreement, to a joint powers authority. Metro's Measure R funding agreements have historically included a provision that the grantee cannot assign it without the approval of the Metro CEO or designee. This Board item gives authorization to allow an assignment to the joint powers authority as a provision in the planned funding agreement.

The City of Inglewood has requested that \$1.9 million is advanced to the city, as opposed to the standard process where Metro reimburses the recipient of Measure R funds for documented expenditures. The city has requested the advance to avoid a loss of interest earnings on city cash balances and or interest cost on any loaned funds.

BACKGROUND

The Metro Board approved the amendment language at the June 2020 Board meeting. The approval started a 365-day notice period to the Los Angeles County representatives in the state legislature. The Ordinance requires that any proposed amendment be presented at a public meeting, which is noticed to the Los Angeles County Board of Supervisors and the city council of each city in Los Angeles County, and reviewed by the Measure R Oversight Committee. The Measure R Oversight Committee reviewed the amendment language and approved a resolution that the amendment furthers the purpose of the Ordinance at its November 2020 meeting.

The Measure R Ordinance can be amended upon two-thirds vote of the Board. However, any amendment to provide for a transfer of moneys between the highway and transit subfunds can only occur every ten years, beginning 2020.

DISCUSSION

The amendment transfers \$400,000,000 of Measure R highway funds to the transit subfund, resulting in funding for a new Measure R transit program. The South Bay subregion was the only entity to request an amendment and asked that \$400,000,000 from the "Interstate 405, I-110, I-105, and SR-91 Ramp and Interchange Improvements (South Bay)" Measure R highway program is transferred to a new "South Bay Transit Investments" program. South Bay identified a list of project names that could potentially be submitted to Metro for funding from the new transit program, and this list is added as a footnote to the Expenditure Plan.

The amendment also allows surplus funds, which exist if less than the amount of funding identified in the Measure R Ordinance Expenditure Plan is spent on a project or program, to be used on either highway or transit. This will allow any surplus from a Measure R highway project, including the "Interstate 5 North Capacity Enhancements from SR-14 to Kern County Line (Truck Lanes)" and "I-5 Capacity Enhancement from SR-134 to SR-170," to be spent on transit uses.

The Board action approves guidelines for requesting and obtaining funding from Metro for the new transit program, to ensure compliance with Ordinance restrictions and Board policies that affect subregional programs. The guidelines give South Bay the opportunity to submit information on requested uses of funds, including a project description, cost estimate, project schedule, and proposed uses of funds. Upon a compliance review by Metro staff, the proposed uses will be presented to the Board. There is no restriction on the annual or total dollar amount requested or programmed to South Bay, up to \$400,000,000, as there were no comparable restrictions on the Measure R Highway Programs.

South Bay Transit Investments Program

The South Bay subregion is represented by the South Bay Cities Council of Governments (SBCCOG) and includes the cities of Carson, El Segundo, Gardena, Hawthorne, Hermosa Beach, Inglewood, Lawndale, Lomita, Manhattan Beach, Palos Verdes Estates, Rancho Palos Verdes, Redondo Beach, Rolling Hills, Rolling Hills Estates, Torrance, and communities of the City of Los Angeles, and unincorporated areas of the County of Los Angeles. The SBCCOG submitted the required information for the Inglewood Transit Connector project to Metro staff in June 2021, in accordance with the draft guidelines (Attachment B). The SBCCOG will be given the opportunity to submit additional project information to be funded from the South Bay Transit Investments program for Metro Board consideration in September 2021.

EQUITY PLATFORM

The Measure R amendment affects a funding program where the use of the funds is determined by the South Bay subregion. The amendment will fund and help deliver transit investments in the subregion, which may provide access to opportunity for communities in need and historically underserved, presuming the future ridership reflects the current rider demographics in the regional Los Angeles County transit system. It is unclear whether this amendment helps respond to or address an identified or expressed need from marginalized communities, or there are disparities in access to transit in the South Bay, as public information on the potential uses is limited and has yet to be submitted to Metro, with the exception of the ITC. The list of potential uses includes the cities of Gardena and Carson, which have Equity Focus Communities as identified by Metro. The City of Inglewood has prepared a draft environmental impact report for the ITC and this document does not specifically include information on marginalized communities or disparities in access to transit. However, the report states that the ITC would be consistent with the city's Environmental Justice Element of its general plan, which focuses on issues of equity when planning for future growth and development in the city. Environmental Justice is a prominent issue in the city as residents primarily reside in disadvantaged communities and the City of Inglewood ranks among the top 25 percent in California with the highest pollution burden and socioeconomic vulnerabilities. The ITC project would also be entirely within or adjacent to Equity Focus Communities as identified by Metro.

FINANCIAL IMPACT

Impact to Budget

Funding for the new South Bay Transit Investments program is not included in the FY22 budget.

Should the Board approve the amendment and guidelines, and South Bay submit acceptable transit uses, the program may need to be funded in FY22. The source of funding would be a transfer of available cash from the Measure R highway subfund.

Multi-Year Financial Impact

The amendment would transfer highway funds to transit and defund ten Measure R highway projects that were approved as part of the Measure R Highway Program, received \$62 million for planning work, but have not yet started construction. If these projects continue to be pursued, a source of funding for the estimated \$412 million (excluding contingency) would be needed to complete construction. If construction is pursued after a delay to any of the projects, this may require that environmental and or design work is redone given the time lapsed.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

This item may help provide high-quality mobility options that enable people to spend less time traveling (Goal #1) and provides responsive, accountable, and trustworthy governance within the Metro organization (Goal #5).

NEXT STEPS

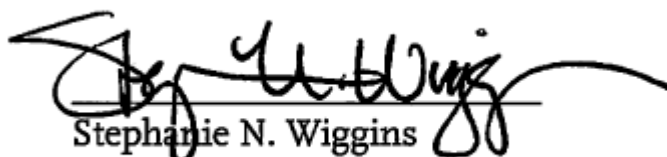
Upon Board adoption, the amendment will take effect in forty-five days. Metro staff will contact the South Bay subregion and solicit any proposed uses for the new Measure R Transit Program.

ATTACHMENTS

- Attachment A - Measure R Ordinance Amendment
- Attachment B - Measure R Transit Program Guidelines
- Attachment C - South Bay Transit Investments Project List

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Stephanie N. Wiggins
Chief Executive Officer

1 SECTION 18. TRANSFERRING NET REVENUES BETWEEN SUBFUNDS

2 a. Net Revenues not to exceed \$400,000,000 shall be transferred from
3 the Highway Capital Subfund to the Transit Capital Subfund no later than January
4 2030 for use on eligible Transit Capital Projects within the South Bay subregion. The
5 amount of Net Revenues for the "Interstate 405, I-110, I-105, and SR-91 Ramp and
6 Interchange Improvements (South Bay)" project on line 33 in Attachment A is
7 reduced from \$906,000,000 to \$506,000,000. The "South Bay Transit Investments"
8 project is added to the Transit Capital Projects as shown in Amended Attachment A.

9 b. Any surplus Net Revenues under Section 7(d)(4) may be transferred
10 from the Transit Capital Subfund to the Highway Capital Subfund no later than
11 January 2030 for one or more Highway Projects within the same subregion as the
12 completed Transit Project.

13 c. Any surplus Net Revenues under Section 7(e)(4) may be transferred
14 from the Highway Capital Subfund to the Transit Capital Subfund no later than
15 January 2030 for one or more Transit Projects within the same subregion as the
16 completed Highway Project.

Proposed One-Half Cent Sales Tax for Transportation: Expenditure Plan
30 Years, Fiscal Year (FY) 2010 - 2039

As Adopted by the Los Angeles County Metropolitan Transportation Authority Board of Directors July 24, 2008 and Amended _____, 2021
(\$ in millions)

for reference only - not priority order	Subfund	Potential Project in Alphabetical Order by Category (project definition depends on final environmental process)	Cost Estimate	New Sales Tax (Assembly Bill 2321)			Other Funds			Funds Available Beginning	Expected Completion	
				Minimum	Additional	Total	Federal Funding	State Funding	Local Funding (Rail is 3% except as noted)			
1	Transit Projects: New Rail and/or Bus Rapid Transit Capital Projects. Could include rail improvements or exclusive bus rapid transit improvements in designated corridors.											
2			Escalated \$									
3		Eastside Light Rail Access (Gold Line)	\$ 30	\$ 30	\$ -	\$ 30	\$ -	\$ -	\$ -	FY 2010	FY 2013	
4		Exposition Boulevard Light Rail Transit	\$ 1,632 ^a	\$ 925	\$ -	\$ 925	\$ -	\$ 353	\$ 354	FY 2010-12	FY 2013-15	
5		Metro and Municipal Regional Clean Fuel Bus Capital Facilities and Rolling Stock (Metro's share to be used for clean fuel buses)	\$ 150	\$ 150	\$ -	\$ 150	\$ -	\$ -	\$ -	FY 2010	FY 2039	
6		Regional Connector (links local rail lines)	\$ 1,320	\$ 160	\$ -	\$ 160	\$ 708	\$ 186	\$ 266 ^b	FY 2014-16	FY 2023-25	
7			Current 2008 \$									
8	Transit Capital Projects	Crenshaw Transit Corridor - project acceleration	\$ 1,470	\$ 235.5	\$ 971.5	\$ 1,207	To be determined		\$ 263 ^c	FY 2010-12	FY 2016-18	
9		Gold Line Eastside Extension	\$ 1,310	\$ -	\$ 1,271	\$ 1,271			\$ 39	FY 2022-24	FY 2033-35	
10		Gold Line Foothill Light Rail Transit Extension	\$ 758	\$ 735	\$ -	\$ 735			\$ 23	FY 2010-12	FY 2015-17	
11		Green Line Extension to Los Angeles International Airport	\$ 200	\$ -	\$ 200	\$ 200			TBD ^d	FY 2010-12	FY 2015-28 ^d	
12		Green Line Extension: Redondo Beach Station to South Bay Corridor	\$ 280	\$ -	\$ 272	\$ 272			\$ 8	FY 2028-30	FY 2033-35	
13		San Fernando Valley I-405 Corridor Connection (match to total project cost)	TBD	\$ -	\$ 1,000	\$ 1,000			\$ 31	FY 2030-32	FY 2038-39	
14		San Fernando Valley North-South Rapidways (Canoga Corridor) - project acceleration	\$ 188	\$ 32 ^e	\$ 150	\$ 182			\$ 6	FY 2010-12	FY 2014-16	
15		San Fernando Valley East North-South Rapidways - project acceleration	\$ 70	\$ 68.5 ^e	\$ -	\$ 68.5			\$ 2	FY 2013-15	FY 2016-18	
16		West Santa Ana Branch Corridor (match to total project cost)	TBD	\$ -	\$ 240	\$ 240			\$ 7	FY 2015-17*	FY 2025-27*	
17		Westside Subway Extension - to be opened in segments	\$ 4,200 ^f	\$ 900	\$ 3,174	\$ 4,074			\$ 126	FY 2013-15	FY 2034-36	
17a		South Bay Transit Investments	\$ 500 ⁿ \$ 400	\$ -	\$ -	\$ 500 \$ 400			\$ -	\$ -	\$ -	As funds become available
18	Capital Project Contingency (Transit)-Escalation Allowance for lines 8-17 to be based on year of construction	\$ 7,331	\$ 173	\$ 3,103	\$ 3,276	\$ 2,200	\$ 1,015	\$ 840 ^g	FY 2010	FY 2039		
19	Total New Rail and/or Bus Rapid Transit Capital Projects	\$ 18,939 ^h \$ 19,439 <u>\$ 19,339</u>	\$ 3,408.5	\$ 10,381.5	\$ 13,790 \$ 14,290 <u>\$ 14,190</u>	\$ 2,908	\$ 1,554	\$ 1,965	FY 2010	FY 2039		

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(\$ in millions)

for reference only - not priority order	Subfund	Potential Project in Alphabetical Order by Category (project definition depends on final environmental process)	Cost Estimate	New Sales Tax (Assembly Bill 2321)			Other Funds			Funds Available Beginning	Expected Completion
				Minimum	Additional	Total	Federal Funding	State Funding	Local Funding (Rail is 3% except as noted)		
20	Highway Projects: Capital Projects - Carpool Lanes, Highways, Goods Movement, Grade Separations, and Soundwalls										
21			Escalated \$								
22		Alameda Corridor East Grade Separations Phase II	\$ 1,123	\$ 200	\$ 200	\$ 400	\$ 200	\$ 336	\$ 187 ⁱ	As funds become available	
23		BNSF Grade Separations in Gateway Cities	\$ 35	\$ -	\$ 35	\$ 35	\$ -	\$ -	\$ -	As funds become available	
24		Countywide Soundwall Construction (Metro regional list and Monterey Park/SR-60)	\$ 250	\$ 250	\$ -	\$ 250	\$ -	\$ -	\$ -	FY 2010	FY 2039
25		High Desert Corridor (environmental)	\$ 33	\$ -	\$ 33	\$ 33	\$ -	\$ -	\$ -	As funds become available	
26		Interstate 5 / St. Route 14 Capacity Enhancement	\$ 161	\$ 90.8	\$ -	90.8	\$ 15	\$ 41	\$ 14 ^j	FY 2010	FY 2013-15
27		Interstate 5 Capacity Enhancement from I-605 to Orange County Line	\$ 1,240	\$ 264.8	\$ -	\$ 264.8	\$ 78	\$ 834	\$ 63 ^j	FY 2010	FY 2016-17
28		I-5 Capacity Enhancement from SR-134 to SR-170	\$ 610	\$ 271.5	\$ -	\$ 271.5	\$ 50	\$ 264	\$ 24 ^j	FY 2010	FY 2013
29		I-5 Carmenita Road Interchange Improvement	\$ 389	\$ 138	\$ -	\$ 138	\$ 97	\$ 154	\$ - ^j	FY 2010	FY 2015
30			Current 2008 \$								
31	Highway Capital Projects	Highway Operational Improvements in Arroyo Verdugo subregion	\$ 170	\$ -	\$ 170	\$ 170	To be determined			As funds become available	
32		Highway Operational Improvements in Las Virgenes/Malibu subregion	\$ 175	\$ -	\$ 175	\$ 175					
33		Interstate 405, I-110, I-105, and SR-91 Ramp and Interchange Improvements (South Bay)	\$ 906	\$ -	\$ 906 \$ 406 <u>\$ 506</u>	\$ 906 \$ 406 <u>\$ 506</u>					
34		Interstate 5 North Capacity Enhancements from SR- 14 to Kern County Line (Truck Lanes)	\$ 2,800	\$ -	\$ 410	\$ 410					
35		Interstate 605 Corridor "Hot Spot" Interchanges	\$ 2,410	\$ -	\$ 590	\$ 590					
36		Interstate 710 North Gap Closure (tunnel)	\$ 3,730	\$ -	\$ 780	\$ 780					
37		Interstate 710 South and/or Early Action Projects	\$ 5,460	\$ -	\$ 590	\$ 590					
38		State Route 138 Capacity Enhancements	\$ 270	\$ -	\$ 200	\$ 200					
39		Capital Project Contingency (Highway)-Escalation Allowance for lines 31-38 to be based on year of construction	\$ 2,575	\$ -	\$ 2,575.9	\$ 2,576					
40			Total Capital Projects Highway: Carpool Lanes, Highways, Goods Movements, Grade Separations, and Soundwalls	\$ 22,337	\$ 1,215.1	\$ 6,664.9 \$ 6,164.9 <u>\$ 6,264.9</u>					

**Proposed One-Half Cent Sales Tax for Transportation: Expenditure Plan
30 Years, Fiscal Year (FY) 2010 - 2039**

As Adopted by the Los Angeles County Metropolitan Transportation Authority Board of Directors July 24, 2008 and Amended _____, 2021
(\$ in millions)

for reference only - not priority order	Subfund	Operating and Capital Programs	Percent of New Sales Tax Net Revenues	New Sales Tax (Assembly Bill 2321)			Other Funds			Funds Available Beginning	Expected Completion
				Minimum	Additional	Total Escalated	Federal Funding	State Funding	Local Funding (Rail is 3% except as noted)		
41	Ops	Bus Operations (Countywide Bus Service Operations, Maintenance, and Expansion. Suspend a scheduled July 1, 2009 Metro fare increase for one year and freeze all Metro Student, Senior, Disabled, and Medicare fares through June 30, 2013 by instead using Metro's Formula Allocation Procedure share of this subfund.)	20%	\$ -	\$ 7,880	\$ 7,880 ^k	Not Applicable			FY 2010	FY 2039
42	Ops	Rail Operations (New Transit Project Operations and Maintenance)	5%	\$ -	\$ 1,970	\$ 1,970 ^k				FY 2010	FY 2039
43	Local Return	Major street resurfacing, rehabilitation and reconstruction; pothole repair; left turn signals; bikeways; pedestrian improvements; streetscapes; signal synchronization; and transit.	15% ^l	\$ 250	\$ 5,660	\$ 5,910 ^k				FY 2010	FY 2039
44	Tran. Cap.	Metro Rail Capital Projects - System Improvements, Rail Yards, and Rail Cars	2%	\$ -	\$ 788	\$ 788 ^k				FY 2010	FY 2039
45	Tran. Cap.	Metrolink Capital Improvement Projects within Los Angeles County (Operations, Maintenance, and Expansion)	3%	\$ 70	\$ 1,112	\$ 1,182 ^k				FY 2010	FY 2039
46		Subtotal Transit and Highway Capital Projects	\$ 41,276^m	\$ 4,623.6	\$ 17,046	\$ 21,670	\$ 2,908	\$ 1,554	\$ 2,253	FY 2010	FY 2039
47		Subtotal page 4		\$ 320.0	\$ 17,410	\$ 17,730	Not Applicable				
48		1.5% for Administration	N/A	\$ 10	\$ 590	\$ 600				FY 2010	FY 2039
49		Total		\$ 4,953.6	\$ 35,046	\$ 40,000	\$ 2,908	\$ 1,554	\$ 2,253	FY 2010	FY 2039

**Proposed One-Half Cent Sales Tax for Transportation: Expenditure Plan
30 Years, Fiscal Year (FY) 2010 - 2039**

As Adopted by the Los Angeles County Metropolitan Transportation Authority Board of Directors July 24, 2008 and Amended _____, 2021

(\$ in millions)

Notes:

- a. The Exposition Blvd Light Rail Transit project includes the following funds: Prop 1B Transit Modernization funds (\$250 M), State Transportation Improvement Program funds (\$103 M), Metro Propositions A and C funds (\$354 M).
- b. Systemwide ridership forecasts indicate need for a Regional Connector downtown. This expenditure plan assumes that Metro Long Range Transportation Plan funds freed-up from the Exposition Phase II project by passage of this sales tax will be redirected to the Regional Connector project by the Metro Board.
- c. Local funding for the Crenshaw Transit Corridor assumes a 3% local contribution (\$44 M) and a Metro Long Range Transportation Plan contribution (\$219 M).
- d. Local funding target and project schedule to be determined due to potential LAX contribution. First segment is included in the Crenshaw project.
- e. The San Fernando Valley North-South Rapidways minimum of \$100 M is divided between the East and Canoga segments.
- f. Unescalated cost estimate to Westwood.
- g. Assumes a 3% local contribution to the Escalation Allowance (\$225 M) and a Metro Long Range Transportation Plan contribution for project scheduling risk (\$615 M).
- h. Total new rail and/or bus rapid transit capital projects cost estimate subject to change when cost estimates are developed for the San Fernando Valley I-405 Corridor Connection (line 13) and the West Santa Ana Branch Corridor (line 16).
- i. The precise amounts of Federal and local funding for the Alameda Corridor East Grade Separations Phase II project are subject to change.
- j. For projects funded from other sources on or before December 31, 2008, the funds freed-up by passage of this sales tax shall remain in the subregion in which the project is located for projects or programs of regional significance (per AB 2321).
- k. Amounts are estimates. Actual amounts will be based on percentage of actual sales tax receipts net of administration.
- l. Local Return to the incorporated cities within Los Angeles County and to Los Angeles County for the unincorporated area of the County on a per capita basis per annual California Department of Finance population data.
- m. The total project cost estimate for the transit and highway capital projects of \$41.2 B includes \$12.9 B in as yet unidentified federal, state, local, and public-private partnership funds for highway projects.
- n. The South Bay Transit Projects listed below, depending on readiness, could be included with South Bay Highway projects submitted to Metro in the FY 2022 Metro Budget Request development process by October 31, 2020. Anticipated available funding could then be accessed as early as July 2021.
 1. Carson Circuit Fashion Outlet Regional Transit Center
 2. GTrans Purchase of up to 15 expansion buses
 3. GTrans Solar Energy Generation/Bus Fueling Infrastructure Project
 4. Beach Cities Transit: Transit Operations & Maintenance Facility
 5. Torrance Transit Return of the Red Car Urban Circulator Trolley
 6. Torrance Transit Expansion Buses
 7. Torrance Transit Regional Transit Center Parking Structure
 8. Torrance Transit MicroTransit Expansion of the Torrance Community Transit Program
 9. Torrance Transit Construction of Heavy-Duty Electric Vehicle Charging Station
 10. City of Inglewood: Inglewood Transit Connector Project

Legend: Ops = Operations; Tran. Cap. = Transit Capital; SR = State Route; I = Interstate

* The West Santa Ana Branch matching funds would be accelerated by utilizing Long Range Transportation Plan resources freed-up by the use of new sales tax funds on the Interstate 5 Capacity Enhancement from I-605 to Orange County Line project (line 27).

MEASURE R TRANSIT PROGRAM GUIDELINES

Introduction

The Measure R Program includes two capital fund types – highway and transit – and allows for transfers between the two capital funds. These guidelines serve as administrative guidance for external partners who are programming transit capital projects within the designated Measure R transit program. These guidelines define a process and eligibility requirements to ensure the requested uses of funds for this program are consistent with the provisions of the Ordinance, existing Board policy as specified for subregional programs, and other statutory requirements.

For any subregional projects that are implemented by Metro or include an award of supplemental non-Measure R funding, use of Measure R transit funds must be consistent with all Board adopted policies and plans, and consistent with Metro goals for equity, sustainability, mobility, accessibility, and safety. Governing policies and plans include, but are not limited to:

- 2020 Long Range Transportation Plan (LRTP)
- Moving Beyond Sustainability (MBS)
- Complete Streets Policy
- Active Transportation Strategic Plan (ATSP)
- First/Last Mile Strategic Plan (FLMSP)
- Urban Greening Plan
- Bus Rapid Transit Vision and Principles Study (BRT V&P)

Any other applicable Board plans and policies adopted prior to the Board's approval of funding will apply to the project and remain in effect for the duration of the project's delivery. Additionally, to the degree that Metro assistance is required for project delivery, all Metro procurement policies and project standards will apply.

Step 1 Fund Availability

Metro Board action is required to approve funding levels for project(s) and incorporating the funding in the annual Metro budget for payment of project expenses, pursuant to any agreements between Metro and project(s) sponsor(s).

In order to assist Metro with fund availability and budgeting so that such actions align with project delivery, project sponsors will submit reasonable expenditure estimates based on credible project readiness documentation. Metro can delay budgeting of funding if project readiness detail is unavailable.

Metro staff will provide concurrence of eligible projects and may request supplemental information to verify program nexus and funding eligibility prior to requesting Metro Board approval.

Step 2 Project Eligibility

Coordination with Metro staff is required to determine project eligibility. The project must be a transit capital project to be eligible. Exceptions to the transit capital requirement are project sponsor overhead or support expenses not to exceed 0.5% of total project expenses in any given fiscal year. Examples of support or overhead expenses include but are not limited to planning activities prior to the environmental phase.

The amount and timing of the 0.5% overhead support funding will be defined in a funding agreement between Metro and the subregional entity/project sponsor. Any expenses applied to the 0.5% support funding must be directly related to project delivery or project development, and subject to all documentation requirements as defined by the funding agreement or Metro's invoice processing policies/practices/requirements.

The nexus for all expenses must be in conformity with Metro Board actions related to the project and the funding agreement.

The project sponsor is responsible for public outreach to ensure local stakeholder consultation in prioritizing the project and related funding.

Step 3 Subregional Entity Adoption

The project sponsor(s) do not have to be a subregional entity, also known as Councils of Governments (COGs), as identified/defined in the Metro sales tax ordinance (Measure R and Measure M may differ). However, the COG (subregional entity) must also adopt the project for confirmed approval of the use of the funds, as a component of the Measure R transit program allocated to the subregion under the ordinance.

Step 4 Metro Fund Agreements

Following Metro Board approval of funds, Metro staff will begin executing funding agreements with project sponsors.

Project funding agreements will comprise project specific approvals. Measure R funds requested for a project must not exceed available Measure R funding approved by the Metro Board. If Measure R funds required are in excess of available/approved funds, Metro may ask the project sponsor, and the approving subregional entity, to prioritize or delay certain projects. Project sponsor is defined as the entity developing and delivering the capital project. The project sponsor will develop a scope of work which will detail the following:

- a) Specific project location/physical limits
- b) Detailed project description including nature of transit capital investment

- c) Detailed project schedule, including list of completed phases
- d) Detailed funding plan – including phases of the project that will be funded, and source(s) of all funds
 - All funds must be committed
 - Supplemental fund requirements will be triggered if the project sponsor cannot fully fund the project
- e) Possible need and justification for using funds for overhead or support expenses (not to exceed 0.5% of total expenses)
- f) Final Jurisdictional Support/Community or Council actions (e.g., resolution)

There will be reporting and audit requirements of the projects once an agreement is executed. All reports, expenditures, agreements, and related project requirements are subject to audit and will require all appropriate documentation (such as contractor invoices, timesheets, receipts, etc.).

Payment will be issued once an invoice is approved by Metro staff, to ensure that the submitted expense is within the approved scope of work attached to the project funding agreement. Metro shall determine which expenditures qualify as eligible for payment, and that determination shall be final.

Step 5 Project Changes

If the project sponsor would like to change their project scope, schedule or funding, the project sponsor will consult with both Metro and the subregional entity, subject to Metro Board approval.

Project sponsors seeking to amend the scope, request additional funding, or cease work on a project will provide a letter to Metro detailing the request and provide sufficient justification for Metro to review the proposed change. Project deletions are strongly discouraged where funds have been partially expended. Metro will require additional detailed information as to why a project cannot be completed prior to any substitutions. Funding agreements may include reimbursements for project expenses, loss of 10% retention (or less depending on grant requirements), or other penalties.

Metro will provide concurrence of eligible new project and modifications to existing projects consistent with the existing project description.

The Metro Board will approve funding agreement amendments and other related actions.

South Bay Subregion
Measure R South Bay Transit Investments Program

	Agency	Project ID No.	Project/Location	Funding Phases	Note	Prior Alloc	Alloc Change	Current Alloc	Prior Year Prog	FY2021-22	FY2022-23	FY2023-24	FY2024-25	FY2025-26
1	Inglewood		City of Inglewood	PS&E, ROW Construction				\$ 233,700,000		\$ 65,555,118	\$ 137,726,003	\$ 10,124,967	\$ 20,293,912	\$ -