



Board Report

File #: 2023-0558, File Type: Program

Agenda Number: 16.

PLANNING AND PROGRAMMING COMMITTEE OCTOBER 18, 2023

**SUBJECT: PROGRAMMING LOCAL FUNDS FOR EAST SAN FERNANDO VALLEY LIGHT
RAIL TRANSIT PROJECT**

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. DETERMINING the Measure R projects San Fernando Valley North-South Rapidways (Canoga Corridor) and I-5 Capacity Enhancement from SR-134 to SR-170 are complete with surplus Measure R funds remaining in the amount of \$231,417,000;

(REQUIRES TWO-THIRDS VOTE OF THE FULL BOARD)
- B. PROGRAMMING \$231,417,000 of surplus Measure R funds and \$201,312,900 of related Proposition C replacement credits to the San Fernando Valley East Light Rail Transit project; and
- C. PROGRAMMING \$128,549,218 of non-federal funds in the Long Range Transportation Plan in the third decade of Measure R for uses within the Arroyo Verdugo subregion.

ISSUE

This Board action will determine that two Measure R projects are complete, which is required by the Measure R Ordinance to reprogram the funds for another capital project in the subregion. A portion of the Measure R surplus funds were swapped with Proposition C 25% funds in 2016, which were described as “replacement credits,” and this current Board action would reprogram both the Measure R surplus and the replacement credits to the East San Fernando Valley Light Rail Transit project. The Measure R projects that have a surplus (i.e., they have been completed without using all the Measure R funds allocated by the Ordinance) are funded from the Highway Capital Subfund and would need to be transferred to the Transit Capital Subfund for use on East San Fernando Valley Light Rail Transit.

The I-5 Capacity Enhancement from SR-134 to SR-170 project transverses through two current subregions as defined by Metro - San Fernando Valley and Arroyo Verdugo. The East San Fernando Valley Light Rail Transit project is entirely in the current boundary of the San Fernando Valley

subregion. The Arroyo Verdugo subregion has requested that a proportional share of the surplus and replacement credits be spent in Arroyo Verdugo. This Board item would program \$128,565,757 of non-federal funds (currently planned as Proposition C 25% funds) for uses in Arroyo Verdugo.

BACKGROUND

The East San Fernando Valley Light Rail Transit project is proceeding through the preconstruction phase of a progressive design/build contract. Metro is concurrently pursuing a federal Expedited Project Delivery (EPD) program grant of up to \$908.75 million that would fund approximately 25 percent of the project costs. The EPD grant requires that Metro meet several conditions prior to May 10, 2024, or the Letter of Intent to obligate the funds will expire. One of the conditions is committing the non-federal funds. The programming of Measure R surplus and Proposition C replacement credits by the Metro Board will commit sufficient non-federal funds to the East San Fernando Valley Light Rail Transit project to satisfy the conditions of the EPD grant.

DISCUSSION

The San Fernando Valley North-South Rapidways (Canoga Corridor) project, also known as the Metro Orange Line Extension to Chatsworth, was opened for service in June 2012. This project was completed without expending the full \$182 million of Measure R funds allocated by the Measure R Ordinance. The Metro Board has not yet reprogrammed these Measure R surplus funds for any other capital project within the same subregion, and this Board action would determine that the project is complete and reprogram the funds for East San Fernando Valley Light Rail Transit. The Measure R Ordinance (Section 7(d)(4)) specifies that:

'In the event that a Capital Project identified in Attachment A as a "Transit" is completed without the expenditure of the amount of Net Revenues allocated by this Ordinance, any surplus Net Revenues allocated to that Capital Project shall be credited to the Transit Capital Subfund and expended for Capital Projects located within the same subregion as the project so completed.'

The project I-5 Capacity Enhancement from SR-134 to SR-170, subsequently combined with a northern segment to SR-118, was opened to traffic in April 2022. Caltrans, which managed the construction, accepted the contractors work in June 2023. This project was completed without the expenditure of \$250,729,000 of Measure R funds and Proposition C replacement credits that were initially included in the Measure R Expenditure Plan. The replacement credits were approved by the Metro Board at its meeting of January 2016 . At that time, Metro staff recommended the creation of replacement credits, or a swapping of, or use of Measure R instead of the Proposition C 25% that was programmed on the project. This was done because the use of Proposition C 25% would have required the issuance of debt, and the use of Measure R could be funded with cash, saving interest cost from debt. Based on actual expenditures on the project, the Measure R surplus is currently \$49,417,000, and the replacement credits are \$201,312,900.

East San Fernando Valley Light Rail Transit Funding Plan

Metro and the Federal Transit Administration (FTA) are currently evaluating the project cost, schedule, and risk and tracking the various work products needed to meet the conditions of the EPD

grant. The current project cost for purposes of the EPD grant, based on input from FTA, is \$3,573,952,016. This cost will differ from the expected Metro Life of Project budget as it excludes previous planning costs that are not eligible for the EPD grant (but include finance charges, which are not part of Metro's project budget). Metro has secured much of the funding through the Measure R and Measure M Expenditure Plans and from State grants, including a \$600 million award in January 2023 from the Transit and Intercity Rail Capital Program. The remaining funds to be secured include the EPD grant of up to \$908,750,000 and, \$231,417,000 of surplus Measure R funds and \$201,312,900 of related Proposition C replacement credits.

Arroyo Verdugo Subregion

The project I-5 Capacity Enhancement from SR-134 to SR-170, which will have \$250,729,900 of Measure R surplus and replacement credits, is 4.82 miles in the Arroyo Verdugo subregion and 4.58 miles in the San Fernando Valley subregion (based on Caltrans postmiles). The proportional amount of miles in Arroyo Verdugo is 51.27% (truncated to one hundredth of one percent), which equates to \$128,549,218 of the surplus and replacement credits.

Measure R requires that the surplus be spent in the same subregion, and when Measure R was enacted, there was no formal Arroyo Verdugo subregion with defined boundaries. When the replacement credits were created, the Board action identified both San Fernando Valley and the Arroyo Verdugo subregion in relation to I-5 Capacity Enhancement from SR-134 to SR-170 but did not specify how the replacement credits would be allocated among the subregions.

Metro staff have met with the governing bodies of both San Fernando Valley and Arroyo Verdugo subregions to determine if they support the use of the I-5 Capacity Enhancement from SR-134 to SR-170 Measure R surplus and replacement credits on the East San Fernando Valley Light Rail Transit project. The San Fernando Valley Council of Governments approved an action in support on October 2, 2023, and Arroyo Verdugo Communities Joint Powers Authority approved an action in support on October 5, 2023, subject to Metro programming non-federal funds in the Metro Long Range Transportation Plan for use in the Arroyo Verdugo subregion, recognizing the subregion first in the event the funding can be accelerated, and considering use of alternative funding that may be more flexible should this be available (Attachment A).

EQUITY PLATFORM

This Board action will provide funding to construct a major transit project in the San Fernando Valley. The East San Fernando Valley Light Rail Transit alignment is in a disadvantaged, underserved community where access to premium transit service is limited. Equity Focus Communities (EFC) are within walking and biking distances to the proposed stations and the Project will improve access for transit riders in EFC along the route to additional destinations. Approximately 17.5% of the households in the project's study area are below the poverty level, which is 0.2% higher than the City of Los Angeles and 3.5% higher than the County of Los Angeles. The Hispanic or Latino population represents 71.7% of the total population within the project area. The project provides residents with premium transit service to better access employment, health, and educational opportunities. The first last mile component of the project will connect underserved neighborhoods to the Metro transit network.

No adverse equity impacts are anticipated from determining the San Fernando Valley North-South Rapidways (Canoga Corridor) and I-5 Capacity Enhancement from SR-134 to SR-170 projects are complete, transferring surplus Measure R funds from the Highway Capital Subfund to the Transit Capital Subfund, or programming Measure R funds for uses within the Arroyo Verdugo subregion.

DETERMINATION OF SAFETY IMPACT

The recommended actions will have no direct impact on the safety of our customers or employees.

FINANCIAL IMPACT

Approval of the recommendation would result in the programming of \$231,417,000 of Measure R funds and \$201,312,900 of Proposition C 25% funds for the East San Fernando Valley Light Rail Transit project between fiscal years FY 2025 and FY 2031, which will help secure up to \$908,750,000 from the federal EPD grant by May 2024. The programming of Measure R and Proposition C 25% may result in additional debt up to the amount programmed and interest cost that could be payable over 30 years. Board approval would also program non-federal funds in the third decade of Measure R for uses as determined by the Arroyo Verdugo subregion.

Impact to Budget

The staff recommendations do not impact the FY 2024 budget as the funding impacts FY 2025 through FY 2031.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Board action will provide funding to help deliver the East San Fernando Valley Transit project, which supports Strategic Plan Goal #1 - Provide High Quality Mobility Options That Will Enable People to Spend Less Time Traveling. The project is expected to improve travel time, mobility, transit access, and connectivity to Metro's regional transit system. By 2040, the project is expected to reduce travel time for transit passengers from 48 minutes to approximately 30 minutes between the Metro G (Orange) Line Station and the Sylmar/San Fernando Metrolink Station.

This item also supports the Strategic Plan Goal #5, which seeks to "Provide responsive, accountable, and trustworthy governance within the Metro organization." This programming action helps ensure fiscal responsibility in how programming decisions are made and transparency in the agency's investment decisions.

NEXT STEPS

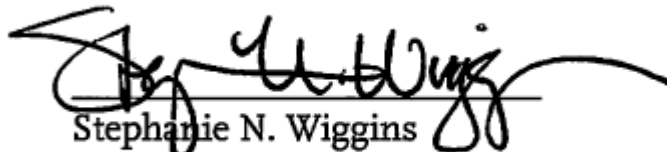
Upon approval of this item, Metro staff will inform FTA that it has committed the funds needed to satisfy the conditions of the EPD Letter of Intent. Metro staff will transfer funds as needed from the Measure R Highway Capital Subfund to the Measure R Transit Capital Subfund to fund East San Fernando Valley Light Rail Transit expenditures and also incorporate the programming of non-federal funds for projects in the Arroyo Verdugo subregion, in the third decade of Measure R, as part of the Long Range Transportation Plan, subject to funding availability.

ATTACHMENTS

Attachment A - San Fernando Valley Council of Governments and Arroyo Verdugo Communities Joint Powers Authority actions in support of Metro programming

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Stephanie N. Wiggins
Chief Executive Officer

**Attachment A – San Fernando Valley Council of Governments and
Arroyo Verdugo Communities Joint Powers Authority actions in
support of Metro programming**



San Fernando Valley Council of Governments

DATE: September 27, 2023

TO: Board of Directors

FROM: John Bwarie, Executive Director

RE: **LA Metro Programming of Local Funds for East San Fernando Valley LRT**

RECOMMENDATION

Support the LA Metro plan to program surplus Measure R and "replacement credits" to the East San Fernando Valley Light Rail Transit Project

BACKGROUND

Metro is in preconstruction for the East San Fernando Valley Light Rail Transit Project (the Project), which is a planned 6.7-mile light rail line on Van Nuys Boulevard that connects the Metro G (Orange) Line to Van Nuys and San Fernando Road. The current cost estimate for the Project is \$3.57 billion. Metro is compiling the funding for the cost to complete the project, including a federal Expedited Project Delivery grant of up to \$908.75 million. Metro must have all the non-federal funding committed to the Project to qualify for the federal grant.

Metro has completed two projects that are entirely or partially in the San Fernando Valley subregion (as defined by Metro) – the San Fernando Valley North-South Rapidways (Canoga Corridor) and I-5 Capacity Enhancement from SR-134 to SR-170 that have designated funding from the countywide Measure R sales tax but did not expend all the designated funding. The Canoga Corridor project has \$182 million of unexpended or surplus Measure R funds. The I-5 project has \$49.4 million of surplus Measure R and \$201.3 million of "replacement credits." Metro created the replacement credits by swapping Proposition C 25% funds (another Metro countywide sales tax) with the Measure R in 2016. Metro did this to reduce the amount of Proposition C debt to be issued and the resultant interest cost. The Metro Board will consider whether to program the surplus and replacement credits, totaling \$432.7 million to the Project at its October 26, 2023 meeting. Metro believes it has all other funding committed to the Project.

The Measure R ordinance requires that the Metro Board determine a project is complete for a project to have surplus, and that any surplus is spent in the same subregion. The replacement credits are no longer Measure R funds and are not bound by the Measure R ordinance; however, the Metro Board agreed in 2016 that the replacement credits would be spent in the same subregion as the projects that were completed. The Canoga Corridor project is entirely in the San Fernando Valley subregion, as currently defined by Metro. The I-5 project is 51.27% in the Arroyo Verdugo subregion and 48.73% in the San Fernando Valley based on the physical length of the project. Because a portion of the I-5 project is in the Arroyo Verdugo subregion, the Metro Board will consider separately programming \$128.5 million of Proposition C 25% funds for eligible uses in the Arroyo Verdugo subregion beginning in fiscal year 2030.

The Metro Board will consider determining whether the Canoga Corridor and I-5 projects are complete, programming the \$432.7 million of Measure R surplus and replacement credits to the Project, and programming \$128.5 million to Arroyo Verdugo at its October 26, 2023 meeting. Neither the Measure R ordinance nor Metro Board policy require that the SFVCOG approve these actions. But Metro is seeking the support of the SFVCOG prior to taking its own actions.



Arroyo Verdugo Communities Joint Powers Authority

VII.C

DATE: October 5, 2023
TO: Governing Board
FROM: Alex Hernandez, Treasurer
SUBJECT: I-5 HOV Capacity Enhancement Surplus Funds

RECOMMENDATION:

That the Governing Board provide direction to staff on Metro request for I-5 HOV Capacity Enhancement funds, as follows:

- Option 1: Support the allocation of I-5 HOV Capacity Enhancement surplus funds in the amount of \$128,549,218 to be reprogrammed to the East San Fernando Valley Project, with the same amount in local (Prop C) funds to be programmed to the Arroyo Verdugo Communities Joint Powers Authority; or
- Option 2: Not Support the allocation of I-5 HOV Capacity Enhancement surplus funds to be reprogrammed to the East San Fernando Valley Project and instead request the funds in the amount of \$128,549,218 be made available to the Arroyo Verdugo Communities Joint Powers Authority.

BACKGROUND:

The Los Angeles County Traffic Relief and Rail Expansion Ordinance (Measure R) is a voter approved half-cent sales tax for Los Angeles County that finances new transportation multi-modal projects and programs. The associated expenditure plan includes a list of projects to benefit from the sales tax revenue with the ordinance providing stipulations for use of such funds, amongst other conditions to be adhered to. Section 7 outlines uses of the funds including sub-section 4 which stipulates that any surplus net revenues allocated to a particular project shall be credited and expended within the same subregion the initial funds were allocated to.

In August 2023, Los Angeles County Metropolitan Transportation Authority (Metro) contacted Arroyo Verdugo Communities Joint Powers Authority (AVCJPA) staff notifying staff of available surplus funds associated with the I-5 HOV Capacity Enhancement Project (I-5 Project) and requesting support for allocating the available funds to the East San Fernando Valley Project (ESFV). The ESFV Project is a 9.2 mile light rail transit line serving the San Fernando Valley community. The surplus funds would be exchanged for the same amount of Prop C funds to be programmed to the Arroyo Verdugo Communities Joint Powers Authority.

I-5 SURPLUS FUNDING

Approximately \$250,729,900 is available in I-5 surplus funds to be split proportionally between the San Fernando Valley and the Arroyo Verdugo subregions. The \$250,729,900 available is comprised of Measure R surplus, and Prop C funds that Metro swapped with the Measure R in 2016 and refers to this funding as “replacement credits.” Per Metro, approximately 51.27%, or \$128,549,218 would be apportioned for the AVCJPA subregion, based on the miles of the I-5 project within each subregion. Assuming the same per-capita methodology of distributing Measure M Multi-Year Subregional Program Funding is applied, each AVCJPA community would potentially receive the amounts as listed in the table below.

AVCJPA Reprogrammed Surplus Funds			
Agency	Population	Per Capita	Surplus Funds
Burbank	105,451	20.94%	\$ 26,920,956
Glendale	193,116	38.35%	\$ 49,301,262
La Canada Flintridge	20,081	3.99%	\$ 5,126,549
Pasadena	138,310	27.47%	\$ 35,309,646
South Pasadena	26,580	5.28%	\$ 6,785,702
County of LA 5th District	19,997	3.97%	\$ 5,105,104
Total	503,535	100.00%	\$ 128,549,220

I-5 surplus funds are scheduled to be available for the Arroyo Verdugo subregion in the third decade of Measure R funding (FY2030 – FY2039). Although the funding guidelines for these surplus funds are not yet finalized, it is anticipated they would follow the current Measure R funding guidelines.

METRO REQUEST FOR RE-ALLOCATION

To advance the ESFV Project, Metro has requested that the AVCJPA support their request to reprogram the sub-region’s share of the I-5 surplus funds to the ESFV project, to be used as a match to a federal grant. The request is time sensitive as the Metro Board will be considering the matter at the October 26, 2023 board meeting.

In exchange for the sub-region forgoing the surplus funds, Metro staff is prepared to recommend to the Metro Board that the reprogrammed amount of \$128,549,218 be programmed in non-federal funds in Metro’s Long Range Transportation Plan to be made available to the AVC sub-region in the third decade of Measure R (FY 2030 – FY 2039). This fund exchange would return the full \$128,549,218 in Prop C funds for the same time period originally identified for the surplus funds, FY2030 – FY2039. Funding related guidelines and eligible uses would follow the existing Prop C funding eligibility. Metro currently plans to program Prop C 25% transit-related uses on freeways and state highways funding to the AVC sub-region. The Prop C 25% is eligible for uses including signal synchronization, freeway service patrol, construction of HOV lanes, and bus lanes and operational and interchange improvements on freeways and state highways used by public transit.

Metro staff has identified that the reallocation of surplus funds to the ESFV Project is permitted since the AVCJPA was part of the San Fernando Valley sub-region when the funds were originally allocated. As such, the surplus funds can be allocated within the San Fernando Valley sub-region and are not required to remain within the AVCJPA area.

FISCAL IMPACT:

Should the Governing Board approve Option 1, pending Metro Board approval, surplus funds attributable to the AVC sub-region in the amount of \$128,549,218 would be reprogrammed to the East San Fernando Valley Project, with a fund exchange allowing for the same amount in local (Prop C) funds to be programmed to the Arroyo Verdugo Communities Joint Powers Authority in FY2030-2039.

Should the Governing Board approve Option 2, staff will request that Metro not use surplus funds and or replacement credits in the amount of \$128,549,218 attributable to the AVC sub-region and instead these funds would be made available to the Arroyo Verdugo Communities Joint Powers Authority in FY 2030 -2039.

Attachment:
Metro Presentation

An illustration of a city street scene. In the foreground, a yellow and grey light rail train with the 'M' Metro logo is moving from right to left. The street has several cars: a white SUV, a white sedan, a yellow sedan, and a dark car. Pedestrians are walking on the sidewalks. In the background, there are modern buildings with large windows and palm trees. The sky is blue with some clouds. A yellow banner with a white circle and horizontal lines is in the top left corner.

Next stop: light rail for the Valley.

EAST SAN FERNANDO VALLEY LIGHT RAIL TRANSIT



Metro®

Item 15 – Programming Local Funds

October 2023

Project Overview

- Southern Segment
 - 6.7 miles of light rail at-grade in the center of Van Nuys Blvd.
- 11 new center platform stations
- Daily Project Transit Trips (Boardings)
 - Yr. 2035 – 37,759
- Metro's target RSD 2030
- Proposed FFGA/EPD Budget – \$3.574B
- Metro support teams and progressive design build contractor working through pre-construction activities



- *Goal: need all funding committed by April 2024 to receive up to \$908M “EPD” grant*
 - *Project envisioned in Measure R and Measure M Ordinances*
 - *Working with FTA now to complete LOI requirements*
 - *Will be the nation’s first EPD project grant*
- *State - \$600M TIRCP award in Jan 2023*
- *Measure M - \$810.5M (non-escalated)*
- *Local portion from surplus Measure R and Proposition C “replacement credits” - \$435M*

Local Funding Sources



Funding Source	Funding Available	Key Considerations
I-5 North Capacity Enhancements Measure R Surplus/Credits*	\$253 million	Metro Board to deem project complete and reprogram funds in the subregion; action by both SFVCOG and AVCJPA to support use of project surplus/credits
Canoga Corridor Measure R Surplus*	\$182 million	Metro Board to deem project complete and reprogram funds in the subregion; action by SFVCOG to support use of project surplus

- * San Fernando Valley subregional funds per Uniform Cost Management Policy.
The actual surplus is slightly lower due to intervening amendments to the funding agreement with Caltrans.



Next Steps



- Metro secures (i.e., commits) additional local funds for the project
 - Obtained support for the use of subregional funds (October 2 SFVCOG meeting, October 5 AVCJPA meeting)
- Metro Board considers an action to:
 - program \$432.7 million of surplus funds/credits to ESFV
 - program \$128.5 million to the Arroyo Verdugo subregion in the third decade of Measure R
- Metro to submit EPD application requirements by December 1, 2023