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**PLANNING AND PROGRAMMING COMMITTEE
JUNE 20, 2012
REVISED#2**

SUBJECT: FY 2012 TRANSIT ORIENTED DEVELOPMENT GRANT PROGRAM

**ACTION: APPROVE FUNDING RECOMMENDATIONS AND REVISED LAPSING
POLICY**

RECOMMENDATION

- A. Award \$1,000,000 in Transit Oriented Development (TOD) Grants to the five recommended jurisdictions, as shown in Attachment A;
- B. Authorize the Chief Executive Officer (CEO) to execute Grant Agreements for the funds; and
- C. Approve the revised Lapsing Policy, for Rounds 2 and 3 (Attachment B).

ISSUE

The FY 2012 budget included \$5,000,000 to introduce the Transit Oriented Development Planning Grant Program (“Program”), offering grants to municipalities to facilitate the development and adoption of local land use regulations that promote infill and TOD. Round 1 of the Program awarded \$5,000,000 to five cities.

In February 2012, at the direction of the Board, we issued Round 2 of the Program, with \$1,000,000 available for awards. We received six applications by the April 6th due date. These applications have been evaluated and we are requesting Board approval of the funding recommendations and authorization for the CEO to enter into Grant Agreements with successful applicants. Further, we are asking the Board to approve the revised Lapsing Policy.

DISCUSSION

Overview

The Program provides funds to encourage cities along transit corridors to make the regulatory changes necessary to foster infill and TOD. TOD is found to increase the accessibility and utilization of public transportation, which leads to transit system improvement. In addition, the Federal Transit Administration's (FTA) recently proposed guidelines for New Starts and Small Starts projects focus on transit supportive land use plans, policies and other economic development indicators along transit corridors.

Eligible activities for Program funding include amendments to local general plans and adoption or amendments of specific plans, Transit Village Districts, overlay zones, parking, height or zoning ordinances, etc. Rounds 2 and 3 increased eligible activities to include developing specific planning tools to consider in adopting regulatory changes that promote TOD, assisting cities to collaborate on planning for new stations and/or to promote TOD-friendly regulatory change around existing or proposed stations, developing model ordinances or other regulatory frameworks. Any local California Environmental Quality Act (CEQA) actions necessary for these regulatory changes are also eligible activities under the Program.

Round 2

For Round 2 dollars, forty-five cities, Los Angeles County, and six Councils of Government (COGs) and Joint Power Authorities (JPAs) along the following transit corridors were eligible:

- Los Angeles County Metrolink Corridors
- West Santa Ana Branch
- South Bay Metro Green Line Extension

We received six applications, four from cities and two from JPAs, requesting a total of \$1,392,300. The applications were evaluated, scored, and ranked and the average scores are shown on Attachment A. During the evaluation process, some funding requests were reduced if and when the evaluation team felt that the grantee could achieve the desired and eligible outcomes within the revised budget. In addition, the evaluation panel found that one applicant failed to demonstrate the eligibility of its proposed planning activities as related to defined Program guidelines. As this applicant is eligible for Round 3, we have discussed with them that they reapply in Round 3 and strengthen their application by showing the link between the planning work proposed and the eligible transit corridor(s) to demonstrate the project is consistent with the Program Guidelines. The applicant concurred with our recommendation.

Round 3

At its meeting of February 23, 2012 the Board amended Item 31 (Villaraigosa, O'Connor, Wilson and Huizar) to substitute Metro system wide rail and transit corridors, including Los Angeles County Metrolink Stations, in place of a specific list of 6 transit corridors and rail lines that had previously been directed by the Board. The third round of funding is available to Los Angeles County cities with regulatory land use oversight, or COGs and JPAs that represent those Los Angeles County cities with regulatory land use oversight, within ¼ mile of Metro's rail and transitway stations and within ½ mile of a Metrolink station.

~~The third round of funding is available to Los Angeles County cities, COGs, and JPAs along the following transit corridors:~~

- ~~— Within ¼ mile of stations proposed or considered for:
 - ~~○ The Blue Line~~
 - ~~○ The Green Line Extension to LAX (Airport Metro Connector)~~
 - ~~○ The Silver Line/Artesia Transit Center, and other Transitway Stations, including the Orange Line~~
 - ~~○ The West Santa Ana Branch~~
 - ~~○ The Westside Subway Extension~~~~
- ~~— Within ½ mile of an existing or proposed Metrolink Station~~

We reached out directly to the eligible cities, COGs and JPAs through letters, phone calls and direct meetings for the originally designated corridors. (Additional outreach will be undertaken following issuance of the Round 3 applications and we will offer an extended application period to accommodate the additional cities.) Based on ~~these meetings~~ the outreach meetings to date, we do not propose any changes to the Program Guidelines. However, we are recommending changes to the Lapsing Policy. These revisions do not change the intent of the policy, but clarify language in several sections based on feedback from Round 1 awardees. Specifically, the revisions clarify that the Lapsing Policy:

- Has a lapsing date defined as 30 months from the date the Agreement is fully executed;
- Requires the grantee *incur* (versus expend) the grant funds within 30 months;
- Requires timely completion of both milestones and deliverables.

DETERMINATION OF SAFETY IMPACT

The TOD policies supported by the Program could improve safety around stations. The principles of TOD include better pedestrian and bicycle access to stations. Better and clearer access to stations can reduce accidents. Further, TOD tends to encourage walking and bicycling, both of which increase the health of patrons.

FINANCIAL IMPACT

The FY13 budget includes \$400,000 in the Subsidies Budget Cost Center 0442 Project 465559, Transit Oriented Development Grant Program Round 2. Since this is a multi-year project, it will be the responsibility of the Cost Center Manager and the Executive Director, Countywide Planning to budget expenditures in future years.

Impact to Budget

FY13 funding for the projects related to Metrolink stations in Burbank, Glendale, and the City of Lancaster will come from Measure R 3% Metrolink. Funding for the two Metro Rail projects will come from Measure R 2% System Improvement Funds. These funds are eligible for rail capital improvement costs.

Other sources of funds were considered for this project. However, these funds meet the criteria for these types of projects and sufficient dollars exist to cover these expenditures. Should other eligible funding sources become available, they may be used in place of the identified funds.

ALTERNATIVES CONSIDERED

The Board of Directors may choose not to approve the funding awards and related actions as recommended. We do not recommend this alternative. The Program as designed furthers the Board objectives with regard to sustainability, land use policy, and increased ridership and resultant systemwide improvements. Further, local planning agencies do not have the resources to accelerate the regulatory changes necessary to promote infill and TOD projects along this set of transit corridors and thus take full advantage of the transit access being made available. Finally, the recommended grant awards meet the program's objectives. The Board may choose not to approve the revised Lapsing Policy, in which case the existing Lapsing Policy will apply. We do not recommend this alternative as the five cities awarded funds in Round 1 had questions and concerns about the Lapsing Policy and the recommended changes clarify these issues to create better Program documents for Rounds 2 and 3.

NEXT STEPS

With Board approval, we will finalize and execute Grant Agreements with the Round 2 awardees and will release applications for Round 3 immediately. We expect to return to the Board with Round 3 recommendations by December 2012.

ATTACHMENTS

- A. TOD Planning Grant Round 2 Summary and Funding Recommendations
- B. TOD Planning Grant Lapsing Policy

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for Renee Welborn

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Arthur T. Leahy -

Arthur T. Leahy
Chief Executive Officer

2012 TOD Planning Grant Round 2 Summary and Funding Recommendations

Applicant	Requested Funding	Project Description	Ave Score	Recommended Funding	Stations
City of Burbank	\$ 350,000	Evaluate development opportunities and related TOD planning requirements as part of a federally-funded airport ground access study.	76.6	\$ 289,300 <u>\$289,700</u>	Metrolink: new station proposed at Hollywood Way and San Fernando Road.
City of Glendale	\$ 250,000	Urban design plan, zoning designations and parking standards for the Tropic District, as part of the South Glendale Community Plan.	81.8	\$ 225,000	Metrolink Station: Glendale Transit Center
City of Huntington Park	\$ 250,000	Update to land use, housing and circulation elements of the General Plan.	N/A	\$ -	N/A: Failed to demonstrate impact on eligible transit corridors. Discussed with them reapplying for Round 3 and clarify how proposed regulatory changes impact eligible transit corridors.
City of Lancaster	\$ 136,000	Transit Oriented Development Overlay Zone for two areas adjacent to the Lancaster Metrolink Station.	85.6	\$ 136,000	Metrolink Station: Lancaster
City of Lawndale	\$ 73,300	Transit Oriented Development Overlay Ordinance for cities of Lawndale, Hawthorne and Redondo Beach	82.6	\$ 73,700 <u>\$73,300</u>	Green Line: Marine Station
Orange Line Development Authority	\$ 333,000	Transit Oriented Development Guidebook targeting Gateway Cities (10 cities) in Southeast LA County	72.6	\$ 276,000	West Santa Ana Branch corridor
TOTAL	\$ 1,392,300			\$ 1,000,000	

TIMELY USE OF FUNDS/REPROGRAMMING OF FUNDS
GRANT AGREEMENT LAPSING POLICY

Grantee must demonstrate timely use of the Funds by:

- (i) Executing a Grant Agreement within sixty (60) days of receiving formal transmittal of the Grant Agreement boilerplate;
- (ii) Meeting the Project milestone and deliverable due dates as stated in the Scope of Work;
- (iii) Timely submitting the Quarterly Progress/Expenditure Reports; and
- (iv) ~~Expending the Funds granted~~Incurring all costs to be funded by the Grant within thirty (30) months from the date funds are available the Grant Agreement is executed.

If the Grantee fails to meet any of the above conditions, the Project may be considered lapsed and may be submitted to the Board for deobligation. **Expenses that are not invoiced within sixty (60) days after the lapsing date are not eligible for reimbursement.**

In the event that the timely use of the Funds is not demonstrated, the Project will be reevaluated as part of its annual TOD Planning Grant Deobligation process and the Funds may be deobligated and reprogrammed to another project by the Board.

Administrative extensions may be granted under the following conditions:

- (i) Project delay due to an unforeseen and extraordinary circumstance beyond the control of the project sponsor (legal challenge, act of God, etc). Inadequate staffing shall not be considered a basis for administrative extensions.
- (ii) Project delay due to an action that results in a change in scope or schedule that is mutually agreed upon by Metro and the project sponsor prior to the extension request.
- (iii) Project fails to meet completion milestone, however public action on the proposed regulatory change(s) has been scheduled and noticed to occur within 60 days of the scheduled completion milestone.

Appeals to any recommended deobligation will be heard by a Metro appeals panel.

If Grantee does not complete an element of the Project, as described in the Scope of Work, due to all or a portion of the Funds lapsing, the entire Project may be subject to deobligation at LACMTA's sole discretion. In the event that all the Funds are reprogrammed, the Project shall automatically terminate.