

**Metro**

Metropolitan Transportation Authority

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metro.net**PLANNING AND PROGRAMMING COMMITTEE
JUNE 20, 2012****SUBJECT: TIMELY USE OF PROPOSITION 1B STATE AND LOCAL PARTNERSHIP
PROGRAM FUNDS****ACTION: APPROVE REPROGRAMMING OF SAN FERNANDO VALLEY
NORTH/SOUTH CORRIDOR FUNDS****RECOMMENDATION**

Approve the reprogramming of up to \$61.6 million in project savings from the Metro Orange Line Canoga Extension to the East San Fernando Valley North/South project and other related actions, as described herein and shown in Attachment A to ensure the timely use of Proposition 1B State and Local Partnership Program (SLPP) funds.

ISSUE

The State's inability to secure Tribal Gaming bonds means that \$89.9 million in State Traffic Congestion Relief Program (TCRP) funds are no longer available for the East San Fernando Valley North/South project. Concurrently, State statutes authorizing Proposition 1B SLPP funds will expire on June 30, 2013; therefore, all SLPP funds must be programmed and allocated by that date. Several months' lead time is required to obtain reprogramming and allocation approvals, therefore it is necessary to identify and reprogram any project savings as early as possible.

DISCUSSION

The San Fernando Valley North/South Transit Project consists of the Metro Orange Line Canoga Extension (Canoga) project and the East San Fernando Valley North/South (East SFV North/South) project. The Canoga project was environmentally cleared in 2009 and a design-build contract awarded in March 2010. The project is scheduled to open to the public in June 2012 and will be completed with up to \$61.6 million in savings. The recommended reprogramming actions are needed to use project savings from the Metro Orange Line Canoga Extension project, ensure the timely use of Proposition 1B SLPP funds, and address a shortfall in TCRP funds for the East San Fernando Valley North/South Transit project included in Measure R. These actions are consistent with previous actions taken on other projects and the principle

that if State funds are not available for Measure R projects, we will make every effort to provide other Metro-controlled funds to keep the project fully funded and on schedule.

The East SFV North-South project is itself composed of four corridors: Reseda, Sepulveda, Lankershim and Van Nuys. In May 2012, we informed the Board that careful study has shown that because transit operates at good speeds and many signalized intersections operate at free or stable traffic flows, no improvements other than those being implemented by the City of Los Angeles were recommended for Reseda, Lankershim, and Sepulveda Boulevards. Sepulveda was later added back as an alternative to Van Nuys, so we are currently in the Alternatives Analysis process for the Van Nuys and/or Sepulveda Corridors from the Ventura Boulevard to the Sylmar Metrolink Station. We anticipate returning to the Board in the fall with the recommended alternatives to move into the draft environmental document. The project identified in the Measure R Expenditure plan is not fully funded due to the \$89.9 million TCRP shortfall, which would have provided the majority of project funding.

Metro Orange Line Canoga Savings

The \$61.6 million savings from the Canoga Project can be attributed to the following:

- **Bidding Efficiencies:** the Design-Bid-Build work (fully designed Lassen Bridge, Lassen Street Improvements, and Department of Water and Power relocations on Lassen Street) and the Design-Build work were combined into one contract as mentioned in the July 2009 Board Box, saving time and decreasing costs;
- **Good Timing:** thorough Preliminary Engineering, Design, Value Engineering, and Design-Build bid documents allowed expeditious procurement, with bid opening occurring during a significant economic downturn. The contract was awarded at an amount substantially lower than was projected in the cost estimate prepared during the conceptual engineering stage and used to establish the Life-of-Project budget;
- **Timely Identification and Elimination of Risk Factors:** one example is that portions of the project were located in a tightly-developed active railroad Right-of-Way and required significant relocations and easements. By negotiating thorough agreements with railroad and utility companies, and securing all approvals including Public Utilities Commission approvals early, scope and budget impacts were avoided and schedule benefits were realized.
- **Early Completion:** the project opened well ahead of schedule, saving overhead costs; and
- **Project Management and Support:** good project management, complemented by the support of project control, real estate management, and other dedicated staff from various LACMTA and City of Los Angeles Departments helped control project scope, budget, and schedule throughout the project.

Summary of Proposed Reprogramming Actions

A series of reprogramming actions are proposed to use project savings from the Canoga project, ensure the timely use of State Proposition 1B SLPP funds, and address a shortfall in TCRP funding for the East SFV North/South project. The proposed actions are described herein and shown in the matrix in Attachment A.

1. Reprogram \$32.5 Million in SLPP Project Savings Indirectly from the Canoga Project to the East SFV North/South Project. Project managers are forecasting \$61.6 million in project savings from the Canoga project. Of these funds, \$32.5 million are SLPP funds. We recommend reprogramming these funds to the Transit Buses Acquisition Project. This project is ready to proceed and is an eligible use of SLPP funds. To provide appropriate funding for each use, including, ultimately, the East SFV North/South project, \$32.5 million in Transportation Development Act (TDA) funds would be reprogrammed from the Transit Buses Acquisition project to Metro Bus Operations, and finally, \$32.5 million in Proposition C 40% funds would be reprogrammed from Metro Bus Operations to the East SFV North/South project. Thus, the end result would be a net reprogramming of \$32.5 million from the Canoga project to the East SFV North/South project.
2. Reprogram up to \$29.1 Million in Proposition C 25% Funds Directly from the Canoga Project to the East SFV North/South Project. The remaining project savings on Canoga are comprised of matching funds from Proposition C 25%. These funds are eligible to be reprogrammed directly to the East SFV North/South project. We recommend the reprogramming of up to \$29.1 million in Proposition C 25% funds from the Canoga project to the East SFV North/South project. The final amount to be transferred will be determined once project close-out steps are completed on the Canoga project, including payment of any valid construction claims.
3. Exchange \$3.75 Million in SLPP Funds from the East SFV North/South Project with \$3.75 million in Other Funds from the Transit Buses Acquisition Project. Of the \$76.55 million in SLPP funds currently programmed to the San Fernando Valley North/South Transit project, we had planned to use \$3.75 million for the East SFV North/South project. The project is unlikely to be ready for allocation by the June 30, 2013 statutory deadline. By approving the report recommendation, the Board will approve the reprogramming of \$3.75 million in SLPP funds to the Transit Buses Acquisition project, which is ready-to-go within the timeframe. A like amount then would be exchanged back to the East SFV North/South project following the same path as the \$32.5 million in SLPP project savings from the Canoga project.

Timely Use of SLPP Funds

Proposition 1B State and Local Partnership Program (SLPP) funds must be used on the construction or acquisition phase of a project, and matched dollar for dollar with local sales tax revenues. Transportation Development Act (TDA) funds do not count as local

sales taxes that can be used as match. SLPP funds also must be programmed and allocated by June 30, 2013. After that time, state statute authorizing the SLPP will expire and the funds will be unavailable. Several months of lead time are required to request and obtain California Transportation Commission (CTC) approval for reprogramming and allocation of SLPP funds. Therefore, it is important to identify any project savings early and reprogram them as soon as possible.

TCRP Funding Shortfall

The San Fernando Valley North/South Transit Project has a \$89.9 million TCRP Tier 2 commitment, which we have planned to use for the East SFV North/South project. According to language in legislation regarding recent State budgets, there is no funding source available to meet commitments to Tier 2 projects. This means that the East SFV North/South project has a funding shortfall of over \$89.9 million. The actions recommended in this report would reduce the shortfall to \$28.3 million.

Matrix Illustrating Reprogramming Actions

The proposed reprogramming actions explained above are shown in the matrix in Attachment A. For each project, the current programmed amounts are shown by funding source. The proposed programming is shown in the following column. Finally, the change is calculated by subtracting the current programming from the proposed programming for each funding source. Solid and dashed arrows show the two main reprogramming actions, which are the direct and indirect transfers of project savings totaling \$61.6 million in project savings from the Canoga project to the East SFV North/South project. The end effect of the transfers will be to partially offset the shortfall in TCRP funding for the East SFV North/South project by an amount equal to the Canoga project savings.

DETERMINATION OF SAFETY IMPACT

The recommendation would have no impact on safety.

FINANCIAL IMPACT

Approving the recommendation does not impact the FY 2012-13 Draft LACMTA Budget, other than to exchange funding sources between four affected projects, as shown in Attachment A.

ALTERNATIVES CONSIDERED

The Board of Directors could elect to reprogram project savings from the San Fernando Valley North/South Transit project, which includes the Canoga project, to a project other than the Transit Buses Acquisition Project. Such an option is not recommended, as the Transit Buses Acquisition project has been identified according to the need to program funds to an eligible, ready-to-go project. Staff is planning to seek Board approval to

award a contract for 550 transit buses in September 2012. Approval of the recommendation is required by June 2012 to meet California Transportation Commission (CTC) deadlines to program and allocate SLPP funds for the Transit Buses Acquisition project prior to September 2012.

NEXT STEPS

With approval of the recommendation, we will carry out necessary steps to reprogram SLPP and other affected funds according to the following deadlines and CTC and LACMTA meeting schedules:

June 25, 2012: Deadline to request reprogramming of the SLPP project savings currently estimated from the Canoga project and other SLPP funds from East SFV North/South project to the Transit Buses Acquisition project; and allocation of SLPP funds to the Transit Buses Acquisition project.

August 22-23, 2012: CTC considers our reprogramming and allocation requests for the Transit Buses Acquisition project.

September 27, 2012: Board of Directors considers contract award for the Transit Buses Acquisition project.

June 30, 2013: Deadline under State Proposition 1B ordinance to program and allocate SLPP funds.

We will return to the Board with any follow-up actions necessary to ensure that all SLPP funds available to Los Angeles County projects are programmed, allocated, and expended within the applicable deadlines.

ATTACHMENTS

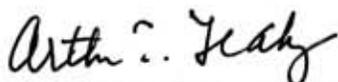
A. Proposed Reprogramming Actions

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Recommendation: Use Orange Line Canoga Savings to Address East San Fernando Valley North/South TCRP Funding Shortfall

Figures in (\$000's)

Project Funding Source\Programming	Current Programming	Proposed Programming	Change
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Canoga

Proposition C 25%	\$72,800	\$43,700 ⁽¹⁾	(\$29,100)
State Proposition 1B SLPP	\$72,800	\$40,300	(\$32,500)
State Proposition 1B PTMISEA	\$70,000	\$70,000	\$0
Total (Construction LOP)	\$215,600	\$154,000	(\$61,600)

Transit Buses

Proposition C 40%	\$16,800	\$28,850	\$12,050
Measure R 35% Bus Capital	\$7,400	\$7,400	\$0
State Proposition 1B SLPP	\$0	\$32,500	\$32,500
State Proposition 1B SLPP (from East N/S)	\$0	\$3,750	\$3,750
State Proposition 1B PTMISEA	\$148,600	\$148,600	\$0
TDA Article 4	\$32,500	\$0	(\$32,500)
TDA Article 4	\$3,750	\$0	(\$3,750)
TDA Article 4	\$40,850	\$28,800	(\$12,050)
CMAQ	\$22,170	\$22,170	\$0
FTA State of Good Repair	\$25,000	\$25,000	\$0
Total	\$297,070	\$297,070	\$0

Metro Bus Operations (Partial)

TDA Article 4	\$0	\$32,500	\$32,500
TDA Article 4	\$0	\$3,750	\$3,750
Proposition C 40%	\$32,500	\$0	(\$32,500)
Proposition C 40%	\$3,750	\$0	(\$3,750)
Total	\$36,250	\$36,250	\$0

East SFV North/South

Proposition C 25%	\$0	\$29,100	\$29,100
Proposition C 40%	\$0	\$32,500	\$32,500
Proposition C 40%	\$0	\$3,750	\$3,750
Measure R 35%	\$68,500	\$68,500	\$0
Local Agency Funds	\$5,000	\$5,000	\$0
Traffic Congestion Relief Program (TCRP) Reimb.	\$600	\$600	\$0
State Proposition 1B SLPP	\$3,750	\$0	(\$3,750)
TCRP - Tier 2	\$92,250	\$29,680 ⁽²⁾	(\$62,570)
Federal - Alternatives Analysis	\$0	\$970	\$970
Total	\$170,100	\$170,100 ⁽³⁾	\$0

Legend: Direct transfer 
 Indirect transfer 

(1) The final amount made available for this transfer will be based on the final cost of the Canoga project after project close-out is completed, including payment of any valid construction claims.

(2) This figure minus \$600,000, which is already allocated, represents the remaining TCRP shortfall.

(3) The total does not include \$1.4 million in TCRP funds expended for a Major Investment Study.