

DUBOIS, KNABE AND NAJARIAN Motion on Item # 24
Amendment to the Unified Cost Management Process and Policy for Measure R Projects

The recommended Amendment adding a new Section 11 to the Unified Cost Management Process and Policy for Measure R Projects correctly identifies certain projects as “regional in nature and not the funding responsibility of the South Bay or Westside subregions. The Section further expands the Regional Facility Area to cover:

“11) A Regional Facility Area has been established, separate from subregional planning areas, which include Los Angeles International Airport (LAX), Burbank Bob Hope Airport, Long Beach Airport, Palmdale Regional Airport; the Ports of Long Beach and Los Angeles; and Los Angeles Union Station. Any capital project cost increases to Measure R funded projects within the boundaries of these facilities are exempt from the corridor and subregional cost reduction requirements of 7(d) and 7(e) above. Cost increases regarding these projects will be addressed from the regional programs share.”

The facilities exempted from the Cost Containment Policy are all truly regional in nature and therefore utilized by most LA County residents (regional airports) or are an integral part of the LA County economy (San Pedro Bay Ports).

This list, however, is less than comprehensive; regional highways and Interstates all have the same regional characteristics that should also exempt them from the Cost Containment Policy - yet are not included on the list. An outstanding example of this is the I-5 which is an international corridor and nationally significant. There are three sets of projects funded by the MTA on the I-5 corridor.

Furthermore the existing, adopted Unified Cost Management Process and Policy for Measure R Projects which was originally written to address transit projects and hastily amended to include highway projects lacks an appropriate methodology or procedure to assure highway costs can be contained. The Unified Cost Management Process and Policy for Measure R Projects was written for Measure R transit projects where the MTA has control over planning, design, environmental clearance and construction. This is not always true with the highway program where Caltrans and the state are often the lead agency and may adopt procedures or rules that increase costs outside of MTA's ability to react.

The policy requires the following steps be made to address costs:

- A. Value engineering and/or scope reductions;
- B. New local agency funding resources;
- C. Shorter segmentation; and,
- D. Other cost reductions within the same transit or highway corridor;
- E. Other cost reductions within the same sub-region; and,
- F. Countywide transit cost reductions and/or other funds will be sought using pre-established priorities, as follows:
 - i. Where applicable, Measure R Transit Capital Subfund Contingency-Escalation Allowance funds (Measure R Expenditure Plan, Page 2 of 4, Line 18); and,
 - ii. Where applicable, Measure R Highway Capital Subfund Contingency-Escalation Allowance funds (Measure R Expenditure Plan, Page 3 of 4, Line 39); and,
 - iii. Where Line 18 is not applicable, the LRTP Near-Term Strategies and Priority Setting Criteria will be followed (Item 9, as Adopted by the Board of Directors in March 2010).

Steps A–E may require the MTA to make funding decisions on a process it does not lead on a project it does not own, leaving subregional funds vulnerable to decisions outside the purview of the MTA Board of Directors.

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THEREFORE, WE MOVE that the MTA Board:

- A. approve the staff recommendation as it pertains to the South Bay COG, Westside and LAX Boundary restoration;
- B. instruct Staff to return to the Board with an analysis of additional regional facilities and projects that fall into the Regional Facilities Planning Area;
- C. if those projects are Interstates, freeways or highways or other state-owned/operated facilities that fall outside of Metro control, instruct Staff to pursue the development of a cost sharing program for overruns including a methodology for both Caltrans, the State of California and MTA to determine a new step-by-step evaluation of project costs against possible resources to address project shortfalls. Shortfalls that cannot be addressed at the project level by value engineering or other measures, such as changes in the scope of the project, will be subject to further collaborative value engineering by the parties involved;
- D. instruct Staff to report back to this Board on a quarterly basis on progress made with these policy revisions beginning in June of 2015; and
- E. approve that highway sub regional funding will not be subject to the Unified Cost Management Process and Policy for Measure R Projects as adopted until an acceptable process is determined.

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