



Metropolitan
Transportation
Authority

One Gateway Plaza
Los Angeles, CA
90012-2952

SUBJECT: RECOMMENDATION TO EXTEND LAPSING BALANCES FOR SURFACE TRANSPORTATION PROGRAM-LOCAL (STP-L) FUNDS RECIPIENTS

ACTION: EXTEND LAPSING DEADLINE FOR CITIES TO OBLIGATE OR TRADE OUTSTANDING STP-L FUND BALANCES

RECOMMENDATION

Allow a six-month extension from March 1, 2001 to September 1, 2001 for all cities with Surface Transportation Program Local (STP-L) lapsing balances to obligate or trade STP-L funds totaling \$916,243 (as shown in Attachment 1).

ISSUE

By notice dated January 9, 2001, MTA staff advised cities that had lapsing STP-L fund balances to obligate or trade the funds to other cities. Out of 89 cities, 74 cities successfully obligated or traded their lapsing balances, totaling \$19,204,473. Of the remaining fifteen cities, eleven cities formally requested a time extension beyond the December 31, 2000 lapsing deadline, totaling \$915,814, and 4 cities were determined as non-responsive, totaling \$429. This extension allows the 15 cities to continue working with Caltrans to process their projects without jeopardizing the lapsing of the cities' STP-L funds. Rather than de-obligating the fund balances for the 4 non-responsive cities, MTA staff has agreed to work with the cities to assist in obligating their fund balances by September 1, 2001.

POLICY IMPLICATIONS

The MTA Board adopted a lapsing policy dated July 24, 1996 and an appeals process for lapsing STP-L fund balances dated November 12, 1998 (see Attachments 2, 3, and 4). MTA staff is in compliance with the Board adopted lapsing and appeals policies. The process is clearly working, but any remaining lapsing funds could be lost to the county if they remain un-obligated.

OPTIONS

As an option, the Board could choose not to extend the STP-L fund balances in the staff recommendation. This would mean that \$916,243 would be de-obligated and reapportioned to all cities within Los Angeles County.

However, there is a risk to de-obligating and reapportioning these funds to Los Angeles County cities. The State of California uses any significant un-obligated STP-L balances to justify not increasing regional shares of federal transportation subventions. STP-L funds are federally authorized transportation funds that are apportioned to the states. De-obligating these funds back to the State of California may send a message to the federal government that transportation funds are not needed in the Los Angeles County region.

FINANCIAL IMPACT

There is no financial impact to the current MTA budget, as STP-L funding is regional funding that is allocated to cities in Los Angeles County by formula. Administration of STP-L funds is part of the MTA's regional programming responsibility.

BACKGROUND

In December 2000, MTA staff forwarded letters to cities advising them of the status of their STP-L balances. MTA staff also forwarded letters advising fifteen cities to appeal, in writing, to justify extending their lapsing fund balances. Of the fifteen cities with lapsing balances, four cities did not submit appeal letters. The four cities are: La Habra Heights, San Dimas, Signal Hill, and Vernon. The Board-adopted appeals process allows the opportunity for a six-month lapsing extension, if any city, for reasons beyond its control, could not fully obligate the lapsing balance by the September 30, 2000 deadline (see Attachment 4). This process permits exceptions for those cities that have made reasonable efforts to obligate their STP-L fund balances in a timely manner, within the three-year obligation period. This process also allows those cities to fully obligate their lapsing balances within the six-month extension. STP-L funds were considered for lapsing if cities did not act timely and appropriately to insure obligation or trades.

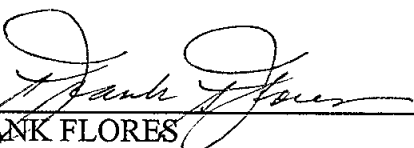
The Federal Highway Administration (FHWA) looks to states with high un-obligated balances of STP funds (of which STP-L is a subset) as justification for lapsing and/or reducing future apportionments to states that cannot obligate the funds on a timely basis. The State is very concerned about the accumulating higher un-obligated balances statewide, and Caltrans is looking at Los Angeles County's un-obligated balance of lapsing funds as a potential source of federal funds to redistribute to ready-to-go projects outside of Los Angeles County.

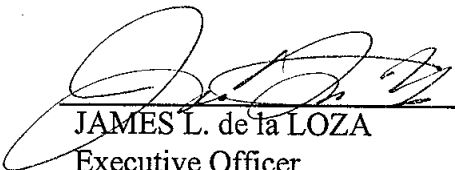
In an effort to respond to Los Angeles County cities' need for additional transportation funds, the MTA established the STP-L Spend-Ahead Program. This program allows local agencies within Los Angeles County to advance the cities' STP-L allotment for the next two years (TEA-21 federal apportionment ending in FY 2003) for completion of local transportation projects. Since the adoption of the STP-L Spend-Ahead Program in FY 2000, eleven cities have taken advantage of the program: Agoura Hills, Avalon, Beverly Hills, Burbank, Hermosa Beach, Industry, Irwindale, Lancaster, West Covina, and Westlake Village. As a result, only \$78.7 million in STP-L funds remain in the TEA-21 federal apportionment program.

Technical Advisory Committee Recommendations

At the February 7, 2001, MTA Technical Advisory Committee (TAC) meeting, cities recommended for de-obligation of STP-L funds balance had one opportunity to appeal to this committee. No appeals were presented. TAC approved a motion recommending the lapsing of all cities that did not appeal directly to TAC. With that motion, TAC concurred with the MTA staff recommendation to extend the deadline for 11 cities with lapsing balances to September 1, 2001, and de-obligate the lapsing balances from the following four non-responsive cities, if necessary.

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Attachments (4)

Attachment 1: Staff Recommendations for Cities Recommended for 6-Month Extension of Lapsing Balances.

Attachment 2: MTA Lapsing Policy for Surface Transportation Local Funds

Attachment 3: Lapsing Process for Surface Transportation Program Local funds

Attachment 4: Justifications For Appeal Of Surface Transportation Program - Local (STP-L) Lapsing Policy

STP-L 2000/01 STAFF RECOMMENDATION

Updated 01-06-01 AGENCY	STP-L APPORTIONMENT			FUNDS SUBJECT TO LAPSE (As of 9/30/00)	TOTAL OBLIGATED AMOUNT As of 02/28/01	TOTAL LAPSING AMOUNT As of 02/07/01	REASON	OBLIGATION STATUS	STAFF RECOMMEND	EXTENSION DEADLINE
	Estimated "Spend Ahead" FY 02 & FY 03	OBLIGATED AMOUNT	UNOBLIGATED BALANCE (July 1, 2000)							

RECOMMEND EXTENSION OF FY 2000-01 STP-L LAPSING BALANCE TO SEPTEMBER 1, 2001

LA HABRA HEIGHTS	\$41,648	\$140,191	\$62,627	\$61	\$ -	\$61	Agency willing to lapse fund	Extended	Extension	01-Sep
SAN DIMAS	\$226,444	\$862,961	\$339,184	\$111	\$ -	\$111	No response	Extended	Extension	01-Sep
SIGNAL HILL	\$56,834	\$195,657	\$83,897	\$9	\$ -	\$9	No response	Extended	Extension	01-Sep
VERNON	\$514	\$2,181	\$1,037	\$258	\$ -	\$258	No response	Extended	Extension	01-Sep
TOTALS	\$323,440	\$1,200,990	\$486,645	\$429	\$0	\$429				
4 Total Cities Recommended for Extension of FY 2000 Lapse Balances										

RECOMMEND EXTENSION OF FY 2000-01 STP-L LAPSING BALANCE TO SEPTEMBER 1, 2001

AGENCY	Estimated "Spend Ahead" FY 02 & FY 03	OBLIGATED AMOUNT	UNOBLIGATED BALANCE (July 1, 2000)	FUNDS SUBJECT TO LAPSE (As of 9/30/00)	TOTAL OBLIGATED AMOUNT As of 02/28/01	TOTAL LAPSING AMOUNT As of 02/07/01	REASON	(See Lapsing Policy)		
								OBLIGATION STATUS	STAFF RECOMMEND	EXTENSION DEADLINE
ARCADIA	\$325,944	\$945,971	\$761,020	\$271,707	\$27,090	\$244,617	Experienced delays beyond the agency's control.	Extended	Extension 3	01-Sep
BELLFLOWER	\$412,260	\$1,198,382	\$892,841	\$272,560	\$66,398	\$206,162	Previously obligated funds towards project. Requires balance.	Extended	Extension 6	01-Sep
CALABASAS	\$123,436	\$338,842	\$244,367	\$60,273	\$ -	\$60,273	Requires more than 3-years STP-L funding for identified project.	Extended	Extension 2	01-Sep
CUDAHY	\$156,030	\$834,872	\$259,870	\$26,377	\$ -	\$26,377	Requires more than 3-years STP-L funding for identified project.	Extended	Extension 2	01-Sep
LA CANADA FLINTRIDGE	\$127,360	\$176,923	\$255,479	\$63,870	\$ -	\$63,870	Requires more than 3-years STP-L funding for identified project.	Extended	Extension 2	01-Sep
LAWDALE	\$186,210	\$554,230	\$374,789	\$93,996	\$88,105	\$5,891	Requires more than 3-years STP-L funding for identified project.	Extended	Extension 2	01-Sep
MALIBU	\$80,278	\$266,987	\$119,783	\$440	\$ -	\$440	Requires more than 3-years STP-L funding for identified project.	Extended	Extension 2	01-Sep
MAYWOOD	\$183,494	\$630,490	\$296,918	\$20,609	\$ -	\$20,609	Requires more than 3-years STP-L funding for identified project.	Extended	Extension 2	01-Sep
MONTEBELLO	\$392,340	\$1,244,057	\$730,970	\$140,607	\$ -	\$140,607	Requires funding commitment for ROW activities from Caltrans.	Extended	Extension 3	01-Sep
PALOS VERDES ESTATES	\$89,032	\$277,056	\$162,356	\$28,806	\$ -	\$28,806	Requires more than 3-years STP-L funding for identified project.	Extended	Extension 2	01-Sep
WEST HOLLYWOOD	\$234,800	\$1,955,173	\$471,639	\$118,162	\$ -	\$118,162	Experienced delays beyond the agency's control.	Extended	Extension 3	01-Sep
TOTALS	\$2,311,184	\$8,422,982	\$4,570,042	\$1,097,407	\$181,593	\$915,814				
11 Total Cities Recommended for Extension of FY 2000 Lapse Balances										

Total Lapsing Balance: \$ 916,243

STP-L 2000/01 STAFF RECOMMENDATION

Updated 01-05-01	STP-L APPORTIONMENT			FUNDS SUBJECT TO LAPSE (As of 9/30/00)	TOTAL OBLIGATED AMOUNT As of 02/28/01	TOTAL LAPSING AMOUNT As of 02/07/01	REASON	OBLIGATION STATUS	STAFF RECOMMEND	EXTENSION DEADLINE
	Estimated "Spend Ahead" FY 02 & FY 03	OBLIGATED AMOUNT	UNOBLIGATED BALANCE (July 1, 2000)							

AGENCIES THAT SUCCESSFULLY OBLIGATED FY 2000-01 STP-L LAPSING BALANCE

AGENCY	Estimated "Spend Ahead" FY 02 & FY 03	OBLIGATED AMOUNT	UNOBLIGATED BALANCE (July 1, 2000)	FUNDS SUBJECT TO LAPSE (As of 9/30/00)	TOTAL OBLIGATED AMOUNT As of 02/28/01	TOTAL LAPSING AMOUNT As of 02/07/01	REASON	OBLIGATION STATUS	STAFF RECOMMEND	EXTENSION DEADLINE
AVALON	\$21,790	\$61,493	\$43,492	\$10,831	\$65,282	\$0	PR2A approval expected from Caltrans by 11-15	Obligated	No Lapse	NA
BALDWIN PARK	\$466,376	\$1,634,197	\$713,777	\$13,502	\$424,058	\$0	E-76 approved.	Obligated	No Lapse	NA
BELL	\$229,870	\$858,586	\$395,001	\$49,200	\$406,300	\$0	Received Coop agreement from County	Obligated	No Lapse	NA
BEVERLY HILLS	\$211,864	\$573,829	\$465,867	\$148,156	\$ 888,300	\$0	E-76 project approved.	Obligated	No Lapse	NA
BRADBURY	\$5,854	\$16,375	\$11,487	\$2,818	\$17,100	\$0	Coop Agreement with LA County	Obligated	No Lapse	NA
CARSON	\$562,556	\$2,298,334	\$1,126,460	\$281,772	\$1,045,062	\$0	Received Coop agreement from County	Obligated	No Lapse	NA
COMPTON	\$591,528	\$2,740,887	\$1,186,489	\$297,011	\$ 1,118,619	\$0	E-76 project approved.	Obligated	No Lapse	NA
CULVER CITY	\$258,342	\$1,343,660	\$448,290	\$60,484	\$ 318,708	\$0	E-76 project approved	Obligated	No Lapse	NA
DOWNEY	\$816,276	\$1,738,979	\$1,213,163	\$285,236	\$477,097	\$0	E-76 received 8-16.	Obligated	No Lapse	NA
DUARTE	\$138,828	\$430,465	\$259,817	\$51,078	\$247,883	\$0	E-76 received 8-22.	Obligated	No Lapse	NA
EL MONTE	\$724,320	\$2,416,201	\$1,309,918	\$222,531	\$1,186,302	\$0	E-76 received 5-18-00	Obligated	No Lapse	NA
GLENDORA	\$324,738	\$964,064	\$651,879	\$163,223	\$418,200	\$0	Received Coop Agreement from County (Tim Bazinet).	Obligated	No Lapse	NA
HERMOSA BEACH	\$118,808	\$470,601	\$235,902	\$57,759	\$353,902	\$0	E-76 received 8-30.	Obligated	No Lapse	NA
HIDDEN HILLS	\$12,374	\$41,288	\$24,540	\$6,034	\$6,034	\$0	Transfer agreement with L.A. City	Obligated	No Lapse	NA
HUNTINGTON PARK	\$383,890	\$1,101,556	\$824,049	\$245,825	\$305,000	\$0	Coop Agreement with LA County received 9-25	Obligated	No Lapse	NA
INGLEWOOD	\$730,356	\$3,100,429	\$1,426,198	\$324,564	\$354,120	\$0	E-76 received 8-21-00	Obligated	No Lapse	NA
IRWINDALE	\$7,244	\$20,437	\$14,559	\$3,653	\$22,000	\$0	Coop Agreement with LA County signed on 9-28.	Obligated	No Lapse	NA
LA MIRADA	\$301,196	\$997,867	\$449,451	\$4	\$199,128	\$0	Coop Agmt approved by LA County+ X52	Obligated	No Lapse	NA
LA PUENTE	\$254,720	\$815,265	\$464,577	\$81,079	\$ 128,279	\$0	Coop Agreement with LA County	Obligated	No Lapse	NA
LA VERNE	\$210,054	\$581,905	\$416,900	\$103,491	\$ 332,186	\$0	E-76 project approved	Obligated	No Lapse	NA
LOMITA	\$126,454	\$379,726	\$254,335	\$63,795	\$382,200	\$0	Coop Agreement received 9-25	Obligated	No Lapse	NA
LONG BEACH	\$2,782,076	\$8,516,718	\$5,761,541	\$1,805,267	\$2,483,266	\$0	Received several E-76.	Obligated	No Lapse	NA
MONTEREY PARK	\$406,826	\$1,131,120	\$889,220	\$278,145	\$715,573	\$0	E-76 received 4-21-00.	Obligated	No Lapse	NA
NORWALK	\$630,782	\$3,175,471	\$1,179,499	\$229,814	\$232,790	\$0	E-76 approved.	Obligated	No Lapse	NA
PALMDALE	\$738,808	\$1,841,579	\$1,441,487	\$339,220	\$590,605	\$0	E-76 received 7-28.	Obligated	No Lapse	NA
PASADENA	\$868,582	\$2,515,082	\$2,022,990	\$715,482	\$1,487,303	\$0	E-76 received 8-14.	Obligated	No Lapse	NA
POMONA	\$891,518	\$4,010,292	\$1,424,597	\$88,067	\$148,728	\$0	E-76 approved.	Obligated	No Lapse	NA
ROLLING HILLS	\$12,484	\$36,366	\$25,077	\$6,285	\$18,809	\$0	Transferred to Rolling Hills Estate 9-25.	Obligated	No Lapse	NA
ROSEMEAD	\$345,864	\$1,645,727	\$694,087	\$174,015	\$ 184,884	\$0	E-76 approved.	Obligated	No Lapse	NA
SAN FERNANDO	\$149,090	\$523,542	\$241,057	\$16,425	\$ 246,113	\$0	E-76 project approved	Obligated	No Lapse	NA
SAN GABRIEL	\$251,098	\$916,444	\$502,702	\$125,386	\$ 177,746	\$0	E-76 approval expected by December	Obligated	No Lapse	NA
SAN MARINO	\$84,504	\$221,303	\$169,187	\$41,804	\$ 178,831	\$0	E-76 approved.	Obligated	No Lapse	NA
SOUTH GATE	\$575,232	\$2,486,939	\$1,094,947	\$228,931	\$ 670,950	\$0	E-76 project approved	Obligated	No Lapse	NA
TEMPLE CITY	\$209,752	\$726,500	\$315,508	\$0	\$ -	\$0	Error in database revised to show no lapsing.	Data Error	No Lapse	NA
TORRANCE	\$889,708	\$3,282,872	\$1,844,034	\$505,993	\$ 3,181,186	\$0	E-76 project approved.	Obligated	No Lapse	NA
WALNUT	\$200,396	\$1,175,697	\$343,420	\$41,929	\$41,929	\$0	Lapsing amount transferred to La Verne	Obligated	No Lapse	NA
WESTLAKE VILLAGE	\$51,910	\$185,013	\$102,865	\$24,876	\$ 150,000	\$0	E-76 project approved	Obligated	No Lapse	NA
TOTALS	\$15,364,658	\$55,974,609	\$29,988,369	\$6,893,685	\$19,204,473	\$0				
37	Agencies That Have Successfully Obligated FY 2000 Lapse Balances									

52	Total Cities with Lapsing Balances as of 7/1/00									
TOTAL	\$17,999,282	\$65,598,581	\$35,045,056	\$7,991,521	\$19,386,066					

Successful Obligations

Attachment 2

MTA LAPSING POLICY FOR SURFACE TRANSPORTATION PROGRAM LOCAL FUNDS

Adopted July 24, 1996

*Amended November 12, 1998**

To encourage the timely use of funds and prompt completion of projects, federal Surface Transportation Program Local (STP-L) funds are subject to the following lapsing policy:

*Local Agencies must obtain obligation of STP-L funds from Caltrans, the Federal Highway Administration or the Federal Transit Administration (FTA) within three (3) years from October 1 of the fiscal year in which the funds are apportioned. The MTA will lapse STP-L funds not obligated within three years and reprogram such funds using the STP-L allocation formula**

STP-L funds apportioned in FY 1997-98 and prior years shall lapse on September 30, 2000.

STP-L funds apportioned in FY 1985-99 and prior years shall lapse on September 30, 2001.

STP-L funds apportioned in FY 1999-00 and prior years shall lapse on September 30, 2002.

STP-L funds apportioned in FY 2000-01 and prior years shall lapse on September 30, 2003.

FY 1996-97 is the last year of the federal Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) that created the STP funding program.

Any STP-L funds apportioned in later years as a result of the reauthorization of ISTEA (the Transportation Equity Act for the 21st Century or "TEA-21") and continuation of the STP-L program shall be subject to this same STP-L lapsing policy.

Attachment 3

**LAPSING PROCESS FOR
SURFACE TRANSPORTATION PROGRAM-LOCAL FUNDS**

- 1. MTA STAFF DETERMINES FINAL BALANCES SUBJECT TO LAPSE.**
- 2. MAIL NOTICES TO RELEVANT AGENCIES.**
- 3. MTA STAFF RECEIVES APPEALS AND MAKES RECOMMENDATIONS.**
- 4. MTA TECHNICAL ADVISORY COMMITTEE RECEIVES STAFF RECOMMENDATIONS AND DIRECTS A RESPONSE TO THE MTA BOARD, IF NECESSARY.**
- 5. MTA STAFF PRESENTS RECOMMENDATIONS TO MTA BOARD.**
- 6. MTA STAFF REALLOCATES ANY LAPSED FUNDS BACK THROUGH THE STP-L ALLOCATION FORMULA.**

Attachment 4

JUSTIFICATIONS FOR APPEAL OF SURFACE TRANSPORTATION PROGRAM - LOCAL (STP-L) LAPSING POLICY

The following reasons are justifications for not lapsing STP-L funds:

1. The Local Agency was misinformed that it did not have funds subject to lapse as part of the most recent Annual Lapsing Packet as provided by the MTA.
2. The Local Agency has a project that requires more than three years worth of STP-L to complete. The preferable way to document this is to have obtained preliminary engineering (PE) authorization from Caltrans for the project. Other methods of documenting commitment to a large project include inclusion in an approved local agency Capital Improvement Program or having formal and explicit Council action identifying the reservation for a specific project.
3. The Local Agency project (in environmental or right-of-way phases) has experienced delays due to litigation exceeding one year on the project that will use all of the potential lapsing funds being appealed, or the local agency has experienced delays beyond their control (e.g., review time by Caltrans).
4. The funds subject to lapse represent a residual amount that has been returned to the Local Agency's account upon completing an STP-L project. However, the funds must be returned within the 12 months before the end of the federal fiscal year in which the funds are subject to the MTA Lapsing Policy. For example, a Local Agency having scheduled a project in the third year of its program obligates \$200,000 for the project. The project costs only \$100,000; therefore, \$100,000 remains and is available to the Local Agency with less than one year before it is subject to the MTA Lapsing Policy. This would give the Local Agency an opportunity to develop a new project on which to use the remaining funds.
5. The Local Agency previously obligated funds towards a particular phase of the project, and it needs to use the lapsing part to continue the next phase.
6. The MTA determines that is in the best interests of Los Angeles County not to lapse STP-L funds.

To receive a waiver from the STP-L Lapsing Policy, the MTA will require that a Local Agency obligate funds within 6 months after the effective date of the waiver.