



**Metro**


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**MAY 23, 2018**

**TO: BOARD OF DIRECTORS**

**THROUGH: PHILLIP A. WASHINGTON**   
**CHIEF EXECUTIVE OFFICER**

**FROM: THERESE W. MCMILLAN**   
**CHIEF PLANNING OFFICER**

**SUBJECT: SENATE BILL 1 (SB-1) DISCRETIONARY PROGRAM AWARDS**

**ISSUE**

On April 26, 2018, the California State Transportation Agency (CalSTA) announced the award of \$1,088 million for Metro projects through the discretionary Transit and Intercity Rail Capital Program (TIRCP) that is funded by Senate Bill 1 (SB-1) and the Cap and Trade Program. On May 16, 2018, the California Transportation Commission (CTC) awarded \$703 million to Metro through the discretionary Local Partnership, Solutions for Congested Corridors, and Trade Corridor Enhancement programs that are also funded by SB-1. The combined Metro funding award of \$1,792 million represents 26% of the total funds available across these programs in this first SB-1 cycle. Attachment A shows the Metro SB-1 Project Funding Awards. Each project Metro submitted for funding consideration received an award from CalSTA or the CTC. Metro is grateful to CalSTA and the CTC for their partnership in addressing many of the highest priority mobility needs in California and supporting Metro's implementation of Measure M.

**DISCUSSION**

The award of nearly \$1,792 million in discretionary grants was the culmination of a year's work, following the enactment of SB-1 on April 28, 2017. The CTC set a brisk pace by kicking off guidelines discussions in June, 2017. Staff participated avidly in those discussions, while preparing the Board for the application process. The September 2017 Board item titled "State and Federal Transportation Funding Programs"<sup>1</sup> established an initial implementation strategy for SB-1 and an Evaluation Criteria Framework for selecting projects to carry out the strategy. The Board approved a contract for grant writing assistance and staff made a great effort alongside the

<sup>1</sup> <https://boardagendas.metro.net/board-report/2017-0546/>

consultants to develop and submit the applications by the program due dates in January and February 2018.

Successfully securing a strong share of these competitive grant awards made by CalSTA and CTC for Los Angeles County required Metro to establish a strategic regional program of project priorities, develop a highly competitive slate of candidate project applications and facilitate a robust stakeholder outreach effort. The remaining challenge for Metro will be to implement the projects successfully in order to draw down this funding. Staff is now preparing content for two reports for action by the Board in summer 2018 to help set up the resources and procedures to ensure successful project delivery, including the following:

#### SB-1 Accountability Measures

In March 2018 the CTC adopted rigorous new SB-1 Accountability Guidelines to ensure strong commitment from sponsors on costs and schedules, and a high degree of transparency through regular reporting. The guidelines require SB-1 project awards to be documented by baseline agreements within four months of award adoption (by September 2018). If schedule delay occurs, there are limited opportunities to extend the grant funds. Lengthy delays could result in forfeited SB-1 grants. If cost overruns occur, Metro as the project sponsor will be responsible for any additional funds required. Staff will seek Board approval to establish any necessary policies and procedures to ensure timely and fiscally-constrained project delivery.

#### TIRCP Multiyear Funding Agreement and Project Delivery

CalSTA's grant award includes the approval of a \$758 million multi-year funding agreement. This agreement must be implemented in cooperation with the CTC to allocate the funds during Fiscal Year (FY) 23/24- FY 27/28. It would operate similar to a federal Full Funding Grant Agreement. Accordingly, we would receive approval for allocations and implement the projects on a reimbursement basis with the understanding that receipt of future state revenue is dependent on legislative appropriation and/or receipt of program SB-1 revenue or Cap and Trade auction proceeds. The state would not be responsible for any borrowing, cost overruns, or other costs. CalSTA will program and the CTC will allocate funding to the projects only if they are fully funded from a combination of TIRCP and other committed funding. The CTC will not allocate funds for design, right-of-way, or construction prior to documentation of environmental clearance.

**Implications for Metro's Capital Program** – Full implementation of the Measure R and Measure M Expenditure Plans, the Long Range Transportation Plan, as updated, and other Board-approved projects and programs requires a portfolio of federal funding, state funding (such as the SB-1 and Cap and Trade revenues making up the awards we have just received) and other funding sources to leverage and complement our local sales tax funding. Staff will incorporate the SB-1 grant awards into the funding plans for the respective projects. The allocation of SB-1 awards to projects, including those for TIRCP, will be identified as part of the Short Range Financial Forecast that will be submitted for the June 2018 Board cycle.

#### **NEXT STEPS**

- June 2018 Board Report – Short Range Financial Forecast
- July 2018 Board Report – SB-1 Accountability Measures
- September 2018 – Execution of Baseline Agreements

#### **ATTACHMENTS**

Attachment A – SB-1 Discretionary Funding Awarded to Los Angeles Metro Projects

## SB-1 Discretionary Funding Awarded to Los Angeles Metro Projects

(\$ millions, year of expenditure)

Project Funding Awards/Recommendations by Program	Notes	Board Priority	Total Project Cost	Funding Request	Award
<b>1 Transit and Intercity Rail Capital Program (TIRCP)</b>	<b>1</b>				
2 Gold Line Foothill Light Rail Extension to Montclair		1	\$1,486.9	\$290.2	\$1,076.5
3 East San Fernando Valley Transit Corridor		2	\$1,563.0	\$300.0	
4 West Santa Ana Light Rail Transit Corridor		3	\$1,250.2	\$300.0	
5 Green Line Light Rail Extension to Torrance		4	\$1,167.3	\$231.3	
6 Orange/Red Line to Gold Line BRT Connector		5	\$267.0	\$50.0	
7 Vermont Transit Corridor		6	\$524.2	\$250.0	
8 Network Integration Opportunities	2	N/A	N/A	N/A	\$7.0
<b>9 Program Total Awards</b>			<b>\$6,258.6</b>	<b>\$1,421.5</b>	<b>\$1,088.5</b>
<b>10 Trade Corridor Enhancement Program (TCEP)</b>					
11 Interstate 5 Golden State Chokepoint Relief Project		1	\$539.2	\$247.0	\$247.0
12 America's Global Freight Gateway: Southern California Rail		2	\$1,039.8	\$184.0	\$128.6
13 Interstate 605/State Route 91 Interchange Improvement: Gateway Cities Freight Crossroads Project		3	\$187.8	\$90.0	\$32.0
14 State Route 71 Freeway Conversion Project		4	\$175.5	\$44.0	\$44.0
15 SR-57/60 Confluence: Chokepoint Relief Program	3	N/A	\$288.6	\$180.0	\$22.0
<b>16 Program Total Awards</b>			<b>\$2,230.9</b>	<b>\$745.0</b>	<b>\$473.6</b>
<b>17 Local Partnership Program (LPP)</b>					
18 Airport Metro Connector 96th Street Transit Station Project	4	1	\$525.2	\$150.0	Funded in SCCP
19 Metro Orange Line Bus Rapid Transit Improvements Project		2	\$320.0	\$80.0	\$75.0
20 State Route 71 Freeway Conversion Project	4	3	\$175.5	\$44.0	Funded in TCEP
21 La Cañada Flintridge Soundwalls Project		4	\$10.7	\$5.0	\$5.0
<b>22 Program Total Awards</b>			<b>\$1,031.4</b>	<b>\$279.0</b>	<b>\$80.0</b>
<b>23 Solutions for Congested Corridors Program (SCCP)</b>					
24 Airport Metro Connector 96th Street Transit Station Project		1	\$525.2	\$150.0	\$150.0
25 East San Fernando Valley Transit Corridor	4	2	\$1,563.0	\$300.0	Funded in TIRCP
26 Metro Orange Line Bus Rapid Transit Improvements Project	4	3	\$320.0	\$80.0	Funded in LPP
27 Interstate 5 Golden State Chokepoint Relief Project	4	4	\$539.2	\$247.0	Funded in TCEP
<b>28 Program Total Awards</b>			<b>\$2,947.4</b>	<b>\$777.0</b>	<b>\$150.0</b>
<b>29 GRAND TOTAL (Eliminating Duplicate Applications)</b>				<b>\$2,401.5</b>	<b>\$1,792.1</b>

**Notes:**

1. CalSTA did not make project specific awards. Staff will present to the Board for adoption a project specific assignment of these funds in June 2018.
2. Additional funding award provided by CalSTA to address network integration opportunities with other rail and transit systems
3. Project with application submitted directly by Caltrans
4. Project receiving funding in other discretionary program category with duplicate application