

South Bay Cities Council of Governments

July 24, 2014

TO: SBCCOG Board of Directors
FROM: Measure R SBHP Oversight Committee
SUBJECT: SBHP Project Deferral and Funding Deobligation

ADHERENCE TO STRATEGIC PLAN:

Goal A: Environment, Transportation and Economic Development. Facilitate, implement and/or educate members and others about environmental, transportation and economic development programs that benefit the South Bay.

BACKGROUND

After three years of funding projects, several of the projects still do not have executed funding agreements or have not reported any recent project activity or progress. It is important that the SBCCOG does not let the funds in the SBHP stagnate if there are active projects that could be funded. Therefore, a deferral/deobligation process was initiated to review the existing projects for which there is no activity or no reporting. Not only is this process meant to remove inactive projects from our list but also it is a way to understand the available funding for new projects in each of the next six years covered by the upcoming SBCCOG Budget Request to Metro.

MEASURE R COMMITTEE DELIBERATIONS

At the July Measure R Committee, 14 projects were on the agenda for deferral/deobligation review. Before the meeting, the status of two of those projects was resolved and they were removed from the list. Of the 12 remaining projects, most of them were on the list due to the fact that the SBCCOG had received no recent monthly or quarterly reports and therefore could not verify that they were on budget and schedule and in compliance with their funding agreements. A few projects will require a funding agreement with Metro or an amendment to the existing funding agreement due to changes in the cost and schedule.

At the meeting when the Measure R Committee reviewed each project, one additional project was removed from the list as being in compliance. The remaining 11 are shown in more detail in the exhibit attached to this memo. A summary of their status is as follows:

DEOBLIGATIONS – total \$7,400,000

1. \$7,000,000 - SBCCOG initiated the project and staff recommended it for deobligation due to lack of agency consensus on a lead agency. (It should be noted that SBCCOG will continue to work with cities using \$100,000 of study funds to try to resolve this issue)
2. \$400,000 - Redondo Beach had one project in which the cost has been reduced.

REQUIREMENT TO MEET REPORTING PROVISIONS OF FUNDING AGREEMENT

Eight projects will be removed from the deferral/deobligation list if they submit by July 23 current complete and accurate monthly and/or quarterly reports that document the project will be completed before the funds in their funding agreement expire. Those projects for which the reports have been submitted by the July 23 deadline will be recommended for removal from the list at the July 24, 2014 SBCCOG Board meeting. One additional project is being required to send the SBCCOG a letter by July 23 to formally request funding allocation changes that do not change the final completion date in the project's funding agreement.

REQUIREMENT TO SUBMIT NEW OR AMENDED FINAL NEGOTIATED FUNDING AGREEMENT TO METRO

There are three projects are in this category. There is one additional project which has not been reporting and may be in need of an amended funding agreement which will be determined if and when they provide the required reporting by July 23.

For these 3 (or 4) projects, they were given until August 15 to submit their final negotiated funding agreements to Metro for processing. Should that not happen, the recommendation is that their funds be de-obligated. The final disposition of these projects will be reported at the August 28 Board meeting.

Once adjustments to the annual funding amounts are known, project funding schedules for the remaining active projects can be adjusted within the six year period and new projects can be slotted into the SBHP. The new projects will also include candidate projects for which the minimum local match of SBHP Measure R funds is scheduled to be committed by the SBCCOG in October 2014 for 2015 Metro Call for Projects applications to be submitted in January 2015.

SBCCOG RESPONSIBILITY

The SBCCOG assists South Bay Highway Program lead agencies to deliver projects on a timely basis to avoid Metro suspension or termination of a funding agreement. Although the SBCCOG is not a party to the funding agreement between Metro and the lead agency for an SBHP project, the SBCCOG has a cooperative agreement with Metro to function as an administrative agent of Metro.

To assist Metro and the Lead Agencies to comply with the applicable provisions of their funding agreement for SBHP projects, the SBCCOG has initiated a "deferral / deobligation" process with the following three objectives:

1. To ensure that a funding agreement between Metro and the Lead Agency has been executed for each SBHP project that accurately represents the lead agency's intended scope, schedule and budget consistent with the most recently approved SBCCOG SBHP Metro Budget Request ;
2. To ensure that project Metro / lead agency Funding Agreement is executed before the end of the first fiscal year in which SBHP funds are available and the lead agency submits monthly progress reports and quarterly expense reimbursement reports in a timely fashion that describe project the need for scope or budget changes, and delays / recovery strategies that will allow the project to be completed before the funding agreement expires; and

3. To adjust active Lead Agency project scopes, project schedules and project budgets as needed in the six-year SBCCOG SBHP Budget Request Update to ensure that all available annual Measure R SBHP Metro Budget Request allocations are committed to eligible projects that are progressing in a timely manner.

The Measure R Budget Request is also used to accommodate changes in the current project scopes, schedules, and funding allocations, to close out completed projects, and to add new projects to the six-year funding program. The SBCCOG has two opportunities each fiscal year (in March and December) to request that the SBHP Measure R Budget Request be modified by Metro. The next request covering FY 2015 through FY 2021 must be submitted to Metro in December 2014 so that the Metro Board can incorporate the funding in its upcoming FY2014-15 capital budget by March 2015.

Exhibit 1 provides a spreadsheet of projects being considered for deobligation with the Measure R Oversight Committee recommendations as of July 9, 2014.

RECOMMENDATION

The Measure R Oversight Committee recommends that:

1. \$7,400,000 be deobligated from 2 projects (\$7,000,000 – SBCCOG; \$400,000 – Redondo Beach)
2. Projects that remain delinquent in submitting updated monthly and/or quarterly reports as of close of business of July 23 are recommended for deobligation. The status of this requirement will be reported at the meeting.
3. Projects that need a new or amended funding agreement will have until August 15 to submit a final and complete negotiated documents to Metro. Should they not meet this deadline, they will be deobligated. At the August 28 Board meeting a report on compliance will be provided.

South Bay Cities Council of Government

July 24, 2014

TO: SBCCOG Board of Directors

FROM: Jacki Bacharach, Executive Director
Steve Lantz, Transportation Manager

SUBJECT: Measure R South Bay Highway Program (SBHP) Project Deferral
And Funding De-obligation

ADHERENCE TO STRATEGIC PLAN:

Goal A: Environment, Transportation and Economic Development. Facilitate, implement and/or educate members and others about environmental, transportation and economic development programs that benefit the South Bay.

BACKGROUND

SBCCOG staff has been working with Measure R SBHP lead agencies during the past three months to avoid deferral of SBHP projects and de-obligation of SBHP funding. Eighteen projects were initially identified as candidates for de-obligation of their funds due to a lack of required monthly and quarterly reports or failure to timely execute a funding agreement for the project between Metro and the lead agency. As of July 23, 2014, all required monthly and quarterly reports have been updated. In addition, with one exception, sufficient progress has been made on the execution of all funding agreements to provide assurance that the scope, schedule and budgets will be agreed to by Metro and the lead agency before the August 15, 2014 deadline set by the SBCCOG.

The one funding agreement that will not be executed by August 15, 2014 is for the SBCCOG Intelligent Transportation System Plan project. The SBCCOG was allocated \$7 million to develop and implement the South Bay Intelligent Transportation System (ITS) Plan in South Bay Highway Program beginning in FY 13-14. To date, no agency has agreed to undertake the implementation program and there is no known opposition to de-obligating the initially-envisioned \$7 million implementation plan.

Several agencies are supportive of a smaller project study with a less ambitious initial scope. To date, deliberations between L. A. Metro, L. A. County Department of Public Works, the City of Los Angeles, Caltrans, SBCCOG staff and other South Bay jurisdictions have focused on determining the scope, schedule and budget for an initial project development study that would define the baseline technology needs, gaps in the current sub-regional traffic monitoring, signal synchronization and traveler information systems, and the analytical resources needed to measure effectiveness of ITS and to be used in approving future ITS implementation projects.

Metro has agreed to procure and manage a consultant to undertake the initial study but cannot issue a contract notice to proceed until the SBCCOG Board approves funding for the study. Staff expects to return to the Measure R Oversight Committee and Board in August with a recommendation to invest a portion of the savings from ITS Plan de-obligation to fund the study.

RECOMMENDATION

Consistent with Measure R Oversight Policy, the Committee recommends Board approval of a deferral of the ITS South Bay ITS Plan project and de-obligation of the \$7 million in South Bay Highway Program funding that was previously approved by the SBCCOG and Metro.