

SOUTH BAY CITIES COUNCIL OF GOVERNMENTS

INFRASTRUCTURE WORKING GROUP (IWG)

Wednesday, February 12, 2020 - Public Meeting

NOTE LOCATION AND START TIME:

Blue Water Grill

665 North Harbor Drive
Redondo Beach 90277

11:30 A. M. to 1:30 P. M.

Future IWG meetings open to the public are scheduled to be held:

March 11, 2020 April 8, 2020 May 13, 2020 June 10, 2020

Lunch, including beverage and tip, is available at a cost of **\$35.00** per person and must be paid in cash. **No credit cards.** Payment will be collected during the meeting. To ensure adequate food and seating for everyone, please RSVP your attendance and whether you will be purchasing lunch by close of business, Monday, February 10, 2019 to David Leger at: DavidL@southbaycities.org

- 11:30 a. m. IWG Social and Order Lunch**
- 12:00 p. m. Self-Introductions & Approval of January 8, 2020 IWG/TOWG Joint Meeting Notes (Attachment A)**
- 12:05 p. m. Evaluation of Applications Submitted for FY 20-21 Metro Budget Request (Attachment B)**
- 12:45 p. m. Measure R SBHP Transfer Program (SBHP-TP) Update**
- 12:50 p. m. Spotlight Presentation: Optimization in Asphalt Pavement Preservation and Rehabilitation, Shawn Ariannia, President, Geo-Advantec, Inc.**
- 1:20 p. m. Annual Performance Evaluation Report (Attachment C, to be distributed separately)**
- 1:25 p. m. 3-Month Look Ahead (Attachment D)**
- 1:30 p. m. Announcements / Adjournment**

NOTE: *To include an item on the March 11th agenda, e-mail to lantzsh10@gmail.com by March 2, 2020.*

THIS PAGE LEFT INTENTIONALLY BLANK

South Bay Cities Council of Governments Infrastructure Working Group Meeting Notes – January 8, 2020

Attendees: Chair Ted Semaan (Redondo Beach); Vice-Chair Ken Berkman (El Segundo); Gilbert Marquez & Ryan Kim (Carson); William Mendoza (Gardena); Marnell Gibson & Lucho Rodriguez (Hermosa Beach); Louis Atwell (Inglewood); Stephanie Katsouleas & Prem Kumar (Manhattan Beach); Nasser Razepoor (Rancho Palos Verdes); Andy Winje (Redondo Beach); James Lee (Torrance Transit); Jimmy Shih, Dan Kopulsky, Olivia Harris & Sergio Carvajal (Caltrans); John Ickis (LA County DPW); Isidro Panuco, Nour Abou-Fadel, Daniel Chuong & Mark Dierking (Metro); Jacki Bacharach, Steve Lantz & David Leger (SBCCOG)

- I. **Self-Introductions and Approval of December 4, 2019 IWG Meeting Notes** – Chair Ted Semaan called the meeting to order at 12:10 pm. The November 13, 2019 meeting notes were approved without objection.
- II. **Evaluation of Applications Submitted for FY20-21 Metro Budget Request / Recommended Additional Funding for Active Measure R SBHP and Measure M MSP Projects / New Measure M Multi-Year Sub-Regional Programs (MSPs) Candidate Projects**

Mr. Lantz gave an overview on the FY20-21 Metro Budget Request (MBR), noting that it has changed from prior cycles because of unresolved Metro consideration of a transfer of Measure R Highway funds to allow funding of both Highway and Transit projects. Mr. Lantz added that there were revised funding availability charts provided to SBCCOG staff one day earlier that dramatically reduces anticipated Measure R SBHP funding. The SBHP is only set to receive approximately \$32M in new funding from Metro over the next 5-year period meaning that there is not only no funding for transit projects, but potentially not enough funding to finish projects already underway either. The revised funding availability charts are available here:

http://southbaycities.org/sites/default/files/infrastructure/HANDOUT_SBHP%20Funding%20Availability.pdf
http://southbaycities.org/sites/default/files/infrastructure/HANDOUT_MSP%20Funding%20Availability.pdf

The transfer process won't be considered for approval by Metro until at least May, but the MBR must be submitted by March in order to be approved by the Metro Board by June. Although there are program changes underway, the current cycle will be processed under existing rules/policies. Mr. Lantz explained that revised exhibits were included in the packet to layout the approximate "Cost to Complete" (CtC) current projects and new project applications. SBCCOG staff and working groups will also have to recommend to the SBCCOG Board whether CtC projects should be funded through Measure R or Measure M.

Mr. Lantz began to address the match policy currently approved by the SBCCOG Board for the Measure R and M programs. Mr. Lantz briefly explained the tiered SBHP policy and noted that there is no Measure M match required at this time. SBCCOG staff is proposing that the Measure R and M programs have the same matching policies, no matter what those policy specifics are. Mr. Lantz added that there is a proposed new match policy that would cap SBHP/MSP funding at \$250M for a project. Prior match policies did not address a funding cap because there were never applications received for a \$1B+ project.

Ms. Katsouleas and Chair Semaan both advocated raising the threshold for the 100% SBHP/MSP tier higher than the proposed \$10M level. Ms. Katsouleas noted that cities do not have millions in funding available to use as matches on smaller projects, and that the programs may benefit from a higher threshold, perhaps even \$20M. She added that very few cities come in for projects over that amount, so few would be impacted by hefty matches on the tiers over \$20M. Mr. Atwell also agreed with this idea.

Mr. Panuco took this time to share his thoughts/comments on the process. He explained that in terms of the transfer, Metro staff will be providing the Metro Board a calendar/schedule for implementing the transfer at the January Board meeting. However, until the transfer is enacted he is not going to be discussing anything more than existing policies/procedures. He noted that thus far, Metro has received zero information about project requests, amendments, etc. for the MBR and that original deadlines discussed may not be achievable. Ms. Bacharach responded that Metro has been invited to every meeting held since 10/31 and has not attended any of them. The list of projects and all related items have been available online and at all of the meetings. Mr. Panuco concluded by reiterating that he will not be reviewing anything beyond Measure R/M highway projects.

Ms. Katsouleas re-stated that she feels the program is handcuffed by the current matching policy and that most South Bay travel is not done on freeways or by transit and that residents are best served by local and arterial street improvements. Mr. Panuco noted that the SBHP is not only a Freeway or only a Local Streets program. Mr. Lantz provided some additional context by explaining the history of the SBHP. It began as a freeway and ramps improvement program which was then expanded to include local arterials within a mile of a highway or freeway. This created a two-tier program of “early action projects” which are local/quick-to-implement projects and “strategic positioning projects” which were larger highway projects that the SBHP helped get ready for construction, by funding early project development and environmental stages.

Ms. Bacharach brought the discussion back to the staff recommendations and the match. She noted that staff is currently recommending that remaining Measure R SBHP funding be used to complete active projects but that no new projects be programmed. Staff will continue to evaluate the applications received for potential Measure M MSP funding. Regarding the match discussion, Ms. Bacharach suggested a sub-committee be formed to develop a proposal for review by the Infrastructure and Transit Operators working groups and approval by the SBCCOG Transportation Committee and Board of Directors. The sub-committee should meet prior to the February meetings so that a recommendation can be developed in time. The group was in agreement with this idea and will provide individuals to serve on the sub-committee.

III. **Review of criteria, match and other issues as well as recommendations for FY 2022-21, FY 2020-25 Measure R SBHP and Measure M MSP Program**

Item discussed above.

IV. **Measure R SBHP Transfer Program (SBHP-TP) Project Selection Process**

At this time, Transit Projects will be reviewed for funding once there is more detail known about the transfer process and timeline.

V. **Annual Performance Evaluation Tool and Summary Table**

Mr. Panuco introduced Daniel Chuong, a new Metro Highway Department staff member. He also announced that Metro is no longer requiring monthly reporting on projects and that the APE report can be stopped. Ms. Bacharach noted that there will be discussion at the Transportation Committee to determine if SBCCOG staff should continue monitoring projects on a more frequent basis than a quarterly report. The December APE report is available here: http://southbaycities.org/sites/default/files/infrastructure/HANDOUT_December%202019%20APE%20Report.pdf

VI. **Three-Month Look Ahead** – Received and filed.

VII. **Announcements & Adjournment**

Chair Semaan adjourned the meeting at 1:45 p.m. until February 12, 2020 (public meeting). To include an item on the agenda, please email Steve Lantz (lantzsh10@gmail.com) by February 1, 2020.

South Bay Cities Council of Governments

Attachment B

February 10, 2020

To: SBCCOG Infrastructure Working Group

From: Jacki Bacharach, Executive Director
Steve Lantz, Transportation Director

Subject: Evaluation of Applications Submitted for FY 20-21 Metro Budget Request

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. Strategy 5 – Actively pursue opportunities for infrastructure funding for member agencies.

BACKGROUND

Updated cost-to-complete estimates for active projects and new project requests have been provided by lead agencies for FY 2020-21 and through FY 2024-25. A subcommittee of the Infrastructure Working Group and Transit Operators Working Group is evaluating and scoring the applications. SBCCOG staff will assign funding for the recommended projects based on their anticipated cashflow needs over the next five years of each project's implementation schedule. Staff will present the recommended FY 2020-21 Metro Budget Request (MBR) and five-year projection to the Transportation Committee at its February 10, 2020 meeting and will ask the Transportation Committee to recommend the MBR to the SBCCOG Board of Directors at its February 27, 2020 meeting. The SBCCOG Board recommendation should be transmitted to L.A. Metro by February 28, 2020 for inclusion in L. A. Metro's FY 2020-21 budget which begins July 1, 2020.

The MBR agenda item will include a projection of the annual reimbursements requested by project lead agencies from the Measure R South Bay Highway Program and three Measure M Multi-Year Sub-Regional Programs for each active and new project through FY 2025. Although L. A. Metro only approves allocations one year at a time, the five-year projection provides project lead agencies a basis for establishing reasonable funding reimbursement schedules in their project funding agreements. In addition, because Metro also structures its funding agreements based on anticipated progress on major tasks/phases within a project (e.g.: environmental clearance, design, right-of-way acquisition, and construction), SBCCOG must request funding for the entire task, even if it will take more than one year to complete. A few projects also anticipate project completion schedules that extend beyond the upcoming five years. However, these projects have discreet tasks that Metro can include in a funding agreement within the five-year window. Future project phases can be added in subsequent annual Metro Budget Requests and amended into the project funding agreement,

In addition to the recommended SBHP and MSP funding for completion of active projects and new projects, the Metro Budget Request item includes a line item in the Measure R and M requests for SBCCOG project development and administration. The agenda item will also

include a list of requested projects that are recommended to be deferred or denied, and a list of assumptions used in compiling the recommendations. The three exhibits will be provided separately once the sub-committee has completed its project evaluation and scoring process which is expected by February 6th.

L.A. Metro previously approved funding agreements using more Measure M TSMIP I funding than is available in the next five years. In order to avoid amending the affected project funding agreements, the Metro Budget Request includes a line item that requests Metro to lend sufficient funding from the Measure M TSMIP II program to the TSMIP I program to ensure that all active projects have sufficient funding available over the upcoming five years. The loan will be reimbursed from the TSMIP I program to the TSMIP II program in future Metro Budget Requests as additional funding is available in the TSMIP I program beyond the five-year horizon.

At the December 2019 Transportation Committee and Board meetings, SBCCOG staff was instructed to consider recommending a new matching share formula for funding agreements that use Measure R SBHP and Measure M MSP funds. The current formula is as follows:

<u>SBHP / MSP Incremental Cost</u>	<u>SBHP/MSP Funding Share</u>
Under \$2 million	100%
\$2 million to \$10 million	80%
\$10 million +	50%

The SBCCOG project evaluation sub-committee recommends that the SBHP and MSP share of project costs in the FY 20-21 Metro Budget Request be revised as follows:

<u>SBHP / MSP Incremental Cost</u>	<u>SBHP/MSP Funding Share</u>
Under \$20 million	100%
\$20 million to \$40 million	80%
\$40 million to \$100 million	50%
\$100 million +	20%

Maximum cumulative SBHP/MSP funding share for each project: \$250 million

SBCCOG staff is concerned that the proposed formula provides a higher sub-regional share of project costs than the current formula therefore resulting in fewer projects being funded. Staff recommends continued use of the existing SBHP formula with the addition of the \$250 million cap for the current submitted projects and new project applications which applied under that match requirement. This way the SBCCOG will be able to fund more projects.

The recommended project list assigns funding based on the current formula and cap. If the SBCCOG adopts the new formula, projects that score lowest on the recommended list will be deferred by staff in order to assign available funds to higher scoring projects using the more generous matching policy.

The SBCCOG Board needs to approve any FY 2020-21 Metro Budget Request by its February 2020 Board meeting in order for Metro staff to include the requests in the Metro FY 2020-21 Metro Budget item to be considered by the Metro Board in April or May 2020. Metro's fiscal year begins July 1, 2020.

SBCCOG received 14 transit project applications in anticipation of a new Metro Measure R SBHP Transfer Policy that would make transit and highway projects eligible for Measure R SBHP funding for the first time. The sub-committee evaluated the projects with the understanding that recommended projects would be committed consistent with the L.A. Metro Board of Directors adopting a countywide Measure R Transfer Policy. SBCCOG has assigned recommended transit projects SBHP funding consistent with the existing Measure R SBHP matching formula and contingent on Metro Board approval of a Measure R Transfer Policy. The Metro Board is expected to adopt a policy by May 2020.

The recommended Metro Budget Request and other information described above will be distributed once the sub-committee has completed its evaluation of applications and SBCCOG staff has assigned funding to the recommended projects which is expected by February 6, 2020.

RECOMMENDATION

The SBCCOG Transportation Committee recommends to the Board that:

1. The projects on the list that are noted as defer or deny be removed from the list and further consideration this year.
2. The Board of Directors approves of the current funding share formula noted above to calculate SBHP/MSP commitments needed to complete active and new SBHP and MSP projects with the addition of a \$250M maximum SBHP/MSP cumulative funding share.
3. The SBCCOG Board of Directors approves the FY 2020-21 Metro Budget Request with the understanding that:
 - a. Included transit projects are contingent on approval of the Metro Measure R Transfer Policy.
 - b. Should a new funding share formula be adopted by the SBCCOG Board of Directors, SBCCOG staff is authorized to defer projects scoring lowest on the list to match application amounts with available SBHP or MSP funding.
4. The SBCCOG Board of Directors directs staff to transmit the Metro Budget Request to Metro by February 28, 2020.

THIS PAGE LEFT INTENTIONALLY BLANK

South Bay Measure R / Measure M Highway Programs

February 2020	March 2020	April 2020
<p>10. SBCCOG Transportation Committee</p> <ul style="list-style-type: none"> FY 2020-21 Metro Budget Request Approval SBHP Project APE Report Next Gen Bus Study <p>10. SBCCOG Steering Committee</p> <p>12. IWG Open to the Public Meeting</p> <ul style="list-style-type: none"> SBHP Project APE Report FY 20-21 Metro Budget Request review Spotlight: Pavement Preservation and Rehabilitation <p>13. Transit Operators Working Group</p> <p>14. Metro South Bay Service Council</p> <p>27. Metro Board meeting</p> <p>27. SBCCOG Board Meeting</p> <ul style="list-style-type: none"> FY 2020-21 Metro Budget Request Approval 	<p>9. SBCCOG Transportation Committee</p> <ul style="list-style-type: none"> SBHP Project APE Report <p>9. SBCCOG Steering Committee</p> <p>11. IWG Staff Only Meeting</p> <ul style="list-style-type: none"> SBHP Project APE Report Spotlight: Illegal Dumping Collaboration Measure R Transfer Policy <p>12. Transit Operators Working Group</p> <ul style="list-style-type: none"> Measure R Transfer Policy <p>13. Metro South Bay Service Council</p> <p>19. SBCCOG General Assembly</p> <p>26. Metro Board meeting</p> <p>SBCCOG Board Meeting is Dark in March</p>	<p>8. IWG Staff Only Meeting</p> <ul style="list-style-type: none"> SBHP Project APE Report Spotlight: TBD <p>10. Metro South Bay Service Council</p> <p>13. SBCCOG Transportation Committee</p> <ul style="list-style-type: none"> SBHP Project APE Report Measure R Transfer Policy <p>13. SBCCOG Steering Committee</p> <p>TBD. Transit Operators Working Group</p> <p>23. Metro Board meeting</p> <p>23. SBCCOG Board Meeting</p>

THIS PAGE LEFT INTENTIONALLY BLANK