South Bay Cities Council of Governments

Transportation Committee

SBCCOG Office, 20285 Western Avenue, Suite 100 Torrance, Ca. 90501

AGENDA

Monday, October 14, 2019
10:30 a.m. – 11:45 a.m.

10:30 a.m. **Welcome / Self-Introductions**

10:32 a.m. **Consent Calendar**

a. **August 12, 2019 Transportation Committee Minutes** (Attachment A) **– Approve**
b. **October 2019 Transportation Update** (Attachment B) **– Receive and file**

10:35 a. m. **Transportation Working Group Updates**

a. **Infrastructure Working Group**
b. **Transit Operators Working Group**
c. **Metro Service Council**

10:45 a. m. **Status of Metro Approval of Measure M South Bay Multi-Year Sub-Regional Program 5-Year Project Lists** - Update

11:00 a. m. **Measure R SBHP Sub-Fund Transfer** (Attachment C) – Update / Discussion

11:10 a. m. **SB 1 Presentation** - Caltrans

11:30 a. m. **Project Updates**

a. **South Bay Smart Net Broadband Project**
b. **SBCCOG Local Travel Network**
c. **I-105 ExpressLane Development**
d. **Vermont Corridor Study**

11:40 a. m. Three Month Look Ahead (Attachment D) – **Receive and file**

11:45 a. m. Announcements / Adjournment

Next Transportation Committee meeting –Monday, November 4, 2019, 10:30 a. m.
To include an item in the agenda, e-mail to: *lantzsh10@gmail.com* ***by October 25, 2019.***

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Attachment A

South Bay Cities Council of Governments

Transportation Committee
August 12, 2019
Meeting Minutes

COMMITTEE CHAIR HORVATH CALLED THE MEETING TO ORDER AT 10:32 A.M.

I. Welcome / Self-Introductions

In attendance were the following voting SBCCOG Board Members:

Christian Horvath, Chair (Redondo Beach)
Olivia Valentine (Hawthorne)
Drew Boyles (El Segundo)
James Butts (Inglewood)

Non-Voting Representatives

Ted Semaan, IWG (Redondo Beach)
James Lee, Transit Operators (Torrance Transit)
Don Szerlip (Metro South Bay Service Council)
Young-Gi Kim Harabedian (Sup. Hahn's Office)

Also in attendance were the following persons:

Orlando Rodriguez (El Segundo)
Ernie Crespo (GTrans)
Steve Finton (Torrance)
Art Reyes (Torrance)
Mike Bohlke (Metro)
Mark Dierking (Metro)
Jackie Su (Metro)
Peter Carter (Metro)
Isidro Panuco (Metro)
Jimmy Shih (Caltrans)
Karl Lindquist (Caltrans)
Shelly McCarthy (EXP)
Portia Gonzalez (EXP)
David Leger (SBCCOG)
Steve Lantz (SBCCOG)
Jacki Bacharach (SBCCOG)

II. Consent Calendar

A. June 10, 2019 Transportation Committee Minutes – Approved
B. July 8, 2019 Transportation Committee Meeting Notes – Received and Filed
C. August 2019 Transportation Update – Received and Filed

MOTION by Committee Member Valentine, seconded by Committee Member Butts, to **APPROVE** the Consent Calendar. No objection. So ordered.

III. SBCCOG Transportation Working Group Updates

A. Infrastructure Working Group Update

Mr. Semaan reported that the IWG was given a presentation on the Regional Integration of Intelligent Transportation Systems (RIITS) and its connection to the upcoming South Bay Fiber Network.

B. Transit Operators Working Group Update

Mr. Lee reported that the Transit Operators Working Group met in July and discussed ongoing Inglewood service coordination and the Transit Operator eligibility issue for Measure M projects.

C. Metro Service Council – Don Szerlip

Mr. Szerlip announced that there was a presentation from LAWA on the Airfield and Terminal Modernization Project which will relocate runway exits, extend/improve taxiways, create new terminals, and improve road access to the airport. Metro staff also presented an update on the Sepulveda Transit Corridor.

IV. **FY 2020/2021 Metro Budget Request Process and Project Eligibility for Measure R South Bay Highway Program and Measure M Multi-Year Sub-Regional Programs – Received and Filed**

Mr. Panuco began by reviewing the process by which the Measure M guidelines were developed (via the PAC) and that Metro worked with COG staff to incorporate the guidelines into the eligibility documents included in the packet.

Mr. Lantz followed up by explaining over the past year and a half, SBCCOG staff, city stakeholders, and Metro staff participated in the Measure M MSP Task Force in order to develop the project eligibility criteria and project selection criteria for Measure M MSP projects. Earlier this year, a call for projects was held, the projects were reviewed, and those found eligible were sent to Metro for eligibility review and approval. However, it was recently brought to the SBCCOG's attention that projects submitted by municipal transit agencies (Torrance Transit, GTrans, Beach Cities Transit, etc.) are ineligible because the South Bay's MSPs are classified under the "Highway" sub-fund in Measure M, not the "Transit" sub-fund. This means that transit projects are ineligible for the South Bay MSP funds.

Mr. Lantz continued, noting that many aspects of proposed projects have been removed from the projects due to "ineligible" project scope. As part of the efforts to combine the Measure R and M call for projects, SBCCOG staff worked with Metro to develop a revised list of eligible projects. The list included in the agenda packet incorporates edits made by Metro staff.

Mr. Panuco noted that there are issues to be ironed out on the project eligibility lists and encouraged SBCCOG staff to get Metro sign-off on any Measure R/M related item in the future before distribution. Ms. Bacharach responded that this list should have been finalized because it had already gone to Metro for comment and approval, also noting that staff is still awaiting comments on the proposed process schedule too.

Ms. Bacharach took a moment to briefly report on a COG Directors meeting with Metro CEO Washington to go over "lessons learned" on the Measure M MSP submission process because it did not seem to work well for any sub-region. It was brought up at this meeting that the interpretation of the MSP project criteria recently changed.

Mr. Lantz continued by reviewing the draft process calendar, noting that one-on-one meetings with city staff will be held in September to go over project ideas, after which formal applications will be submitted based off Metro/SBCCOG comments at the meetings. The SBCCOG Board will formally approve the lists of projects in January, with the Metro Board acting in March, so that funding agreements can be drafted and executed for funding beginning July 1. If Metro staff has given their sign-off on projects during the one-on-one meetings as planned, it should simply require formal actions taken at Metro after SBCCOG recommendations are made.

Chair Horvath asked if there were funding sources within Measure M to fund Transit projects. Mr. Lantz explained that there are no sources in the South Bay's MSPs.

V. Measure R South Bay Highway Program Annual Performance Evaluation Report – Received and Filed

Mr. Lantz explained that the chart has been reset to reflect new milestone goals for the new fiscal year. Project progress will be tracked against these baseline goals throughout the year, with a goal of successfully completing at least 80% of the milestones. The full report is available online at: http://southbaycities.org/sites/default/files/transportation_committee/HANDOUT_July%202019%20APE%20Report.pdf

Status of Measure M South Bay Multi-Year Sub-Regional Programs 5-Year Projects Lists Approval by Metro – Received and Filed

Mr. Panuco reported that the item will be going to the Metro Board in September, noting that apart from the handful of ineligible projects, most have been approved in some form.

Sepulveda Pass Transit Corridor Study Update – Received and Filed

Mr. Carter presented a brief overview of Metro's Sepulveda Transit Corridor study which aims to develop a transit service effectively connecting the San Fernando Valley, the Westside, and down to LAX. The project would include a Valley-Westside phase, followed by a Westside-LAX phase. The study is looking into heavy rail and monorail concepts with multiple alignment options. Metro is issuing a Predevelopment Agreement (PDA) which brings in a private sector project developer in the early stages to help define and design the project. This would also allow the contractor to submit a firm fixed price delivery bid upon completion of the PDA. Mr. Carter's presentation is available online at: http://southbaycities.org/sites/default/files/transportation_committee/PRESENTATION_sepulveda_transit_corridor_2019-0724.pdf

Ms. Bacharach added that although the potential project is currently slated as two phases, the phases are programmed over 25 years apart in the Long-Range Transportation Plan. The SBCCOG drafted a letter urging Metro to include bringing the service all the way to LAX as part of the EIR, through which the project could then

be phased. By including both phases in the initial EIR, an EIR update would only be needed for Phase 2 as opposed to a whole new EIR process. The draft letter is available online: http://southbaycities.org/sites/default/files/transportation_committee/HANDOUT_8.19%20letter%20re%20Sepulveda%20pass%20EIR.pdf

Committee Member Valentine asked for the pros and cons are including the full line in the EIR. Mr. Lantz and Ms. Bacharach explained that pros include: ridership estimates for both segments, so you get a better idea of what ridership ultimately might be; it also sets the ground for potential acceleration of one or both phases; and may highlight the benefit of using one rail technology over another. Cons include: the lack of funding to fully implement one or both phases of the project.

MOTION by Committee Member Boyles, seconded by Committee Member Valentine, to recommend the Board of Directors submit the proposed letter to Metro. No objection. So ordered.

VI. Caltrans SB 1 Presentation – Received and Filed

Mr. Lindquist provided a brief overview of SB 1 efforts underway in Caltrans District 7, and particularly the SBCCOG area. Mr. Lindquist began by providing a review of the different SB 1 funding programs as well as planned/in-construction/completed projects totaling $1.46B in Caltrans District 7. Mr. Lindquist also went over District 7's funding programmed via SB 1 competitive programs, totaling close to $2B. Mr. Lindquist also highlighted some of the SB 1 projects taking place in the South Bay in Redondo Beach and Harbor City. For more detail, the full presentation is online at: http://southbaycities.org/sites/default/files/transportation_committee/PRESENTATION_Caltrans%20D7%20SB1%20update.pdf

VII. Spotlight: South Bay Transit Operators / Services

Mr. Lee presented on South Bay municipal Transit Operators and their services. Mr. Lee began by noting there are 18 bus lines total between the agencies of Torrance Transit, Beach Cities Transit, and GTrans. These agencies cover 156sq miles from Redondo Beach to Long Beach and run over 4.5M service miles annually.

Mr. Lee continued by reviewing some of the statistics for the individual operators, what their service means for the South Bay, and concluded by touching on some upcoming projects such as customer amenities and new fleet technologies. Mr. Lee also reviewed the Torrance and GTrans Line-By-Line analyses which are like Metro's NextGen Bus Study as well as service to Inglewood/NFL Stadium.

Committee Member Valentine asked how service can be expanded in Hawthorne and how the lines are determined. Mr. Lee explained that they are looking into a new line into the city, but that service is largely dictated by funding availability and the results of studies such as the line-by-line analysis. Committee Member Valentine then asked if it was possible to expand service into the high-density core of Hawthorne to help reduce congestion there and to pay for it through Measure R/M funding. Mr. Lee indicated that it's not likely eligible for funding from those sources.

Committee Member Boyles asked what the preliminary plans are for the Inglewood Stadium service. Mr. Lee explained that what is being considered at this point is street level service accomplished by modifying existing lines to accommodate the new stadium. There are still more discussions needed though.

Mr. Szerlip inquired about the use of off-site parking lots and if it would be a paid service. Mr. Lee noted that it is an option, but that it's too early to say exactly what the plans will be. He will return to the Committee to discuss the specific service to Inglewood once there is more developed.

For more detail, the full presentation is available on the SBCCOG website: http://southbaycities.org/sites/default/files/transportation_committee/PRESENTATION_South%20Bay%20Municipal%20Transit%20Operators_0.pdf

VIII. Project Updates

A. South Bay Smart Net Broadband Project

Ms. Bacharach reported that the Master Agreement is scheduled to go before the SBCCOG Board in August. ADF will be visiting city council meetings to provide background on their council items. The SBCCOG continues to work with Metro on the funding agreement as well as a bridge loan for the project.

B. SBCCOG Local Travel Network

Ms. Bacharach reported that Fehr and Peers was hired as a technical consultant and continues to develop a potential system network. There will be a series of public workshops, likely culminating in a large expo of local travel vehicles sometime in Spring 2020.

C. ExpressLane Revenues

Ms. Bacharach reported that there has not been a meeting recently but noted that John Fasana is expected to put a motion before the Metro Board to restrict the borrowing of ExpressLanes funding.

IX. Three Month Look-Ahead – Received and Filed

Mr. Szerlip asked if it would be helpful to include the South Bay Service Council meetings on the Three-Month Look-Ahead. Mr. Lantz will begin adding those meetings to the calendar.

X. Announcements / Adjournment

Committee Chair Horvath adjourned the meeting at 11:28 a.m.

South Bay Cities Council of Governments

Attachment B

October 14, 2019

TO: SBCCOG Transportation Committee
SBCCOG Board of Directors

FROM: Steve Lantz, SBCCOG Transportation Director

RE: SBCCOG Transportation Update Covering September 2019

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.

California Air Is So Bad, EPA Wants to Withhold Federal Highway Funding
Hard on the heels of adopting federal vehicle emission standards which are more lenient than California standards, and attempting to impose them on California, the federal EPA has said the state and regional air quality implementation plans won't meet the new federal air quality standards in the Federal Clean Air Act and must be re-written within the next year. The agency is threatening to withhold federal transportation funding until the new plans comply with the federal air quality rules.

States, including California, are claiming adopting conforming plans would be too difficult and take too long to conform to the federal standards since the state and regional plans rely heavily on the stricter state vehicle emissions targets. California regulators surprised the White House in July by secretly negotiating a deal with four major automakers to voluntarily abide by California's emissions rules and increase fuel efficiency.

The EPA responded by revoking a decades-old rule that empowers California to set tougher car emissions standards than those required by the federal government. California Atty. Gen. Xavier Becerra then sued the administration the next day, arguing that the state's stricter pollution rules were lawful and needed to improve air quality.

The EPA is relying on Section 179 of The Federal Clean Air Act which discusses sanctions and consequences for not complying with the law and includes a list strategies other than stricter emissions standards. The list includes congestion pricing (street tolls), parking surcharges in congested areas, bus and high-occupancy vehicle lanes, entire roads dedicated to transit, vehicle restricted zones, registration fees tied to vehicle emissions, and requirements that employers reduce work-related trip emissions.

The act's 18-month timeline for sanctions, however, means that even if the EPA rejected one of California's pollution-reduction plans tomorrow, penalties would not take effect until well into 2021.

Bill Would Tie Federal Transit Funding to Housing Production

Each year, the Federal Transit Administration doles out more than $2 billion to help build new rail, streetcar and bus rapid transit systems through its Capital Investment Grants Program. Much of that money is distributed as part of the "New Starts" program, which gives grants for projects that cost more than $300 million in total, or which are seeking at least $100 million in federal money. The grants can be used to pay for new light or commuter rail systems, creation of bus rapid transit systems, or extensions to existing systems. The program does not currently include grant approval criteria that ties major federal transit investments with station-adjacent housing production.

The Build More Housing Near Transit Act (HR 4307), introduced on September 12th, would amend the rules for Federal Transit Administration New Starts grants by requiring applicants to include in their grant application a housing feasibility assessment and a commitment of local land use policies to accommodate affordable and market-rate housing development associated with the project. Such a requirement could apply to the South Bay Green Line extension if Metro chose to seek federal New Starts funding for the project.

The housing feasibility assessment for parcels in the project station walkshed would be required to show opportunities for more housing production in the area around the project. The bill would require applicants to use standard real estate financial models that consider, among other possible factors, density, development certainty, market interest, exemption of minimum parking requirements, by-right development, agency ownership of land, and regional growth goals.

The bill sponsors do not expect the bill to be approved as a stand-alone measure. However, they are hopeful the provisions will be incorporated into a larger transit bill during the 2020 session.

Transportation Bill Would Dramatically Cut Federal Small Project Transit Grants

S2520, a transportation, housing, and urban development 2020 funding bill approved by the Senate Appropriations Committee on September 19th, slashes the amount of money allotted for small public transit projects from $526 million approved in FY 2019 to $78 million per year in FY 2020. The House version of the bill includes $430 million for Small Starts projects. The differences in the amounts will have to be reconciled by a conference committee that has yet to be scheduled.

Because the Senate was unable to complete their work on all the appropriations bills for FY2020 before October 1st, the House and Senate approved a continuing resolution that extends funding through November 21, 2019.

NACTO Updates Micromobility Guidance

The National Association of City Transportation Officials (NACTO) has released an updated set of guidelines for managing micromobility fleets. The report is available at:

https://nacto.org/wp-content/uploads/2019/09/NACTO_Shared_Micromobility_Guidelines_Web.pdf

To more nimbly regulate the industry and meet transportation goals, the guide recommends flexible permitting structures, including incentive-based performance clauses around issues like shifting trips or increasing options for underserved communities. The guide also says city

streets should be redesigned "to fully realize the potential of shared micromobility" and give users a safe space to ride. That includes a recommendation that cities direct permit fees to infrastructure projects.

A key section of the guide has to do with infrastructure. With the vehicle often too fast to go on sidewalks, but too slow to share space with cars, NACTO recommends prioritizing the development of "safe and comfortable" bikeways and discuss potential street design changes. The guide also explores parking options that can limit clutter, highlighting how Seattle, Orlando and Washington, DC have created designated parking areas.

Micromobility fleets offer a raft of data about where people are going and what type of trips they prefer, and NACTO builds on a previous guidance on best practices for the data. Cities, the guide says, should require trip data that will allow them to evaluate system performance, determine permit compliance and answer planning questions, while also requiring companies to comply with strict privacy standards.

STATE

Governor Orders Transportation Aligned with Climate, Fills Two CTC Board Slots
Governor Gavin Newsom signed an executive order on September 20th requiring the California State Transportation Agency to direct state construction, operations and maintenance investment in ways that decrease fuel consumption, reduce greenhouse gas emissions, and encourage alternatives to driving to achieve the objectives of the state's Climate Change Scoping Plan..

He also filled two empty slots on the California Transportation Commission with two members from L. A. County who represent communities that have largely been left out of the state transportation funding process. Tamika Butler is a former Executive Director of the Los Angeles Bicycle Coalition and is currently Director of Equity and Inclusion at Toole Design Group**.** H**i**lary Norton, who runs FAST (Fixing Angelenos Stuck in Traffic) in Los Angeles. has worked with various stakeholders, including many business groups, to rally support for a broad range of transportation choices for Southern Californians.

Governor Signs Two Bills Aimed at Reducing Heavy Duty Vehicle Emissions
As a part of Climate Week, Governor Newsom on September 20th signed S.B. 210 that requires a "smog check" for heavy-duty diesel trucks. While these trucks make up only a small portion – four percent – of the total number of vehicles on California's roads, they account for twenty percent of the greenhouse gas emissions from the transportation sector. Previously there was no smog check requirement for these vehicles.

S.B. 44 calls for the ARB to "create a comprehensive plan for reducing greenhouse gas emissions from medium and heavy-duty vehicles."

AB 5 Turns Independent Contractors Into Employees; Impacts UBER / LYFT Drivers
On September 18th, Governor Gavin Newsom signed AB 5 which reclassified an estimated 2 million workers as employees instead of independent contractors. Nearly 200,000 of them are Uber or Lyft drivers that use the technology platforms of technology network companies (TNCs) and must adhere to their policies and procedures to get connected with their customers.

Depending on whether you are talking to the TNCs companies or with organized labor, the TNCs will (or will not) have to fundamentally change the rideshare industry's hiring practices.

Uber and Lyft claim they will take on fewer drivers and assign rigid shifts much as a restaurant or retailer might schedule workers. Drivers will likely be prevented from driving more than 40 hours a week to avoid overtime, or even 30 hours a week to avoid healthcare benefits. The companies likely would block drivers from working for other platforms or from signing on when the number of drivers outstrips demand.

Uber and Lyft also warn that riders could see higher costs and longer wait times. Riders in transit deserts, they warn, could lose service entirely. There would be less incentive for Uber and Lyft to offer surge or dynamic pricing, which is now used as a financial incentive to get drivers where demand is high.

The California Labor Federation has called these scenarios a "corporate scare tactic" and said nothing prevents companies from maintaining flexibility. However, in shifting to employee status, companies would have to offer basic worker protections such as guaranteed minimum wage, overtime pay, contributions to Social Security and Medicare, unemployment and disability insurance as well as workers' compensation, sick leave and family leave. Drivers would also be paid whether or not there's a passenger in the vehicle which doesn't happen now.

It's unclear if drivers would unionize. Right now there's a conflict between the state's Dynamex decision, which presumably would shift drivers from freelancer to employee, and the federal government's treatment of gig workers as contractors, which makes them ineligible for the right to form a union. In a confusing twist, Governor Newsom has opined that, "Only when the National Labor Relations Act does not cover workers may states act to provide the right to organize a union…".

EV Sales Surge In California, Not So Much Elsewhere

Sales of new electric vehicles in California shot up nearly 63.7% in the first half of the year, to 51,750 units, largely on the strength of the Tesla Model 3. But pure electric cars still total only 5.5% of California car sales and California EVs account for about half of the EVs sold throughout the country.

Statewide sales of new hybrid cars, which run mainly on gasoline with an electric battery boost and don't need to be plugged in, rose 22.1% in the first half, to 48,861 vehicles. Plug-in hybrids, which can run on battery power for a few dozen miles before having to switch to internal combustion, plummeted 28.5%, to 35,500 vehicles — in part because consumers rejected the latest design of the plug-in hybrid leader, the Toyota Prius Prime.

Without Tesla, pure EV sales would be limp. About 33,000 Model 3s were sold in California in the first half of the year. The next-highest seller was Chevrolet's Bolt EV, at 4,482 cars, followed by the Tesla Model X (3,690) and the Tesla Model S (3,390.) The Nissan Leaf sold 2,034 units. At these sales rates, the EVs are unprofitable so government subsidies on electric car purchases have proved necessary to keep consumers interested.

Car companies talk about cutting air pollution and relieving global warming. But unless governments ban sales of new internal combustion engine-propelled cars, consumer

South Bay Cities Council of Governments Attachment C

October 14, 2019

To: SBCCOG Transportation Committee – October 14, 2019
SBCCOG Transit Operators Working Group – October 16, 2019 Meeting
SBCCOG Board of Directors – October 24, 2019 Meeting

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

Subject: Sub-Regional Sales Tax Sources for Transit Capital Funding

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
In 2008 the voters of L. A. County approved Measure R, a one-half cent sales tax increase throughout L. A. County with revenues collected through 2039. Measure M, approved in November 2016, increased the countywide sales tax by an additional half-percent. The Measure M sales taxes will increase to one cent in 2039 upon the termination of Measure R and will be collected indefinitely at one percent unless the measure is repealed by L. A. County voters.
The two sales tax measures include five South Bay sub-regional revenue streams:

- The Measure R South Bay Ramp and Interchange Improvements: I-405, I-110, I-105, SR-91 Program (known as the South Bay Highway Program or SBHP) - $906 million by 2039;
- The Measure M Highway Operational Improvements Multi-Year Sub-Regional Program (HOIP) - $500 million in M + $600 million in "Other" sources by 2057;
- The Measure M Transportation System and Mobility Improvement Program I (TSMIP I) - $293.5 million by 2032;
- The Measure M Transportation System and Mobility Improvement Program II (TSMIP II) - $350 million by 2057; and
- The South Bay Sub-Regional Equity Program (SREP) - $130 million from M and "Other" sources by a date to be determined.

Funding in the Measure R and Measure M Ordinances is assigned to specific line items on an Appendix A Expenditure Plan. The Expenditure Plans assign funding specific to each line item from two sub-funds, one for highway capital projects and programs and the other for transit capital projects and programs. The SBHP, HOIP and the two TSMIPs are assigned highway funds only. The SREP is assigned highway and transit funds.

MEASURE R DECENNIAL SUB-FUND TRANSFER OVERVIEW
Because of the highway sub-fund limitations, South Bay transit capital projects have not been deemed eligible to date. However, beginning in 2019, the Measure R Decennial Highway/Transit

Sub-Fund Transfer provision provides an opportunity to fund high-priority transit projects in addition to high priority highway projects in the South Bay.

In developing the Measure R and Measure M Ordinances, the Metro Board recognized the potential likelihood that highway and transit priorities within individual sub-regions could change over the course of the legislative lifespans of the ordinances, especially during the outlying decades of each ordinance. The Board incorporated specific policies and processes in the Measure R and M ordinances that allow a once-a-decade transfer of funds between the Highway and Transit Sub-funds of each Measure. A 2/3 affirmative vote of the Metro Board is required to transfer the funds between the Highway and Transit sub-funds.
A provision in Section 11 of the Measure R Ordinance reads as follows:

> "...Not more than once in any ten (10) year period commencing after the year 2019, Metro may adopt an amendment transferring Net Revenues between the Transit Capital Sub-fund and the Highway Capital Sub-fund."[1]
> (See footnote[1] for details of the Measure R amendment process.)

The first Measure R transfer can be authorized starting in 2020. A similar sub-fund transfer provision in Measure M would allow transfer of Measure M Sub-Regional funds between the Highway and Transit Sub-fund accounts after 2027.

SUBREGIONAL EQUITY FUNDS

Metro also could fund some South Bay transit capital projects by accelerating a portion or all of the $130 million in Measure M South Bay SREP funds. The SREP is the only funding category assigned both highway and transit sub-funds.

Metro programmed the SREP funds in its Long Range Transportation Plan to be available post-2039 when Measure R expires and Measure M rises to one cent. However, the Metro Board subsequently accelerated availability of SREP funds in the West San Fernando Valley and San Gabriel Valley for first-decade transit projects. Based on that precedent, South Bay SREP funding could be accelerated by the Metro Board for either highway or transit projects.

CALL FOR PROJECTS

In order to determine our future identified needs for funds for both highway and transit projects in the South Bay, a call for projects has begun. Projects are due October 31. When we have all submittals which will include multi-year funding requirements, the SBCCOG staff will bring

[1] Section 11 (A) Metro may amend this Ordinance, including Attachment A, with the exception of Section 11, for any purpose, including as necessary to account for the results of any environmental review required under the California Environmental Quality Act of the individual specific projects listed in Attachment A. Any such amendments shall be approved by a vote of not less than two-thirds (2/3) of the Metro Board of Directors. Metro shall hold a public meeting on proposed amendments prior to adoption. Metro shall provide notice to the Los Angeles County Board of Supervisors, the city council of each city in Los Angeles County, and the public of the public meeting and proposed amendments and provide them with a copy of the proposed amendments, at least 30 days prior to the public meeting. Amendments shall become effective forty-five days after adoption.

back to the Transportation Committee and Board of Directors a recommendation as to whether there should be any transfer and if so, how much. Also, there have already been some timely projects identified that could benefit from the accelerated availability of the Sub-Regional Equity funds. That will be part of the recommendation as well.

It should be remembered that this is a zero sum exercise. Transferring Measure R SBHP funds from the highway sub-fund to the transit sub-fund would reduce available SBHP highway funding by the amount of the transfer. However, the passage of Measure M significantly increased and extended the availability of sub-regional highway funding available in the South Bay.

The Measure R decennial transfer provisions provide an option for the SBCCOG Board to determine whether the member agencies want to seek approval by the Metro Board to transfer a yet-to-be determined amount in Measure R South Bay Highway Operational Improvement Funds to enable funding of high-priority transit capital projects.

SBCCOG should request Metro to establish a policy that creates a transfer account that retains funds for each transit capital project that allows completion of the project and any unforeseen circumstances. . The Metro policy should allow the transferred SBHP funds to be transferrable between projects to accommodate unforeseen project scope or budget changes. Once the transit projects are complete, unused transferred SBHP funds should revert to the Highway Sub-Fund.

FUND-TRANSFER PROJECT APPLICATION DEVELOPMENT

Because local jurisdictions, Caltrans and Metro are developing candidate projects to be initiated using Measure R and M sub-regional funding as soon as July 2020, it is important for the SBCCOG to determine whether it wants to initiate the transfer process immediately after the October 25, 2019 project application deadline for the 2020 Metro Budget Request process.
To understand the potential magnitude of the transfer and its potential reduction in sub-regional highway project funding, SBCCOG staff is encouraging potential project lead agencies to submit both highway capital projects that qualify under current SBHP, HEOI, and TSMIP eligibility policies and transit capital project applications that would qualify for SREP funding and for SBHP funds should the transfer be approved.

The following steps would be needed for the SBCCOG and Metro to approve the transfer:

1. During September and October 2019, SBCCOG staff will collaborate with South Bay local jurisdictions, Caltrans and Metro to develop a list of candidate transit capital projects that could be considered for approval by the SBCCOG Board within the current SBCCOG's Metro Budget Request "Call for Projects" process.

   In November 2019, the SBCCOG Board should decide whether it wishes to request Metro to accelerate the Measure M SREP funds and/or to transfer the SBHP funds from the highway sub-fund to the transit sub-fund.

2. Metro should determine which Metro Staff is responsible for administering the SBHP Sub-Fund Transfer Program. SBCCOG and the designated Metro administrator should determine if there is concurrence on the eligibility of candidate transit projects and

specify any transit projects for which there is disagreement between the SBCCOG and Metro staff to the SBCCOG Board prior to the SBCCOG Board recommending the projects for Metro Board approval.

3. If the SBCCOG Board and Metro approve a not-to-exceed amount of the acceleration and/or transfer funding to be used for South Bay transit projects, the Metro Board must approve the fund transfer by a 2/3 majority vote. (Projects in the SBCCOG's annual Metro Budget Request will be approved in a separate action by a simple majority vote.)

4. Once it is known if the acceleration and transfer funds are available, SBCCOG staff will work with Metro, Caltrans and the local jurisdictions to develop a prioritized list of South Bay highway and transit projects that includes ongoing projects and new projects recommended for development and implementation over the next decade.

5. For Metro to approve the SBCCOG's annual Metro Budget Request in April 2020, the SBCCOG must approve and submit the FY 2020 Metro Budget Request at its February 2020 meeting.

6. In April 2020 the Metro Board would be asked to approve the SBCCOG Metro Budget Request including the Measure R Transfer-funded transit capital projects approved by SBCCOG in February.

RECOMMENDATION

The Transportation Committee should review, discuss, and provide direction on the above processes and policies to the SBCCOG Board.

Attachment D

Updated 10/5/19

South Bay Measure R / Measure M Highway Programs

October 2019	November 2019	December 2019
9. IWG Agency Only Meeting - DARK **11. SB Metro Service Council** **14. SBCCOG Transportation Committee** • SBHP Project APE Report • South Bay Measure M MSP Development Program Update – review submitted projects • Use of Sub-Regional Equity Fund • Measure R Sub-Fund Transfer • Caltrans SB1 presentation **14. SBCCOG Steering Committee** **16. Transit Operators Working Group** **24. Metro Board Meeting** **24. SBCCOG Board Meeting**	**4. SBCCOG Transportation Committee** • SBHP Project APE Report • South Bay Measure M MSP Development Program Update • Measure R – recommend transfer request & use of Sub-Regional Equity fund **4. SBCCOG Steering Committee** **8. SB Metro Service Council** **13. IWG Public Meeting** • SBHP Project APE Report • Spotlight: TBD **14. Transit Operators Working Group** **21. SBCCOG Board Meeting** Approve transfer request & use of Sub-regional Equity Funds to Metro **26. Metro Board Meeting - DARK**	**5. Metro Board Meeting** **9. SBCCOG Transportation Committee** • SBHP Project APE Report **9. SBCCOG Steering Committee** **11. IWG Agency Only Meeting** • SBHP Project APE Report • Spotlight: TBD **12. Transit Operators Working Group** **13. SB Metro Service Council** **26. SBCCOG Board Meeting - DARK**

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