

South Bay Cities Council of Governments

May 22, 2025

To: SBCCOG Board of Directors

From: SBCCOG Transportation Committee

Re: I-405 Auxiliary Lanes Project: I-105 to Artesia Blvd

BACKGROUND

In March, the SBCCOG Transportation Committee received an update on the I-405 Auxiliary Lane Project (I-105 to Artesia Blvd). The project has been designed by Metro with funding provided by the SBCCOG through the Measure R South Bay Highway Program. So far, approximately \$17.4 million has been programmed for the project by the SBCCOG. At the time, it was reported that the estimated construction cost for the project would be approximately \$130 million. Recently the SBCCOG was informed that the cost has gone up to include \$40 million for construction management by Caltrans.

The SBCCOG has been working closely with Metro over the last year to explore outside funding opportunities for the completion of the project. Metro staff explored the Solutions for Congested Corridors Program but were unable to apply because a responsible fiscal agency was required for the project. Metro was unwilling to assume that role and subsequently asked the SBCCOG to assume fiscal responsibility, meaning that the SBCCOG would be responsible for the cost of the project as estimated and all cost overruns.

At its March meeting, the Transportation Committee asked SBCCOG staff to work with Mayor Butts and his team to further explore outside funding opportunities and to return in May with the results.

ANALYSIS

SBCCOG staff worked with Metro and Inglewood representatives to evaluate other funding opportunities for the project. As of this time, there have not been any potential opportunities. Although SBCCOG staff believes the project is a critical safety improvement project, staff cannot recommend the SBCCOG assume fiscal responsibility for the project for several reasons.

First, the SBCCOG Board adopted a policy in March 2020 that restricted the SBCCOG to funding the environmental and design phases of large freeway projects so that they are well-positioned to compete for outside funding (primarily state and federal grants) for the right-of-way and construction phases. The Board felt that the subregion could assist with the development of these large projects but should not bear sole financial responsibility for building improvements that benefit the entire county and beyond.

Second, there is little guarantee that the estimated \$170 million construction cost will hold. Essentially we would have no control over the project or the schedule. Other subregions that

have assumed fiscal responsibility for Caltrans projects have shared that projects have not only been multiple years behind schedule but also tens of millions of dollars over budget.

Finally, a commitment of \$200 million or more (assuming cost increases) may not be possible given the remaining funds available in both Measure R Highway and Measure M MSP programs over the period in which the project would need the money. Even if there was sufficient funding, it would severely restrict the SBCCOG's ability to meet current city project obligations, costs to complete current city projects, and solicit new projects for many years.

If the SBCCOG Board does not choose to become its responsible fiscal agency, it does not mean that the project may never come to fruition. Notifying Metro of a decision against becoming the responsible fiscal agency would allow Metro to cease consultant work. Upon de-obligation by Metro, the balance of funding programmed will return to the Measure R Highway program. SBCCOG staff remains supportive of the project and will continue to work with Metro and other stakeholders to find funding to complete the project in the future. At this time, SBCCOG staff believes that the organization should notify Metro that it cannot agree to become the responsible fiscal agency for the project.

RECOMMENDATION

That the SBCCOG Transportation Committee recommend the Board of Directors formally notify Metro that the SBCCOG will not become the responsible fiscal agency for the I-405 Auxiliary Lane Project (I-105 to Artesia Blvd.) and to de-obligate the remaining funds programmed to the project and return them to the Measure R Highway Program for repurposing.

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