



Board Report

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Agenda Number: 42.

**EXECUTIVE MANAGEMENT COMMITTEE
SEPTEMBER 21, 2017**

**SUBJECT: MEASURE M PROJECT ACCELERATION/DECELERATION FACTORS AND
EVALUATION PROCESS**

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE the Draft Measure M Project Acceleration/Deceleration Factors and Evaluation Process outlined in Attachment A.

ISSUE

On June 23, 2016, the Metro Board of Directors approved the Los Angeles County Traffic Improvement Plan Ordinance (#16-01) (Measure M) through a transportation sales tax measure. The Ordinance was ultimately approved by 71% of voters in the November 8, 2016 general election. As a result, the projects and programs in the Expenditure Plan of the Ordinance have been approved and must now be implemented accordingly.

The Metro Chief Executive Officer (CEO) has previously stated that he will challenge all potential project delays in order to construct projects and programs on time and within budget. All would agree that avoiding costly project and program delays saves precious taxpayer dollars and serves to maintain the sacred public trust that has been bestowed on Metro by the voters of Los Angeles County. The Ordinance also allows for project acceleration as long as it does not delay any other major capital project. This report seeks to outline the key conditions under which acceleration and/or deceleration of major capital projects would be considered.

BACKGROUND

Measure M is the largest, most ambitious and most comprehensive transportation infrastructure initiative in North America and in the history of the State of California. The success of Measure M will be built upon the diverse and committed coalition that supported its passage, the efficacy of the Plan provisions as they impact our various constituencies, and the leadership and management of the implementation of the program itself.

Metro staff has been very aggressive in its approach to implementing the many projects and

programs that are included in the Measure M plan. Examples of our aggressive approach include:

- OPERATION Shovel Ready Initiative: Created in January 2016 to bring projects to a “Shovel-Ready” state that allows Metro to take advantage of potential opportunities that may develop and allow the projects to advance into the design and construction stage sooner than planned.
- International Industry Forum (Transformation through Transportation (T-4)): Convened in February 2016 to inform the international transportation infrastructure community that LA Metro is ready to do business. Also, introduced Metro’s Unsolicited Proposal Policy, designed to allow the private sector to submit ideas to Metro without having to wait for the sometimes lengthy time that it takes to solicit ideas through the Request for Proposal (RFP) process.
- Program Management Plan (PMP): Created in October 2016 to outline how Metro would manage and implement the capital improvement portion of the ambitious transportation infrastructure program that is Measure M. The PMP is a department-by-department roadmap that lays out the necessary resources needed to implement the Plan. The PMP builds upon the Operation Shovel Ready Initiative efforts to accelerate critical project delivery steps, such as environmental clearances and design work, in anticipation of securing project construction funds.
- Development of Metro’s Tactical Plan: Created in December 2016 to outline Metro’s tactical plan of action on capital projects and programs in 12 month increments. Designed to track mega projects by breaking them down to a step-by-step tactical plan and approach so managers and senior leaders understand exactly what phase a project is in and how to accelerate that particular phase.
- Measure M Guidelines: Adopted by the Board in June 2017, the comprehensive Guidelines provide a critical framework to ensure that Measure M projects and programs are implemented consistent with Ordinance provisions, while indicating areas of flexibility that are workable alongside the fiduciary stewardship attached to voter approved sales tax revenue.

DISCUSSION

The Ordinance approved by LA County voters allows for project acceleration. Section 11. Amendments; paragraph b state: *“By two-thirds (2/3) vote, the Metro Board of Directors may amend the “Schedule of Funds Available” columns listed in Attachment A to accelerate a project, provided that any such amendments shall not reduce the amount of funds assigned to any other project or program as shown in the “Measure__Funding 2015\$” column of Attachment A or delay the Schedule of Funds Available for any other project or program.”* This is essentially a hold harmless clause which in laymen’s terms could be interpreted to mean that “projects can be accelerated as long as they do not negatively impact other projects”.

Staff proposes acceleration and/or deceleration factors and a process that would allow a formal identification of those factors, which could potentially accelerate or decelerate mega project delivery.

- Accelerators: Factors beyond the control of LA Metro that could result in facilitating early delivery of projects. (See Attachment A for Accelerator factors.)

- Decelerators: Factors beyond the control of LA Metro that could result in significant and costly delays to our projects that are no fault of Metro. (See Attachment A for Decelerator factors.)

Additionally, staff recommends that once one or more factors have been identified that suggest that a potential acceleration and/or deceleration has occurred, staff would conduct an analysis to confirm the acceleration and/or deceleration, determine the extent to which a project could be accelerated and/or decelerated, and what would be the impacts of that action (e.g., cash flow confirmation, operations and maintenance impact, etc.). At no time would projects be accelerated to the sole detriment of other projects.

Finally, this Plan should encourage local jurisdictions and stakeholders to work with Metro to carry out what 71% of LA County voters called for: to implement Measure M projects and programs efficiently, effectively and as a collective priority. Project delays within and outside of Metro's control must be addressed with the same urgency and responsiveness attached to opportunities that advance projects. Both accelerators and decelerators will jointly drive our ability to deliver Measure M on time, and within budget.

FINANCIAL IMPACT

The impacts of acceleration and deceleration decisions would be case specific. Analysis of budget and long range financial programming would be an essential part of the analysis that would accompany any considerations under this proposed approach.

Impact to Budget

As noted, FY budget impacts would be case specific to the projects and schedules involved.

ALTERNATIVES CONSIDERED

The Board could elect to determine acceleration and deceleration of projects on an ad hoc basis. This is not recommended; instead, establishing a consistent process a) would ensure that needed analyses and determinations are done expeditiously; and b) an adopted policy adheres to the principles of transparency and financial accountability that the Measure M Ordinance demands and the public expects.

NEXT STEPS

Staff will return in October with an acceleration/deceleration policy for formal adoption, based on this outline, and any Board input thereto.

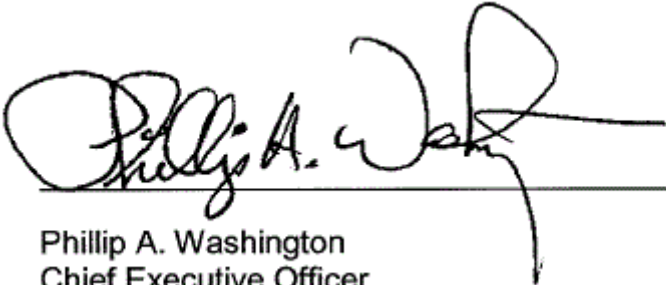
ATTACHMENTS

Attachment A - Draft Project Acceleration/Deceleration Factors and Evaluation Process

Prepared by: Phillip A. Washington, Chief Executive Officer, (213) 922-7555
Stephanie Wiggins, Deputy Chief Executive Officer, (213) 922-1023
Manjeet Ranu, Senior Executive Officer, Countywide Planning & Development, (213)

928-3157

Reviewed by: Phillip A. Washington, Chief Executive Officer (213) 922-7555
Therese W. McMillan, Chief Planning Officer, (213) 922-7077
Richard Clarke, Chief Program Management Officer, (213) 922-7382
Joshua Schank, Chief Innovation Officer, (213) 922-7447



Phillip A. Washington
Chief Executive Officer

ATTACHMENT A

Draft Project Acceleration/Deceleration Factors and Evaluation Process

Accelerators

	Accelerator
Funding	<ul style="list-style-type: none"> • Has new funding become available at an amount greater than 25% of the total project construction cost? <ul style="list-style-type: none"> ○ Is this funding discretionary? ○ Is this funding somehow conditional to the project or time-sensitive? ○ Are unspent subregional funds available to be re-allocated to the project, with approval of the subregion? ○ Is funding available from a decelerated project? ○ Are confirmed surplus funds available from another project in the same subregion, based on a final Life of Project budget?
Process	<ul style="list-style-type: none"> • Is this project currently undergoing or can commit to a streamlined planning and environmental review process, not exceeding three years in duration?
	<ul style="list-style-type: none"> • Has this project concluded the planning and environmental review process, needing no more than a refresh of the environmental document(s), not exceeding one year in duration to complete (Operation Shovel Ready)?
	<ul style="list-style-type: none"> • Can this project be designed to phase improvements to achieve early action, incremental benefits?
	<ul style="list-style-type: none"> • Has at least 75% of the required right-of-way and site acquisitions been completed or is anticipated to be completed within one year?
Partnerships	<ul style="list-style-type: none"> • Does the existing local land use regulatory framework accommodate Transit-oriented Communities (TOC) for at least 75% of the land area within two miles of every station? <ul style="list-style-type: none"> ○ Are the adopted land use plans, development standards, design standards, including identification of needed public improvements and public facilities/amenities conforming to Metro's adopted TOC policy <i>[proposed for future Board action]</i> and are cleared by a certified Program Environmental Impact Report (EIR) to streamline subsequent implementation? ○ Does the local jurisdiction have a current, State Housing and Community Development Department (HCD)-approved Housing Element; has properly planned and zoned for adequate sites to accommodate its Regional Housing Needs Assessment allocation; updated its development regulations to accommodate the density corresponding to the lower income category of housing units pursuant to State Housing Law; and has a minimum 10% inclusionary housing program, supported by a current density bonus ordinance that is consistent with State Density Bonus Law?
	<ul style="list-style-type: none"> • Is the local jurisdiction and/or other local partner contributing at least 25% more than the required 3% contribution?
	<ul style="list-style-type: none"> • Is a local improvement or financing district existing or will be established within three years of the groundbreaking date for the purpose of either funding a portion of the greater than 3% contribution referenced above and/or implementing public infrastructure and amenities improvements pursuant to an adopted TOC program?

	<ul style="list-style-type: none"> • Is there a program to collect a fee in-lieu of providing required parking and local traffic mitigation fees/improvements, with revenues allocated to transit passes and other transportation demand management (TDM) strategies?
Innovations	<ul style="list-style-type: none"> • Is there an equal or superior, less costly improvement to accomplish the capacity and performance intended by the transportation project?
	<ul style="list-style-type: none"> • Are there technological innovations that will reduce the planned capital and/or operating cost of the project?
	<ul style="list-style-type: none"> • Is there an opportunity to combine two or more projects/segments to achieve economy of scale and minimize impacts of multiple back-to-back construction over a long period of time such that the combined project construction cost is reduced by at least 25%?
	<ul style="list-style-type: none"> • Is this project the subject of a public-private partnership proposal or other unsolicited proposal that can reduce the estimated construction cost by a minimum of 10% and accelerate the delivery date by at least 10 years?

Decelerators

	Decelerator
Funding	<ul style="list-style-type: none"> • Have there been new priorities, which are not part of the adopted Long Range Transportation Plan (LRTP), that reduce forecasted available revenue, resulting in a shortfall of 25% or more of the project construction cost?
	<ul style="list-style-type: none"> • Is there an unrealized funding source for the project that was assumed in the financial plan, which reduces available project funding from that source by at least 25%?
	<ul style="list-style-type: none"> • Is the cost of the project so high that it cannot be constructed within the three-year window in the Expenditure Plan for the "Opening Date?"
Process	<ul style="list-style-type: none"> • Is there a determination, upon identifying the Locally Preferred Alternative or completion of the planning and environmental review process, that proceeding with the project as originally conceived is incompatible with the community and cannot be compatibly constructed because funding is insufficient to design it as desired?
	<ul style="list-style-type: none"> • Is the project a subject of litigation that delays the project for more than six months and/or delays the project schedule such that the three-year window in the Expenditure Plan for "Opening Date" cannot be met?
	<ul style="list-style-type: none"> • Are there significant environmental clearance complications that are lengthy or costly to address such the project is likely to be delayed for more than six months and/or the project schedule would be delayed such that the three-year window in the Expenditure Plan for "Opening Date" cannot be met?
Partnerships	<ul style="list-style-type: none"> • Is less than 75% of the land area within two miles of project stations not included within updated local land use plans and regulations, and not cleared by a certified Program EIR, contrary to Metro's TOC Policy <i>[proposed for future Board action]</i>?
	<ul style="list-style-type: none"> • Have excessive permit requirements been imposed by the responsible agency or denials by an agency such that the project is delayed for more than 30 days and/or the project schedule is delayed such that the three-year window in the Expenditure Plan for "Opening Date" cannot be met?

	<ul style="list-style-type: none"> • Have disproportionate or unwarranted project design requests by a local jurisdiction occurred such that six months or more is added to the planning and design review process, and the project schedule would be delayed such that the three-year window in the Expenditure Plan for "Groundbreaking Start Date" cannot be met?
Innovations	<ul style="list-style-type: none"> • Are there requests to defer a project for speculative or long-term technological improvements that are not available during the three-year window in the Expenditure Plan for the "Opening Date"?
	<ul style="list-style-type: none"> • Are available state-of-the art, proven technologies that can increase capacity, reduce travel times and improve safety, while staying within the budgeted construction cost, which Metro is being prevented from utilizing by law or regulator?

Process

1. Identify if one or more factors have occurred that suggest a potential for acceleration and/or deceleration. A tool would be utilized to assist in identifying the factors that potentially have occurred and would provide an initial screening of the propensity for acceleration and/or deceleration.
2. If so, then staff would conduct an analysis to confirm the acceleration and/or deceleration, determine the extent to which a project could be accelerated and/or decelerated, and what would be the impacts of that action.
3. The Board of Directors reviews the staff analysis and gives direction to subsequently provide notice and take action pursuant to law; declines to find for acceleration and/or deceleration; or directs staff to undertake further analysis.



Measure M Project Acceleration/Deceleration Factors and Evaluation Process

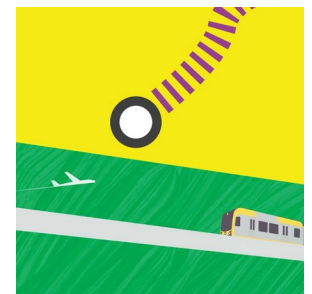
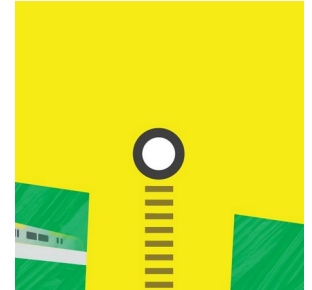
The Value of a Comprehensive Policy

- Establishes clear, uniformly applied criteria
- Allows rigorous and expeditious analyses and determinations
- Provides for transparency and financial accountability



Accelerators and Decelerators Concept

- **Accelerators:** factors beyond the control of Metro that could result in facilitating early delivery of projects
- **Decelerators:** factors beyond the control of Metro that could result in significant and costly delays to our projects, that are no fault of Metro



Measure M Ordinance

- Projects can be accelerated as long as others are not negatively impacted
- A project that is delayed negatively impacts the ability to advance others
 - A delayed project is an overall drag on maximizing the implementation of capacity in the Measure M Expenditure Plan

“By two-thirds (2/3) vote, the Metro Board of Directors may amend the “Schedule of Funds Available” columns listed in Attachment A to accelerate a project, provided that any such amendments shall not reduce the amount of funds assigned to any other project or program as shown in the “Measure__Funding 2015\$” column of Attachment A or delay the Schedule of Funds Available for any other project or program.”

Categories of Accelerators and Decelerators

- Funding
- Process
- Partnerships
- Innovations



Evaluation Tool: MMAT

- Contains
 - All Measure M projects ordered as listed in the Expenditure Plan
 - Acceleration and deceleration factors
 - A score given to each factor to measure its relative strength in impacting project timing
- Overall score given as a low, medium and high indicator for acceleration/deceleration
- Includes accounting of evaluations conducted

Evaluation Process

- Identify if factors have occurred and apply screening tool
- Staff conducts analysis if tool demonstrates propensity for acceleration/deceleration, along with impacts in taking action
- Board of Directors review
 - Decide to subsequently provide notice and take action
 - Decline to find for acceleration and/or deceleration
 - Direct staff to undertake further analysis



Staff Recommendation

- Receive and file this Board report
- Board adoption in October of an acceleration/ deceleration policy





Discussion



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