AGENDA

1. Welcome and Approval of Minutes
   John Moreno, Chair
   5-10 mins.

2. Chair’s Comments
   John Moreno, Chair
   A. 2022 Accomplishments and 2023 Efforts
   B. WSAB Construction Liaison Job Posted
   20-30 mins.

3. First/Last Mile Plan Introduction and Orientation
   Jacob Lieb, Metro
   A. Introduction to Planning Efforts
   B. WSAB Planning Efforts and Schedule
   15-20 mins.

4. 3% Local Contribution Obligations
   Nancy Michali, Staff
   A. Next Steps on Requested 3% Guideline Revisions
   B. Subregional Equity Program (SEP) Funding Efforts
   20-30 mins.

5. Overview of TOD Grant and Value Capture Efforts
   Craig Hoshijima, Metro
   A. Metro Receipt of Federal TOD Grant
   B. Update on Value Capture Efforts
   5. Next CM TAC Meeting:
      A. Scheduled for Thursday, March 9, 2023.
   6. Adjournment

https://us02web.zoom.us/webinar/register/WN_27RIfOgGRxQmQS2PSHjbFQ
1. Approval of Minutes
MINUTES OF THE MEETING OF THE
GATEWAY CITIES COUNCIL OF GOVERNMENTS

West Santa Ana Branch City Manager Technical Advisory Committee

November 10, 2022
In-person Work Session

PRESENT: Representatives from the cities of: Bellflower, Cudahy, Downey, Huntington Park, Paramount and South Gate.

ALSO PRESENT: 
Electeds: Viviana Gomez, Office of Supervisor Hahn.
Cities: Gabriel Linares, City of Lynwood.
Metro staff: Meghna Khanna, June Susilo, Adam Stephenson and Fanny Pan.

Item 1. Welcome
Chairperson John Moreno called the meeting to order and welcomed everyone.

Item 2. Chair’s Comments
Mr. Moreno thanked everyone for attending this important discussion of 3% local contribution obligations that will have significant financial impacts on every city along the WSAB Project Corridor. We also have an important Project update from Metro staff as they work towards completing the environmental document and starting project construction.

Item 3. WSAB Project
Mr. Moreno welcomed Meghna Khanna, Metro WSAB Project Manager, to the meeting and turned it over to Ms. Khanna to provide an update on the Project Schedule and Project Definition efforts. Ms. Khanna said she would be joined in her presentation by June Susilo, the WSAB Project Program Management (Construction) lead.

Update on Project Schedule
Ms. Khanna started her presentation on the updated Project Schedule (Attachment A) by highlighting key project milestones –

- Metro Board certification of Final EIS/EIR: March 2024
- FTA issues Record of Decision (ROD): March 2024
- Completion of 30% design documents: September 2024
- Start first phase of construction: 2025

She noted that the Federal Transit Administration (FTA) has indicated that they may request Metro to recirculate the Final EIS/EIR document due to the level of project design changes. Issuance of the ROD, if not combined with the Final EIS document, may be delayed until June 2024.

Ms. Khanna also clarified that WSAB Project construction will occur in two phases –

- **Advanced Preliminary Engineering (APE) Works**, including utility potholing and geotech drilling, working on grade crossing issues, and relocating freight tracks.
- **Light Rail Transit (LRT) Project Construction**, including the building the LRT tracks, stations and maintenance and storage facility (MSF).
APE construction efforts will start primarily in 2025 with some efforts planned for 2023. Construction will occur on the Metro-owned right-of-way (ROW) from the future Pioneer station in the City of Artesia north to the I-105 Station located in the City of South Gate and withing Caltrans right-of-way (ROW).

Two other key project milestones are –

- **Completion of 30% LRT, MSF and station design in September 2024.** This is when the 3% local contribution obligations will be established.

- **Completion and approval of First/Last Mile (FLM) plans during Quarter 2 (April-June) 2024.** Projects identified in the approved FLM plans will count towards meeting the 3% local contribution obligations. FLM planning efforts will start in March 2023, and be completed in March 2024.

Critical efforts are now underway to confirm the WSAB Project design through outreach to the Corridor cities, the Ports of Long Beach and Los Angeles, and the Union Pacific Railroad (UPRR). Project design confirmation is key to completion of the environmental review process, and completion of a 15% level of design is planned to occur by March 2023.

Metro staff is continuing to work with the UPRR through bi-weekly meetings and on-going design discussions. UPRR continues to have additional project design questions that will impact the completion of the 30% design of freight, grade separations and utilities. Freight line grade separations along the rail lines below the I-105 Freeway are being requested by the Ports not the UPRR.

Chair Moreno asked if the grade separations were “nice to have” or were they a “must have?” Ms. Susilo responded that the grade separation requests were coming from the from the Ports as real estate staff is seeking to preserve future access to customer rail facilities located on the west side of the rail ROW through LRT grade separations. Metro does not see these requests as a “make or break” issue. Staff is studying possible solutions, and will have a decision on this issue by December 12.

Chris Jeffers, City of South Gate, asked if the UPRR was proposing any freight ideas in his city? Ms. Susilo responded that the Metro team had explored building separate freight and light rail bridges over the I-105 Freeway adjacent to South Gate, but the decision was not to proceed with this design concept. The freight bridge will be demolished, and the design of the new freight bridge was aided by Caltrans reducing the I-105 permanent shoulder width requirements. The UPRR did request grade separation in two locations within the City of South Gate –

- **Downey Avenue** – which was explored and determined to not be viable due to major utility conflicts and local business impacts.
- **Rio Avenue** – she will send the drawings to the city and would like their input as the Metro team has been reviewing zoning and current land uses.

**Update on Project Definition Confirmation Efforts**

Ms. Khanna presented efforts related to addressing agency and city project design concerns that impact completion of the environmental document, and will be reflected in the project design documents –

- **Environmental project definition changes** – approximately 30 project design changes agreed to by Metro as of October 2022.
- **Environmental in-discussion project changes** requested by the UPRR, Ports, CPUC and four cities still under consideration.
Ms. Khanna stated that Master Cooperative Agreements have been executed with every WSAB Project city except the City of Cerritos. Metro is continuing to pursue signing this last MCA. Nancy Michali, WSAB TAC Consultant, asked if Metro typically signs a MCA with the County of Los Angeles? Ms. Susilo said Metro uses project-specific cooperative agreements with the County.

**Upcoming Project Work Plan Efforts**
Ms. Susilo spoke regarding upcoming project construction-related efforts. The Metro team is starting pot-holing efforts along the Metro-owned right-of-way working north from the future Pioneer Station area to the I-105 Freeway. Pot-holing efforts are undertaken to identify the location of underground utilities, and these efforts may impact city streets. Ms. Susilo will be requesting encroachment permits to support utility pot-holing efforts in three cities – Artesia, Bellflower and South Gate. She presented an overview of the pot-holing work scopes and impacted areas (Attachment A). The pot-holing work will start November 28 and take several days. She will be working with the cities to define work plans and to complete the Form 60s required to reimburse the cities for their staff time and any required permits. Ms. Susilo will be available to walk city staff through the pot-holing work plans and Form 60 reimbursement process.

**Project Funding Agreements**
Ms. Khanna spoke to the issue that Metro reimbursement funding is still available to the WSAB Project cities to pay for their staff time during the environmental/planning phase. She presented the remaining funding available to each city through December 31, 2024 (Attachment A). Ms. Khanna urged cities to charge staff time against the funding. Cities can be refunded for their work by submitting an invoice to the Gateway Cities COG, who administers the funding agreement. She noted that project construction is planned to begin in 2025, and city-specific work plans will be identified and funded before the end of 2024.

**Item 4. City Manager 3% Local Contribution Discussion**
Ms. Khanna introduced the Metro staff leading the 3% local contribution obligation efforts – Adam Stephenson and Fanny Pan.

**Update on 3% Guidelines and Efforts**
Mr. Stephenson presented an overview of the revised 3% Local Contribution Obligation Guidelines. He started by noting the importance of the 3% local contribution to Metro’s funding plan for the WSAB Project. Any 3% funding not provided by the WSAB Corridor cities must be backfilled from other constrained funding sources. The cities’ provision of the 3% funding also is important to the Federal Transit Administration (FTA) as it shows local commitment to the project. This funding is important to Project’s ranking when competing nationally for funding under the federal New Starts Program.

Ms. Stephenson provided a background on why the 3% Local Contribution guidelines were revised as directed by Metro Board action in April 2022. The Measure M Ordinance was approved by voters in November 2016. Measure M Guidelines, providing guidance on how Measure M projects were to be funded, was approved by the Metro Board in 2017. The Ordinance and the Guidelines differ on how the 3% local contribution obligations were identified. In April 2022, the Metro Board directed staff to revise the Measure M Guidelines to match with the voter-approved Measure M Ordinance. Also, the Board directed that the guidelines incentivize cities to provide First/Last Mile projects by providing credit for those projects against their 3% local contribution obligation.
Mr. Stephenson shared the 3% agreement process that Metro will follow after completion of the 30% level of project design document. Under the 3% negotiation process, Metro staff will –

- Notify each city of their 3% local contribution obligation.
- Request city to designate their representatives for negotiating the 3% obligation agreement.
- Notify the Metro Board that the 3% local contribution process has been initiated with the cities.
- Start the negotiation of agreements with each city; the agreements must be in place by start of construction.

**Revised 3% Calculator**

Mr. Stephenson presented the revised WSAB 3% calculator (Attachment B), which reflects the revised 3% obligation as only applying to jurisdictions where a new station is to be constructed. For the WSAB Project, the jurisdictions responsible for the 3% local contribution obligation will be: the cities of Artesia, Bellflower, Downey, Huntington Park, Paramount and South Gate; and the County of Los Angeles.

The discussion then focused on ideas: 1) to provide the funding flexibility needed by the WSAB cities in meeting their significant financial obligation, and 2) to mitigate the resulting inequity between the jurisdictions – with not all cities required to contribute to the 3% obligation. The CM TAC members discussed proposed guideline revisions and clarifications to address these two issues. Metro staff was helpful in sharing their thoughts on the proposals, and how to strengthen them and make them more acceptable to Metro. The proposals and Metro’s responses are documented in detail in Attachment C.

**City Manager Discussion of 3% Local Contribution Efforts**

The CM TAC members recused themselves for a closed work session about the 3% local contribution obligation issue and possible solutions to meeting this significant financial obligation. A discussion framework, including possible solutions, was provided with two presentations:

- **Overview of 3% Local Contribution Issues** (Attachment D) – Presenting an overview of the projected total 3% obligation, including possible solutions at two levels –
  - **Corridor level** – Using the political power of all of the jurisdictions and the COG in revising the 3% guidelines, negotiating the number and term of the 3% payments, and securing Measure M SEP funding and other regional state resources for the cities to meet their obligations.
  - **City level** policy, funding and other project-related efforts to identify local resources: 1) to meet the 3% obligation; 2) to implement future FLM station access projects; and 3) to identify viable in-kind project-related contributions that each city could make.

- **Overview of Subregional Equity Program** (Attachment E) – Presenting the purpose of these Measure M funds, how they have been secured for other major rail capital projects, and a proposed request to be made by the Gateway Cities COG to Metro for WSAB Project-related SEP funding.

The CM TAC discussion and proposals, along with Metro staff input, is documented in Attachment C. This memo was distributed to all CM TAC members, along with lists of possible FLM projects and In-kind contributions for their consideration. In summary, the CM TAC proposed the following actions:

1. **Revise 3% Local Contribution Guidelines and Confirm WSAB Project 3% obligations**
   - Revise the 3% Guidelines to allow greater funding flexibility for cites.
   - Clarify WSAB Project-specific issues to address 3% obligations.
Specific areas that would allow greater flexibility for WSAB cities, include the ability to –

- Allow the transfer of First/Last Mile station access project credits between cities located in the same station area.
- Allow the transfer of In-Kind project-related credits between cities located in the same station area.
- Allow cities to dedicate less than 100% of their Measure M Local Return funds to meet their 3% obligation.
- Allow cities to retroactively include First/Last Mile projects that were recently completed and that meet the WSAB Corridor’s station access needs.

Confirm two issues with major 3% local contribution impacts:

- **Designate the I-105 Station as a Regionally Significant Project, similar to the Crenshaw/LAX station.** This station will serve three rail lines: the B/Green, K/Crenshaw/LAX and WSAB Line. Secure other funding for this station, and remove it from the WSAB 3% Local Contribution Obligation calculations.
- **Clarify 3% obligation responsibility for future WSAB rail stations.** Clarify that any future 3% obligation required for the Cerritos and Rio Hondo stations will be borne by the jurisdictions planning and funding those future projects.

2. **Expand the list of viable city contributions counting towards the 3% obligation.**

   Work with Metro and the WSAB Project cities to increase the list of viable First/Last Mile station access projects and In-Kind project-related contributions eligible for meeting each city’s 3% obligation.

3. **Increase available fund sources available to cities to meet their 3% obligations.**

   Work with the COG and Metro to ensure a wide range of funding of funding sources are available.
   - Identify a list of available funding sources matched to city needs.
   - Develop an integrated funding strategy at two levels –
     - Project Corridor-level funding strategy incorporating regional, state and federal funding resources.
     - Local, city-level funding strategy.
   - Identify elected official support to secure the funding.

**Next 3% Guideline Efforts**

Several actions were identified to move forward on securing revisions to the draft 3% Local Contribution Obligation Guidelines –

- Request postponement of Metro Board consideration of the 3% Local Contribution Obligation Guidelines from January to February 2023.
  - Metro staff’s guidelines presentation raised concerns with Supervisor Hahn’s staff that the guidelines do not follow the intent of the Board’s motion (April 28, 2022).
  - The CM TAC is seeking to include several policy changes that will require further clarification and discussion among the cities – city managers and electeds. Allow time to brief and seek input from Supervisor Hahn, Director Dutra, the Gateway Cities COG Board and Eco-Rapid Transit.
- Clarify SEP funding availability to meet WSAB city 3% obligations. Based on this information, request that the COG submit a SEP funding request to meet WSAB city needs.
- Initiate discussions with Metro staff to clarify viable In-Kind project-related contributions, and to reflect this funding option in the Guidelines (it currently has a one sentence discussion).
• Initiate discussions with Metro staff to identify a full set of viable First/Last Mile station access projects, including WSAB Project station area-specific projects.

Chair Moreno asked if there were any further issues for the good of the order. Hearing none he moved to adjourn the meeting.

**Item 5. Next City Manager TAC Meeting**
The next CM TAC meeting is tentatively scheduled for December 8, 2022, and will focus in more detail on 3% local contribution obligation issue and efforts.

**Item 6. Adjournment**
Chairperson Moreno adjourned the work session at approximately 3:45 pm.
Next stop: new rail to southeast LA County.

WEST SANTA ANA BRANCH TRANSIT CORRIDOR
### Key upcoming milestones

1. **Confirm Project Definition by October 2022 (90% confirmation)**
2. **Execute Master Cooperative Agreements (MCAs) with Corridor Cities by October 2022 (9 out of 10)**
3. **Initial “proof of Concept” MOU with UPRR/Ports by April 2023**
1. Environmental: Confirmed Project Definition Changes by Oct 2022

- UPRR: Swap Freight and LRT tracks along La Habra Branch
- City of Huntington Park: TPSS site north of Randolph and west of State St conflicts with future development; new location within freight ROW
- City of Huntington Park: Identify new laydown area near State Street and Randolph Street; new location within freight ROW
- City of Huntington Park: Revised design to avoid a partial acquisition on a parcel with a water well
- City of South Gate: Identified new laydown area in freight ROW
- City of South Gate: Dakota Avenue one-way; coordination with FLM
- UPRR: consolidation of parking lot for the I-105/C Line Station on the east side lot to place all parking at one location and avoid patrons crossing the freight tracks; City of South Gate: added new driveway fronting Century Blvd
- City of Paramount/Paramount School District/UPRR: Replace proposed pedestrian undercrossing with a pedestrian bridge at Paramount High School
- City of Bellflower: Somerset Boulevard/entrance at MSF
- City of Bellflower: Pacific and Alondra intersection
- City of Bellflower: LRT tracks and soundwall infringe on the existing access road/parking for the Bellflower Mobile Home Park
- City of Cerritos: Relocate the proposed TPSS at 183rd/Gridley to the southeast side of the intersection
- City of Artesia: Requested that the bike path along the PEROW be added to plans
- City of Artesia: Requested that the access point for the parking structure be modified further north to align with Solana Ct. Also requested modification for alley just south of the parking structure
- City of Artesia/CPUC: Requested that the median located north of the LRT tracks at the Pioneer grade crossing be extended to block driveway left turns
- Caltrans: Design deviations from the I-105 Express Lanes project allow reduced inside and outside shoulders which would no longer conflict with the bridge abutments along the C Line infill station. The Arthur Avenue and Façade Avenue bridges will no longer need to be reconstructed.
1. Environmental: In-discussion Project Definition Changes

- **City of Huntington Park**
  - Huntington Park requested closure of at-grade crossings and restricting left turns over tracks at other locations
  - Confirmed by Huntington Park; Coordination with CPUC and adjacent cities

- **City of Paramount**
  - I-105/C Line Façade Station access: Metro to work with city regarding measures that can be implemented to control informal drop-off/pick-up and parking (e.g., red curb); FLS coordination

- **City of Artesia:**
  - Metro/CPUC/City coordination to open 187th Street; city confirmed design
  - City requested opening 186th: based on meeting with City & CPUC
    - CPUC confirmed that one or the other grade crossing needs to be closed
    - More traffic on 187th than 186th
    - City wants to discuss with Council members in separate meetings

- **City of Cerritos**
  - Metro working on the public record request
  - All documents including a cut & cover memo including cost back-up, emails and other documentation

- **UPRR/Ports**
  - December 12, 2022: San Pedro Aerial Assessment UPRR/POLB/POLA comments
  - Reduce distance between freight and LRT bridges over I-105 (awaiting input)
  - Grade separate Downey Ave (awaiting input)
  - Redesign freight spur track connections ~ at Rayo Avenue to the eastside and westside
  - Extend viaduct north of Imperial Ave (Finkl Property): requires additional 2000ft aerial segment

- **Caltrans**
  - Preparing I-105 PSR/PR (DSDD) non-standard outside medians to avoid demo of Façade and Arthur Avenue

- **CPUC**
  - Memo to address traffic, noise & vibration analysis
2. Execute Master Cooperative Agreements (MCAs) by October 2022 (9 out of 10)

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<tr>
<th>City</th>
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<tbody>
<tr>
<td>✓ Artesia</td>
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<tr>
<td>✓ Bell</td>
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<td>✓ Bellflower</td>
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<td>Cerritos</td>
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<td>✓ Cudahy</td>
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<td>✓ South Gate</td>
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<td>✓ Vernon</td>
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- **Next Steps**
  - Metro to send executed MCAs
  - Metro to share draft work plan for Encroachment Permit applications
    - Utility potholing (discussed on slide 7)
    - Geotechnical drillings
    - Anticipate applications submittal in early Jan '23
  - Metro to send Form 60s
  - Metro/City coordination to confirm work plan and Form 60s
Work Plan: Utility Potholing

- Encroachment Permit applications have been submitted to 3 cities as of 11/9/22 and include:
  - Pothole plan with locations
  - Traffic control (WATCH manual)
  - Contractor’s business license and certificate of liability insurance
  - Earliest start is week of Nov 28th
  - From Pioneer to I-105
    - 60 potholes
    - 29 slot trenches (1065 LF)

Example: Bellflower - Alondra & Pacific
Work Plan: Utility Potholing

• Encroachment Permit applications have been submitted to 3 cities as of 11/9/22 and include:
  o Pothole plan with locations
  o Traffic control (WATCH manual)
  o Contractor’s business license and certificate of liability insurance
  o Earliest start is week of Nov 28th

• Sequence
  o Submit and obtain approval from cities
  o Notify utility companies via DigAlert at least 48 hours prior to potholing
  o Schedule readiness review meeting
  o Layout proposed pothole locations by licensed surveyor
  o Set up traffic control
  o Sound blankets will be available at job site if noise level exceeds regulatory maximums
  o Saw cut, core drill, and/or jackhammer surface when required
  o Use vacuum truck and wet method to pothole and uncover utility
  o Record coordinates, elevations, and dimensions of all utilities
  o Backfill with washed sand or slurry in accordance with requirement of pothole permit
  o Restore pavement to existing condition using Aquaphalt
  o Use sandbags around nearby catch basins to prevent sediment from entering storm drains
  o Restore work site and access road to original condition
Funding Agreement: Gateway COG, Eco-Rapid, Cities

Draft for discussion purposes only

<table>
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<th>Term of the Agreement: Effective Date of this Agreement through December 31, 2024</th>
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<tr>
<td><strong>Original Budget</strong></td>
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<td>Gateway Cities COG (AGENCY)</td>
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<td>Artesia</td>
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<tr>
<td>Eco-Rapid Transit JPA</td>
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<td>Eco-Rapid Transit JPA (prior amount invoiced through 12/31/18)</td>
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<td>City Manager TAC</td>
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<td>Remaining Funds for AGENCY and LACMTA to mutually determine how to distribute to the above – Gateway COG</td>
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<td><strong>Total</strong></td>
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West Santa Ana Branch Corridor
Pre-30% Design Local Contribution Share Estimate

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Percent of Project Total Centerline Track Miles*</th>
<th>3% Local Contribution Estimate</th>
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<tbody>
<tr>
<td>Artesia</td>
<td>5%</td>
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<td>Downey</td>
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<td>Paramount</td>
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<tr>
<td>South Gate</td>
<td>25%</td>
<td>$7.60</td>
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$30.00

*Adjusted to only include jurisdictions with station construction.

Instructions: 1) input a user-defined total project cost estimate in the highlighted cell next to "Project Cost", 2) review the resulting 3% local contribution estimate for your jurisdiction.
CM TAC Memo/3% Local Contribution Obligation Discussion

This memo presents an overview of the key 3% local contribution discussion points from the November City Manager TAC meeting, along with proposed actions and initial comments from Metro staff.

3% Local Contribution Obligation Background

<table>
<thead>
<tr>
<th>Estimated WSAB 3% Local Contribution Obligation</th>
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<tbody>
<tr>
<td>• WSAB Project 3% Obligation Estimate = $215.4 Million.</td>
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<tr>
<td>• Final obligation amount will be based on completion of 30% level project design documents and cost estimate projected to occur 2025 Q4. Negotiation of 3% contribution agreements will then be initiated with each city required to provide a 3% local contribution. Agreements must be signed within one year of completing the 30% documents – approximately 2026 Q4. Annual payments typically start within one year of signing of the agreements.</td>
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<tr>
<td>• 6 cities/jurisdictions will be required to provide the 3% Local Contribution: Artesia, Bellflower, Huntington Park, Paramount, South Gate and the County of Los Angeles.</td>
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<td>• All cities have the ability to provide project-related improvements that will count towards and reduce the 3% contribution requirement.</td>
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3% Local Contribution Agreements

No Measure M plan or policy language specifically addresses the number of local contribution payments, the payment start date, nor the length of the payment schedule.

Measure M allows that if a local contribution agreement is not reached, Metro will withhold a city’s Measure M Local Return for up to 15 years. Under the recently approved Metro Board action, a city is allowed to count the value of any First-Last Mile investments that they deliver against their 15 year Measure M local return withholding obligations are identified in a written agreement.

3% contribution agreements are negotiated between Metro and each city/jurisdiction to identify –

• **Number of payments** – Past agreements with other cities have been for a total of 14 payments; the exception is 40 payments negotiated by the City of Inglewood for the Crenshaw/LAX Project.

• **Annual payments timeframe** or start and end years – Past city agreements have required initiation of city payments starting one year after the local contribution agreement is executed.

Number and Term of Proposed Payments

A wide range of number of payments has been discussed – from 5 payments proposed by Metro in 2020 discussions to the possible opportunity for 30 payments identified at the CM TAC meeting –

• 15 years match 15 years of possible withholding of Measure M Local Return.

• 20 years to allow additional time for cities to secure funding.

• 30 years to allow cities to issue bonds to raise all or a portion of their 3% obligation.

Range of Proposed Payments

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<th>Metro Proposal (2020)</th>
<th>Options discussed at November CM TAC Meeting</th>
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<tr>
<td></td>
<td>Option A</td>
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<tr>
<td><strong>Number of Payments</strong></td>
<td>5</td>
</tr>
<tr>
<td><strong>Start/End Years</strong></td>
<td>2026-2031</td>
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1 Based on construction start date presented by Meto staff on November 17, 2022.
Meeting WSAB 3% Local Contribution Obligations will be shaped by three actions.

1. **Revise 3% Local Contribution Guidelines and Confirm WSAB Project 3% Obligations.**
   - Revise 3% Guidelines to allow greater funding flexibility for cities.
   - Clarify WSAB Project-specific issues to address 3% obligations.
   Specific areas that would allow greater flexibility for cities, include the ability to –
   - Dedicate less than 100% of a city’s Measure M Local Return funds.
   - Transfer of FLM credits.
   - Use of In-Kind Contribution credits.

2. **Expand the list of viable city contributions counting towards the 3% Obligation.**
   Work with Metro and the WSAB Project cities to increase the list of viable First/Last Mile station access projects and In-Kind project-related contributions eligible for meeting each city’s 3% obligation.

3. **Increase available funding sources available to cities to meet their 3% obligations.**
   Work with the COG and Metro to ensure a wide range of funding sources are available for cities to meet their 3% obligations.
   - Identify a list of available funding sources matched to city needs.
   - Develop an integrated funding strategy at two levels –
     - Project Corridor-level funding strategy incorporating regional, state and federal funding resources.
     - Local, city-level funding strategy.
   - Identify elected official support to secure the funding.
1. **Revise 3% Local Contribution Guidelines and Confirm WSAB Project 3% Obligations.**

- Revise 3% Guidelines to allow greater funding flexibility for cities.
- Clarify WSAB Project-specific issues to address 3% obligations.
  
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  - Transfer of FLM credits.
  - Use of In-Kind Contribution credits.

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<thead>
<tr>
<th>Revise Guidelines and Initiate Resolution of Project 3% Obligation Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requested postponement of Metro Board consideration of the 3% guidelines until February 2023.</td>
</tr>
<tr>
<td>Request to allow time for discussion and concurrence among City Managers, and with COG and ERT elected officials on proposed revisions to the 3% guidelines and requests to confirm WSAB Project Contribution Obligations, such as those related to the designation of the I-105 Station as a Regionally Significant Project, and clarifying 3% obligations related to the future Cerritos and Rio Hondo stations.</td>
</tr>
<tr>
<td>With concurrence, the COG and/or CM TAC will prepare a formal letter to Metro delineating requested revisions to the 3% Guidelines, and clarification of WSAB Project 3% Obligations.</td>
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<table>
<thead>
<tr>
<th>Ability to allow a partial taking of Measure M Local Return.</th>
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</thead>
<tbody>
<tr>
<td>Allow for a city to dedicate a portion of their return to meet their 3% obligation.</td>
</tr>
<tr>
<td>Ensure this funding tool is reflected in the 3% local contribution guidelines.</td>
</tr>
<tr>
<td><strong>Results:</strong> 1) Provides a new funding tool, which could generate approximately $90-180 million; and 2) Reduces city financial impacts resulting from Metro taking 100% of their local return funding.</td>
</tr>
<tr>
<td><strong>Initial Metro Discussion:</strong> Metro is supportive, but would prefer identification of a specific dollar amount to be withheld, rather than a percentage as Measure M Local Return revenue varies over time. City identification of a specific amount per year to be withheld is predictable and easier to plan for in project funding plans.</td>
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<table>
<thead>
<tr>
<th>Ability to transfer First/Last Mile credits.</th>
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<tbody>
<tr>
<td>Revise the 3% local contribution guidelines to allow for cities to transfer FLM credits between station area cities.</td>
</tr>
<tr>
<td>Of the nine WSAB station areas, five fall within multiple jurisdictions. In those station areas, only one city is responsible for the 3% obligation. All station area cities will be developing FLM plans and projects, and the FLM project credit should be credited to the city bearing the financial brunt of the 3% obligation.</td>
</tr>
<tr>
<td><strong>Result:</strong> Allows all cities to participate in meeting the Project’s 3% obligation, and will mitigate the financial impact on the cities bearing the 3% local contribution obligation requirement. This tool could generate approximately $24M or more for cities to meet their 3% obligations.</td>
</tr>
<tr>
<td><strong>Initial Metro Discussion:</strong> Metro is supportive of adding guidance allowing the transfer of FLM credits, but clarified that negotiating and recording the transfer agreements would be the responsibility of the station area cities; Metro will not weigh in on where the FLM credits should go.</td>
</tr>
<tr>
<td><strong>CM TAC Discussion:</strong> This funding approach may be best supported by formation of station area planning/funding groups for the five station areas with multiple jurisdictions to ensure integration of design and funding decisions.</td>
</tr>
</tbody>
</table>
**Transfer of In-Kind Contribution credits.**

Similar to the transfer of FLM credits, allow cities with no 3% obligation to transfer any in-kind contribution credit to the city responsible for the 3% contribution in the same station area.

**Result:** Estimated to generate $20-30 million towards 3% obligation.

**Initial Metro Discussion:** This option was raised after Metro staff left the meeting and no initial discussion has been conducted.

<table>
<thead>
<tr>
<th>Confirm WSAB Project Definition and 3% Contribution Obligations.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address 3% Obligation Implications of WSAB Project decisions related to –</td>
</tr>
<tr>
<td>• New I-105 station, or the New I-105/B/K/WSAB Line station.</td>
</tr>
<tr>
<td>• Cerritos station.</td>
</tr>
<tr>
<td>• Future Rio Hondo station.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Secure Regional Significance Designation for the Future I-105 Station</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secure Regional Significance Designation for the I-105 Station, similar to the designation for the LAX Station on the Crenshaw/LAX Line, which provides a transfer between the Crenshaw/LAX Line and the LAX Automated People Mover system under construction.</td>
</tr>
<tr>
<td>• The new I-105 station will provide regional connectivity via transfers for three Metro Rail system lines: the B/Green Line, the K/Crenshaw/LAX Line (future) and the WSAB Line.</td>
</tr>
<tr>
<td>• The I-105 Station cost should not be borne solely by the WSAB Project, nor should the 3% obligation be borne by a single or even two small cities.</td>
</tr>
<tr>
<td>• Metro would not build a new rail line crossing existing and future rail lines without building a transfer station. The ability to transfer to the WSAB Line will significantly expand regional connectivity by making more jobs and destinations accessible to all LA County transit riders.</td>
</tr>
</tbody>
</table>

**Requested Actions:**

- Designate the I-105 Station as a project of Regional Significance, and secure other funding for the construction of this major regional connector, such as –
  - System Connectivity Funds
  - Future I-105 Express Lanes revenue
- Remove the I-105 Station from the WSAB Project 3% calculations.

<table>
<thead>
<tr>
<th>Clarify the participation of City of Cerritos in current and future 3% obligations.</th>
</tr>
</thead>
<tbody>
<tr>
<td>If the current WSAB Project cost and 3% obligation estimates includes provision of project design features to allow for a future aerial Cerritos station, include Cerritos in the current WSAB Project 3% calculation.</td>
</tr>
<tr>
<td>The City of LA will participate in the WSAB project at a later date and their 3% contribution will be borne solely by the City of LA. Should Cerritos participate in the same manner with the same parameters as the City of LA?</td>
</tr>
</tbody>
</table>

**Requested Actions:** Clarify how the City of Cerritos’ 3% obligation will be determined if and when the Cerritos Station is built in a future project phase. Similar to the City of LA, will the City of Cerritos be financially responsible for rail project decisions serving their city in the future, including those being built today?
Clarify 3% responsibility for the Rio Hondo Station.
Commit to ensuring that the WSAB Corridor cities will not be charged for this possible future station.
The Rio Hondo station and station area planning process and decision-making process is being led by non-WSAB Project stakeholders, and the future 3% local contribution obligation should be reflected in the Rio Hondo station’s cost estimate and funding, other than from the WSAB Corridor cities, secured.

2. Expand the list of viable city contributions counting towards the 3% obligation.
Work with Metro and the WSAB Project cities to increase the list of viable First/Last Mile station access projects and In-Kind project-related contributions eligible for meeting each city’s 3% obligation.
These actions will allow the cities greater flexibility in meeting the Project’s 3% obligation.

Negotiate an expanded/larger list of acceptable FLM station access projects.
Individual station area access projects are being identified in FLM plans developed by Metro and each city.
Work with Metro to identify an expended list of station access projects
Consider inclusion of projects that meet the WSAB Corridor’s unique station access needs, such as –
- Street right-of-way improvements to ensure the safety of pedestrian and bicycle access along highway corridors with heavy truck traffic (Measure M and a new federal funding source); and
- Shuttle access for transit users who are unable to access the station via walking or biking, including senior and disabled riders (State ATP and Cap-and-Trade funding).
Allow cities to “retroactively” include projects that were recently completed and that meet the WSAB Corridor’s unique station access needs as described above.
Result: More options for jurisdictions to build FLM projects to meet 3% obligation and to ensure a safe environment for transit riders arriving by foot, bike or other non-motorized mode.
Initial Metro Discussion: The Metro Program Management Lead agreed to meetings with individual cities to identify viable in-kind contributions.
The CM TAC consultant has identified a possible list of in-kind contributions for the cities to consider prior to meeting with Metro (list attached).

Identify a full list of acceptable In-Kind Project-Related Contributions.
Negotiate a complete list of acceptable in-kind contributions to or FLM projects to meet Metro project needs as documented in project design documents and cost estimates.
Draw on the experience of cities from other rail projects to identify required rail project improvements, such as signal system upgrades to accommodate rail operations, that cities can/will contribute to.
Result: More funding options for jurisdictions to meet 3% obligation and to reduce risk for the WSAB Project. A list of possible In-Kind Contributions incorporating Metro preliminary ideas and others is attached.
3. Increase available funding sources available to cities to meet their 3% obligations.

Work with the COG and Metro to ensure a wide range of funding sources are available for cities to meet their 3% obligations –

- Identify a list of available funding sources matched to city needs.
- Develop an integrated funding strategy at two levels –
  - Project Corridor-level funding strategy incorporating regional, state and federal funding resources.
  - Local, city-level funding strategy.
- Secure elected official support to secure the funding.

Develop 3% Contribution Funding Strategies.

Ensure a wide range of funding sources are available –

- **Corridor level efforts**
  - Revise 3% Guidelines to allow greater funding flexibility for cities.
  - Work with Metro to expand allowable FLM and In-Kind Contributions.
  - Address I-105 Station designation and other station 3% obligation issues.
  - Negotiate number and term of 3% payments with Metro.
  - Secure Subregional Equity Program (SEP) funds.
  - Secure regional and state funds for cities for station access and project-related improvements.

- **Local, City level efforts** through city-specific funding plans, including –
  - Identify local funding sources under city control, such as General Fund, State Gas Tax and Measure M Local Return funds.
  - Identify in-kind contributions with Metro
  - Plan, fund and build First/Last Mile Projects
  - Secure FLM and In-Kind transfer agreements with other cities in station area.

Secure Subregional Equity Program (SEP) funding.

Work with Metro and elected officials to ensure SEP funding is made available for the WSAB Project during the projected 3% payment years of 2026-2046 or 2056.

Under Measure M Expenditure Plan, $244 million is available for the Gateway Cities Subregion. No SEP funds have been expended to-date.

Constrained funding available for this program, with only $50M available over the next five years. Unknown future revenue funding streams for this program.

Initial discussion with Metro: COG should request full amount of SEP funding as soon as possible to get in the process/queue.

Gateway Cities COG will need to balance the funding needs of two rail lines (WSAB and Eastside Extension) and of the other cities.

**Result:** If funding for both rail lines is set aside, possibly ranging between a total of $120M to $180M, with $64M to $124M available for the other cities: **Funding of $60M, $80M or $100M could be available for the WSAB Project.** Agreement with Metro to ensure transfer of the Gateway Cities SEP funding to fund part of the Project 3% obligation during the 2026-2041 or 2026-2046 timeframe.

**Initial discussion with Metro:** Request SEP funding asap to get request into process/queue. Follow Expedited Project Development Guidelines in preparing request.
Secure future I-105 Express Lanes revenue.

Start discussions with Metro / elected officials to ensure a portion of future I-105 Express Lane Project revenue is dedicated to the WSAB Project to fund the new I-105 B, K and WSAB Station.

Result: Projected approximately $15-30M or more available over 15 years to meet WSAB Project 3% requirements.

Initial Metro Discussion: Future use of Express Lane revenue is being discussed, including funding for a ‘Local” projects category for communities along the I-105 Corridor. Metro would consider funding for future I-105 Station providing regional rail system connectivity serving B, K and WSAB lines.

Identify Regional, State and Federal funding sources.

Limited local funding is available for funding FLM station access projects, and timeliness in securing the funding is important. All FLM projects must be completed within six (6) years of the execution of the 3% local contribution agreements between Metro and the cities.

A funding list showing possible regional, state and federal funding sources is being developed for the WSAB cities.
Overview of 3% Local Contribution Issues

WSAB City Manager TAC Meeting

November 10, 2022
WSAB 3% Obligation Overview

WSAB 3% Local Contribution Obligations will be shaped by –

• Controlling the project construction cost
• Following 3% local contribution calculations
• Revising 3% Local Contribution Guidelines
• Ensuring a wide range of funding sources are available –
  - A local, city-level funding strategy is developed
  - Elected official support is available to secure the funding
• Increasing the list of viable First/Last Mile projects and In-Kind contributions
WSAB Corridor Unique Conditions

In the WSAB Corridor (Slauson to Pioneer segment) –
• 9 station areas – 5 multiple jurisdictions and 4 with single jurisdictions.
• 10 cities\(^1\) + County of Los Angeles are affected.

The Corridor’s unique conditions will shape the 3% Local Contribution funding agreement process –
• First project to follow Measure M requirements only.
• Large number of small cities with limited financial capacity.
• Five station areas with multiple jurisdictions.
• Regionally significant I-105/B Line Station serving two rail lines.

\(^1\) The City of Cerritos does not have a station in this initial phase.
Estimated WSAB 3% Local Contribution Obligation –
• Final obligation will be based on completion of 30% level project design documents and cost estimate.

WSAB Project Estimates

<table>
<thead>
<tr>
<th>Project Cost</th>
<th>$7.18 Billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>3% Obligation</td>
<td>$215.4 Million</td>
</tr>
</tbody>
</table>

Coordinated corridor- and city-level efforts to successfully complete the 3% contribution process –

• **Corridor level**
  **Policy efforts** – revise 3% Guidelines, secure Subregional Equity Program, regional and state funds for cities; expand allowable in-kind contributions; and address the I-105/B Line station issue.
  **Agreement efforts** – negotiate the number and term of payments.

• **City Level**
  **Policy, Funding and Project efforts** – identify local funding (Local Return, etc.) and viable in-kind contributions; and plan/fund First/Last Mile projects.
  **Agreement Level** – negotiate 3% agreements with Metro.
3% Local Contribution Funding Scenarios

A wide range of multiple funding sources will be required to meet the 3% Local Contribution Obligations.

<table>
<thead>
<tr>
<th>Possible Funding Sources</th>
<th>Possible Funding Scenarios (Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Return – Cities</td>
<td>$90</td>
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<tr>
<td></td>
<td>$90</td>
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<tr>
<td></td>
<td>$135</td>
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<tr>
<td></td>
<td>$135</td>
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<tr>
<td>Local Return – County</td>
<td>$14</td>
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<td>$27</td>
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<td>$27</td>
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<td></td>
<td>$27</td>
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<tr>
<td>FLM Projects</td>
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<tr>
<td></td>
<td>$40</td>
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<td></td>
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<tr>
<td>In-kind Contributions</td>
<td>$20</td>
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<td></td>
<td>$20</td>
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<td></td>
<td>$30</td>
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<td>$30</td>
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<tr>
<td>Subregional Equity Program (SEP)</td>
<td>$20</td>
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<tr>
<td></td>
<td>$30</td>
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<tr>
<td></td>
<td>$30</td>
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<tr>
<td></td>
<td>$40</td>
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<tr>
<td>I-105 Express Lanes Revenue</td>
<td>$15</td>
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<tr>
<td></td>
<td>$15</td>
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<tr>
<td></td>
<td>$24</td>
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<tr>
<td></td>
<td>$30</td>
</tr>
<tr>
<td>State/Federal Funding Sources</td>
<td>TBD</td>
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<td>TBD</td>
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<td>TBD</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$179</strong></td>
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<td></td>
<td><strong>$202</strong></td>
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<td></td>
<td><strong>$287</strong></td>
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<tr>
<td></td>
<td><strong>$302</strong></td>
</tr>
<tr>
<td><strong>Estimated 3% Obligation</strong></td>
<td><strong>$215.4</strong></td>
</tr>
<tr>
<td></td>
<td><strong>$215.4</strong></td>
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<tr>
<td></td>
<td><strong>$215.4</strong></td>
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<td><strong>$215.4</strong></td>
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<tr>
<td><strong>Difference</strong></td>
<td><strong>($36.4)</strong></td>
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<td><strong>($13.4)</strong></td>
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<td></td>
<td><strong>$60.6</strong></td>
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<tr>
<td></td>
<td><strong>$86.6</strong></td>
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</table>
Possible 3% Action Items

Possible policy actions to secure local and regional funding to meet WSAB 3% local contribution obligations include –

- **Revise 3% guidelines** to allow for FLM credit transfer between station area cities.
  
  **Result:** Approximately $24M or more for cities to meet 3% local contribution requirements.

- **Secure SEP funding** – ensure largest amounts possible available during projected 3% payment years 2028-2041.
  
  **Result:** Minimum of $20-40M and up to $65-100M.

- Secure Metro concurrence to allow for **partial taking of local return**.
  
  **Result:** $90-180M or more available; reduce city impacts from 100% taking of local return funding.
Possible 3% Action Items

• Secure Regional Significance designation for I-105/B Line station, similar to Airport Station on Crenshaw/LAX Line. The I-105 station is actually two stations – a new B Line station and a new WSAB Line station. This station will connect the B Line and WSAB Lines and increase B Line ridership and entire rail system connectivity.

  Result: Remove station from 3% calculations.

• Start discussions to ensure a portion of future I-105 Express Lanes revenue is used to fund the new 105/B Line Station.

  Result: Approximately $15-30M available over 15 years or more to meet 3% requirements.
Possible 3% Action Items

• Negotiate a larger list of acceptable in-kind contributions to or FLM projects to meet Metro project needs and match available funding for unique WSAB station area needs, such as highway improvements to ensure safety of pedestrian and bicycle access to station areas (new federal funding source) and shuttle access for disabled and senior riders (State ATP and Cap-and-Trade funding).

Result: More funding options for jurisdictions to build FLM projects to meet 3% obligation and to make the WSAB Project work in their cities; higher ridership.
Subregional Equity Program (SEP)

WSAB City Manager TAC Meeting

November 10, 2022
Overview

Subregional Equity Program (SEP) was identified in the Measure M Ordinance and Expenditure Plan approved by voters in 2016 –

- **Expenditure Plan** footnote stated that: “the subregional equity program will be provided as early as possible” and specified funding amounts for each subregion.
- Gateway Cities SEP funding was identified as $244 million.
- Metro Board approved a San Fernando Valley COG request to use their $180 M of SEP funding for the SFV Project.
- In 2016, Metro Director Fasana introduced an amendment to Measure M Expenditure Plan to provide funding to all subregions similar to that provided to the SFV.
- The funding for the subregions other than the SFV is known as the Subregional Equity Program.
Due to SEP funding being identified after all of the other Measure M projects and programs, **SEP funding was forecast not to be available until FY 2043.**

Four requests have been made for use of SEP funds –

- The Foothill Construction Authority requested funds to address the cost overruns on Foothill Phase 2 construction (2019).
- Cost overruns were covered for the Crenshaw/LAX Line (2020), the Eastside Access Improvements Project (2021), and the Westside Purple Line (2021).

Use of SEP funding is subject to the approval of the respective subregions; not all of the subregions approved the use of their SEP funds to meet the project cost overruns listed above.

In June 2021, a Metro Board motion eliminated the use of SEP funds to address capital project funding shortfalls.
SEP Funding Requests

Several subregions have asked Metro staff about the earlier use of SEP funds –
• Gateway Cities COG requested funding for ATP and Complete Streets improvements, and to supplement local return for jurisdictions.
• South Bay Cities COG has committed all of their SEP funding to the Centinela Grade Separation on the Crenshaw/LAX Line.
• City of Los Angeles has committed their portion of the Central City Area SEP to an Arts District Station, the Vermont Transit Corridor, and Crenshaw Northern Extension.

SEP funding guidelines have been identified and approved by the Metro Board (May 2022) to provide parameters for the acceleration of SEP funds.

The first step was for Metro staff to prepare five-year SEP funding estimates for the subregions by October 31, 2022.
In October 2022, Metro released information on the **Measure M Multi-Year Subregional Programs 5-Year Cashflows** for FY 2023-2024 through FY 2026-2027 for each subregion, showing allocations for –

- **Metro Subregional Program (MSP) funding** for a wide range of mobility improvement projects.
- **Subregional Equity Program** – allocates the $50 M available over the next 5 years among the subregions.

The Gateway Cities received funding for –

- I-605 ‘Hot Spot’ Interchange Improvements
- SEP funding – use TBD.
In the SEP category for FY 2023-2024 through FY 2026-2027
• The Gateway Cities COG allocation is –
  - $2.04 M per year
  - Total of $8.16 M for the four fiscal year periods.

Represents the first allocation of the $244 M in SEP funding identified for the Gateway Cities.

Under the Metro guidelines, SEP funding can be used on –
• Transit and highway capital projects, including first/last mile, active transportation, and complete street projects.
• Pay the 3% local contribution for new Metro rail projects with stations in their jurisdictions.

The guidelines provide for the future acceleration of SEP funding, if recommended by Metro staff, and in compliance with existing Board policies, including the Measure M Early Project Delivery Strategy.
Funding use is to be determined by the COG in consultation with cities/other jurisdictions and must reflect funding availability.

Possible funding use could include —

• 3% local contribution for the cities along the 2 rail lines – WSAB and Eastside Phase 2.
• Projects for cities not located along rail lines, such as ATP and Complete Streets improvements.

Of the subregion’s 27 cities, 15 cities (56%) are located along rail corridors. Increases to 18 cities (67%) with addition of 3 cities who may derive some benefit from the WSAB Line (Maywood, Bell Gardens and Long Beach).
Next Steps

SEP funding use/project definition approval process follows the existing approval process for MSP Projects –
• Project definition by COG, cities and/or jurisdictions.
• Submittal to/review and approval by COG staff and Board.
• Submittal to/review and approval by Metro staff and Board.

Moving forward and working with Metro staff –
• Big picture details/consensus-building, such as $80-100 M per each rail project for 3% local contribution + $44-64 M for cities not along rail lines.
• Can SEP funding be “saved” and future SEP funding be accelerated to meet 3% local contribution needs when required? (WSAB Project construction anticipated to be 2028-2042.)
• Clarify what other Metro funding sources can be used for first/last mile improvements without impacting SEP funding.
• Other issues to be identified.
4. 3% Local Contribution Obligation
Transportation Committee Agenda
January 4, 2023

TO: Gateway Cities Council of Governments Transportation Committee and Board
FROM: Nancy Pfeffer, Executive Director
BY: Nancy Michali, West Santa Ana Branch City Manager Technical Advisory Committee Consultant
SUBJECT: WSAB Project 3% Local Contribution Obligation Guidelines

Background

The West Santa Ana Branch (WSAB) Corridor Project is a Metro light rail line being planned to connect the cities of the Gateway Cities subregion to Downtown Los Angeles and to the countywide Metro rail system.

The Measure M Ordinance, planned to generate transportation funding through new sales tax revenue for transportation improvements throughout Los Angeles County, was approved by voters in November 2016. The Ordinance included a list of and funding for planned projects, including the WSAB Project. Following its passage, Measure M Guidelines were developed to provide a framework and guidance to support implementation of Measure M, and were approved by the Metro Board in June 2017.

The Measure M Ordinance included a provision for 3% local contributions to fund major rail transit capital projects. The 3% local funding contribution is a critical element of a full funding plan for future rail transit projects. Countywide, the 3% local funding contribution represents approximately $1 billion in funding to support the project delivery as identified in the Expenditure Plan.

As stated in the Measure M Ordinance and Guidelines, the 3% local contribution is calculated based on the “centerline track miles within a local jurisdiction with a new station in those jurisdictions.” After Metro Board adoption of the First/Last Mile Policy in 2016, the 3% calculation was revised to be based upon “a local agency’s land area within a one-half mile radius of a new station.”

In April 2022, an approved Metro Board action directed staff to make clarifications to the Section VIII. 3% Local Obligation Guidelines to ensure consistency with the voter-approved Measure M Ordinance Guideline clarifications were also intended to ensure that local jurisdictions fully understand their 3% Contribution calculation, and that Metro fully incentivizes local jurisdictions to make First/Last Mile improvements that will benefit Metro projects and increase transit ridership. Revised 3% Local Obligation Guidelines were prepared by Metro staff, and the Metro Board approved release of the revised guidelines for a 60-day public review period beginning August 26, 2022 (Attachment 1).
The WSAB City Manager Technical Advisory Committee (CM TAC) has been reviewing and discussing the implications of the revised 3% Local Contribution Obligation guidelines since their release in August. The CM TAC submitted a letter to the Metro Board on October 25, 2022 providing general guideline text clarity comments to meet the Metro public review deadline.

Since submittal of the CM TAC’s initial comments, more detailed review and discussion efforts have occurred, including discussions with staff from Metro and Supervisor Hahn’s office at the CM TAC meeting held on November 12, 2022. This additional review and discussion raised several areas of concern for WSAB Corridor jurisdictions requiring input from other stakeholders, including the Board of the Gateway Cities Council of Governments (COG). The CM TAC requested that Metro Board discussion and approval of the revised 3% Local Contribution Guidelines be deferred from January to February 2023. This request was granted, and the CM TAC is presenting their issues and possible solutions to the COG Board for discussion and support on proposed solutions to resolving these issues with Metro, and ensuring the greatest funding flexibility and equity for the WSAB Corridor jurisdictions in meeting their 3% Local Contribution Obligation.

**Issue**

The WSAB Corridor jurisdictions will be the first to implement the revised 3% local contribution obligation guidelines. Meeting the significant financial obligation will be challenging for this project segment’s small cities, with their limited financial resources. The revised guidelines create an additional unintended financial burden where now all Corridor cities are not required to pay the 3% obligation that must be addressed. The WSAB CM TAC has developed proposed solutions to address this inequity and other 3% obligation funding issues.

The Slauson to Pioneer segment (Phase 1) of the WSAB Project also faces unique station area jurisdictional challenges. Within this segment, there are:

- 10 cities and the County of Los Angeles.
- Seven (7) jurisdictions that will be responsible for providing the 3% local contribution obligation.
- Nine (9) rail stations, with five (5) station areas falling under multiple jurisdictions. For example, the Florence station area falls within the boundaries of the cities of Bell, Cudahy and Huntington Park.
Under the previous interpretation of the 3% local contribution boundaries, the 3% obligation would have been distributed proportionately among the jurisdictions. With the revised guidelines, a funding inequity has been created with only seven of the Corridor’s jurisdictions responsible for the 3% obligation. For example, in the Florence station area, the rail station will be located within the boundaries of the city of Huntington Park – making the city solely responsible for the 3% contribution.

The revised 3% obligation guidelines incentivize the provision of First/Last Mile (FLM) projects with the creation of “FLM credits” which can contribute towards meeting the 3% obligation amount. This credit is available to all jurisdictions whether they are responsible for meeting the 3% obligation, or not. The inequity between the cities could be addressed by allowing the transfer of FLM station access project credits, as well as In-Kind project-related improvement credits, between cities located in a single station area to the city responsible for making the 3% obligation contribution.

Another funding issue to be addressed is the use of local agency Measure M Local Return Funds. Under the 3% Local Contribution Obligation guidelines, there is an opt-out option where “Metro will withhold up to 15 years of Measure M Local Return Funds for local agencies that fail to reach a timely agreement on their 3% contribution.” This is a viable option, principally for smaller cities, where the “default withholding of 15 years of local return from only Measure M local Return Funds will be less than a formal 3% contribution.” CM TAC member cities requested the ability to potentially use a portion of their Measure M Local Return funds to meet their 3% local contribution obligation.

In summary, the WSAB CM TAC requests the following revisions to the draft 3% local contribution obligation guidelines to address the funding inequity between cities and to increase financial flexibility for cities in meeting their 3% obligation:

- **Allow transfer of FLM station access project credits** between cities located in the same station area.

- **Allow transfer of In-Kind project-related credits** between cities located in the same station area.

- **Allow cities to dedicate less than 100% of their Measure M Local Return funds** to meet their 3% obligation.

- **Allow for FLM credits for cities planning and/or replacing pedestrian and bicycle path projects along the WSAB Project right-of-way.**
As part of the 3% guidelines discussion, the WSAB CM TAC requests clarification of WSAB Project-specific issues that will impact 3% local contribution obligations:

- **Designate the I-105 Station as a Regionally Significant Project.** This station will serve three rail lines: the B/Green, K/Crenshaw and WSAB lines. Secure other funding for this major Metro rail system station, and remove it from the WSAB 3% Local Contribution Obligation calculations.

- **Clarify 3% obligation responsibility for future rail stations.** The guidelines reflect jurisdictional 3% responsibility for only the Slauson-Pioneer segment, but are silent on future WSAB project stations being planned. Clarify that any future 3% obligation required for potential Cerritos and Rio Hondo stations will be borne by the jurisdictions planning those future projects.

- **Clarify City of Cerritos station issues.** The current WSAB project cost includes provision of the track work through the city and for a future aerial Cerritos station. As proposed, the 3% obligation will be paid for by corridor cities but not Cerritos. Consider including Cerritos in the current 3% obligation requirements.

The requests for revisions to the 3% local contribution obligation guidelines have been discussed with Metro staff who have provided helpful comments and recommendations on framing future formal requests. Clarification of the WSAB Project-specific issues was deferred by Metro staff to discussions with Metro Executive staff and/or Board members.

Concurrent with discussion of the guideline revision and clarification requests, the WSAB CM TAC respectfully requests formal recognition of a partnership and commitment from the COG and Metro that is required to ensure that a wide range of funding sources are made available to the WSAB cities to meet their 3% financial needs. These efforts are requested to include securing of Subregional Equity Program (SEP) funds, and supporting the cities in securing regional and state resources to ensure timely implementation of FLM projects.

At their January 12, 2023 meeting, WSAB CM TAC members will be discussing sending a formal letter to the Metro Board with the requested revisions and clarifications identified above. The CM TAC will be requesting a supporting letter from the COG. The COG Board will receive an oral presentation on this issue at the February 1, 2023 Board meeting.
Transportation Committee Agenda
January 4, 2023

**Recommended Action**

Forward this report to the COG Board with a recommendation that the COG Board prepare and submit a letter requesting identified revisions to the 3% Local Contribution Obligation Guidelines.
WSAB 3% Obligation Overview

WSAB 3% Local Contribution Obligations will be addressed by –

• Providing cities with greater flexibility and funding support in meeting their 3% obligations. This requires COG support for the CM TAC’s recommendations to –

1. **Revise the 3% Local Contribution Guidelines and Confirm WSAB Project Definition** to be considered by the Metro Board in February.

2. **Expand the list of viable contributions** that count towards meeting the WSAB cities’ 3% obligations.

3. **Ensure a wide range of funding sources** are available to cities to meet their financial needs.
In the WSAB Corridor (Slauson to Pioneer segment) –

- 10+ cities\(^1\) + County of Los Angeles are affected.
- **7 jurisdictions will have responsibility for providing the 3% local contribution.**
- 9 station areas – 5 with multiple jurisdictions and 4 with single jurisdictions.

Under the revised Measure M 3% Local Contribution Obligation Guidelines, the WSAB cities –

- **With 3% obligations are:** Artesia, Bellflower, Downey, Huntington Park, Paramount and South Gate, along with the County of Los Angeles.
- **Without 3% obligations are:** Bell, Cudahy and Vernon.

This results in an inequity in 3% obligation requirements between the WSAB Corridor cities.

\(^1\) The City of Cerritos does not have a station in this initial phase.
1. Revise 3% Local Contribution Guidelines

Revise 3% guidelines to ensure funding equity and flexibility.

<table>
<thead>
<tr>
<th>Requested Guideline Revisions</th>
<th>Estimated Funding Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Allow transfer of First/Last Mile station access project credits</strong> between cities located in the same station area.</td>
<td>Could generate $20-40 million for cities to meet their 3% requirement</td>
</tr>
<tr>
<td><strong>Allow transfer of In-Kind project-related credits</strong> between cities located in the same station area.</td>
<td>Could generate $20-30 million</td>
</tr>
<tr>
<td><strong>Allow cities to dedicate less than 100% of their Measure M Local Return funds</strong> to meet their 3% obligation.</td>
<td>$50-135+ million</td>
</tr>
<tr>
<td><strong>Allow cities to “retroactively” include FLM projects</strong> that were recently completed and that meet the WSAB Corridor’s station access needs.</td>
<td>$4-8+ million</td>
</tr>
</tbody>
</table>
1. Clarify WSAB Project-Specific Obligations

Confirm two issues with major 3% local contribution impacts.

<table>
<thead>
<tr>
<th>Actions</th>
<th>Possible Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Designate the I-105 Station as a Regionally Significant Project.</strong></td>
<td>TBD</td>
</tr>
<tr>
<td>Similar designation as for Crenshaw/LAX station.</td>
<td>I-105 Station Cost Estimate = $80-120 million</td>
</tr>
<tr>
<td><strong>This station will serve three rail lines:</strong> the B/Green, K/Crenshaw</td>
<td>Possible 3% obligation reduction = $2.4-3.6 million</td>
</tr>
<tr>
<td>and WSAB lines. Secure other funding for this major Metro rail system</td>
<td></td>
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<tr>
<td>station. Remove from WSAB 3% Local Contribution Obligation calculations.</td>
<td></td>
</tr>
<tr>
<td><strong>Clarify 3% obligation responsibility for future WSAB rail stations.</strong></td>
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<td>Clarify that any future 3% obligation required for the Cerritos and</td>
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<td>Rio Hondo stations will be borne by the jurisdictions planning and</td>
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</tr>
<tr>
<td>funding those future projects.</td>
<td></td>
</tr>
</tbody>
</table>
Recommended Action

Forward the staff report to the COG Board with a recommendation that a letter be prepared communicating requested revisions to Metro’s updated 3% Local Contribution Obligation Guidelines, and clarifications of the WSAB Project Definition.