



File #: 2017-0596, Version: 1

**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

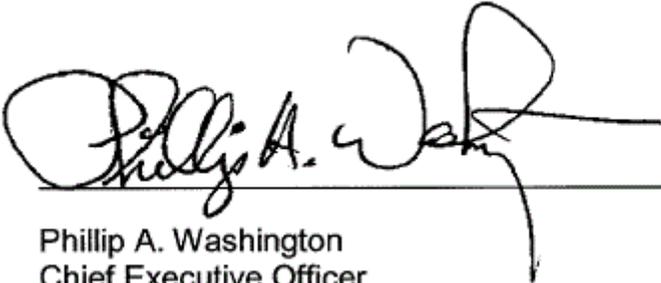
Staff will return in October with an acceleration/deceleration policy for formal adoption, based on this outline, and any Board input thereto.

ATTACHMENTS

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

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