



Metro

Metropolitan Transportation Authority

One Gateway Plaza
Los Angeles, CA 90012-2952

213.922.2000 Tel
metro.net

**PLANNING AND PROGRAMMING COMMITTEE
JANUARY 18, 2006**

SUBJECT: EXCHANGE OF METRO NON-FEDERAL FUNDS FOR FEDERAL BUS CAPITAL DISCRETIONARY FUNDS WITH WILSHIRE VERMONT HOUSING PARTNERS

ACTION: APPROVE EXCHANGE AND AUTHORIZE CEO TO EXECUTE EXCHANGE AGREEMENT WITH WILSHIRE VERMONT HOUSING PARTNERS

RECOMMENDATION

- A. Approve an exchange of up to \$1,564,834 in federal Section 5309 Bus and Bus Facilities funds currently earmarked to Wilshire Vermont Housing Partners (WVHP) with up to \$1,173,625 of Metro non-federal funds (a 75% exchange rate), subject to WVHP securing the appropriate federal approvals that would allow Metro to access the earmarked funding and receive a federal grant award(s) to use such funds for bus and bus facilities activities;
- B. Program up to \$1,564,834 of exchanged federal Section 5309 Bus and Bus Facilities funds to Metro bus and bus facilities activities; and
- C. Authorize the Chief Executive Officer (CEO) to negotiate and execute an exchange agreement between WVHP and Metro for the funds exchange authorized in Item A.

ISSUE

WVHP has requested that \$1,564,834 Section 5309 Bus and Bus Facilities funds earmarked through FY09, which they secured through federal authorization legislation, be exchanged for up to \$1,173,625 of Metro non-federal funds. WVHP is not an approved federal transit fund recipient. In addition, federal procurement issues and the construction schedule for the joint development project prevented Metro from serving as a pass-through agency for the funds.

POLICY IMPLICATIONS

If approved, this would be a one-time funds exchange agreement between WVHP and Metro that would provide additional federal funding for Metro bus and bus facilities activities.

Approval of the recommended actions will allow Metro to receive up to \$1,564,834 in FTA Section 5309 funds for Metro bus and bus facilities activities. The funds exchange would benefit Metro by realizing up to \$391,209 in additional federal revenues for Metro bus and bus facilities activities. The final amount of FTA Section 5309 funds to be exchanged will be subject to WVHP's ability to obtain Congressional approval that would allow Metro to use the funds for its bus and bus facilities activities, as well as allow Metro to obtain the annual federal appropriations of the earmarked funds. In addition, we will request that WVHP submit an expenditure report that shows all Metro local funds exchanged have been used for transit related project improvements.

OPTIONS

The Board of Directors may elect not to approve the funds exchange and the related actions as recommended. However, staff does not recommend this option, as the exchange will generate up to \$391,209 in additional federal revenues to Metro that can be used for bus and bus facilities activities.

FINANCIAL IMPACT

The \$1,173,625 of Metro non-federal funds to be exchanged with WVHP will come from Proposition C funds allocated to Metro, or another non-restricted Metro funding source. The Metro non-federal funds will be disbursed after WVHP secures the appropriate federal approvals that would allow Metro to access the \$1,564,834 in earmarked funding through an FTA grant award(s) for bus and bus facilities. No regional funds balance will be affected with this transaction, as Metro will be using its own funds that have been allocated for Metro capital projects.

BACKGROUND

In May 2003, the Board authorized execution of a long-term ground lease with WVHP for the construction of a mixed-use development on 3.24 acres of Metro's 5.83-acre Wilshire/Vermont Metro Red Line Station site. On November 10, 2003 Metro and WVHP executed such ground lease, which provided for the construction and development of approximately 448 apartments, 35,000 square feet of retail space, a street level public plaza, and certain transit-related improvements, including a new subway portal.

In March 2003, WVHP approached Metro requesting Metro support of federal earmarks for the transit-related improvements, and staff agreed to provide such support, provided that the earmarked funds did not negatively impact Metro's ability to receive other federal funds for its projects. At the time, WVHP was seeking \$10 million in Transportation Community Systems Preservation Act funding. Ultimately, WVHP was unable to receive Transportation Community Systems Preservation Act funding earmarks, and instead received Section 5309 Bus and Bus Facilities earmarks. In particular, WVHP has received the following earmarks:

- FY 2005 FTA Section 5309 earmark funds in the amount of \$728,834 for "Metro Red Line Wilshire Vermont Station Upgrade" in the federal Transportation Equity Act for the 21st Century (TEA-21) legislation; and

- FY 2006 through FY 2009 FTA Section 5309 earmark funds in the amount of \$836,000 for “Wilshire-Vermont Subway Station Reconstruction” from the federal Safe, Accountable, Flexible and Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU) legislation.

The earmarked funds, which were secured through federal authorization legislation, were intended to cover the cost of certain transit infrastructure improvements WVHP was constructing as part of their joint development. Although WVHP was successful in obtaining the earmarks, federal requirements and the eligibility of the project to receive Section 5309 Bus and Bus Facilities funds made realization of these funds less than certain. To this end, staff proposed a funding exchange with WVHP whereby Metro would provide WVHP with \$75 in non-federal funds for every \$100 in earmarked funds received by Metro for bus and bus facilities activities. WVHP has committed to obtaining all the federal approvals needed to re-designate their Section 5309 earmarks to a new earmark description that would allow Metro to program, obligate, and use the funds for eligible Metro bus and bus facilities activities once the FTA approves a grant(s). The local funds to be exchanged will be used to reimburse WVHP for costs incurred related to the transit improvements construction activities.

NEXT STEPS

With Board approval of the recommended actions, staff will work with WVHP to finalize an exchange agreement. Once the funds are included in an approved Federal Transportation Improvement Program (FTIP), Metro will prepare and submit a grant application to the FTA each fiscal year that the funds are appropriated. Grant award(s) will be based on the annually appropriated Section 5309 funds, not to exceed 75% of the cumulative total funds of \$1,564,834. Upon FTA approval of the grant(s), Metro will transfer 75% of the FTA-awarded amount in non-federal funds (up to \$1,173,625) to WVHP.

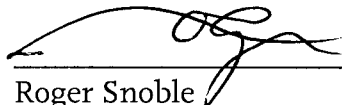
Prepared by: Mary Lou Williams, Transportation Program Manager
Regional Program Management

Greg Angelo, New Business Development Manager
New Business Development

Frank Flores, Deputy Executive Officer
Programming and Policy Analysis



Carol Inge
Interim Chief Planning Officer
Countywide Planning & Development



Roger Snoble
Chief Executive Officer