


Metro

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

SUBJECT: EXCHANGE OF FEDERAL STP-L FUNDS FOR NON-FEDERAL FUNDS WITH THE COUNTY OF LOS ANGELES FOR INTERSTATE 5/HASLEY CANYON ROAD INTERCHANGE PROJECT

ACTION: APPROVE FUND EXCHANGE WITH THE COUNTY OF LOS ANGELES

RECOMMENDATION

- A. Approve an exchange of up to \$20.6 million in federal Surface Transportation Program-Local (STP-L) funds for unrestricted, non-federal funds with the County of Los Angeles Department of Public Works (LACDPW) for the Interstate 5/Hasley Canyon Road Interchange project;
- B. Authorize the Chief Executive Officer (CEO) to negotiate and execute an exchange agreement between the LACDPW and Metro for the funds approved herein;
- C. Authorize use of such unrestricted, non-federal funds received from the LACDPW to be placed in an interest-bearing account for pass-through allocations to participating local agencies for STP-L eligible projects, with a two percent (2%) administrative fee that Metro would charge; and
- D. Authorize the CEO to negotiate and execute agreements with participating local agencies, so as to ensure that the unrestricted funds being made available are properly administered, used on STP-L eligible projects in a timely fashion, and expended within three years of executing the agreements.

ISSUES

In discussions over the financing of the Interstate 5/Hasley Canyon Road Interchange project, we have developed a joint proposal with the LACDPW that would benefit smaller local agencies in Los Angeles County. The proposal involves exchanging up to \$20.6 million of federal STP-L funds with an equal amount of unrestricted, non-federal funds that the local agencies could use more efficiently and expeditiously on their transportation projects.

POLICY IMPLICATIONS

Many of our smaller local agencies in Los Angeles County often risk lapsing their STP-L funds, which must be spent within three years of apportionment. We have determined that this occurs because many of these agencies are not always able to meet federal requirements, or they are unable to access the funds apportioned to them in time due to limited resources.

Approving our recommendation will help expedite STP-L project delivery for these local agencies by eliminating the need to comply with federal requirements and by allowing more time to develop the resources needed to implement local agency STP-L projects. Approving our recommendation also helps us to ensure that Los Angeles County is able to draw down as much of the available STP-L funds as possible by using them on one larger project, such as the Hasley Canyon Road project, which can meet federal requirements. The current STP-L balance for all eligible agencies in Los Angeles County is approximately \$73 million (see Attachment A), which exceeds two years' worth of annual STP-L apportionments.

OPTIONS

If the Board of Directors chooses not to approve this funding exchange, local agency projects may not be expedited and local agencies may run the risk of having their STP-L funds lapse. Local agencies would continue to deal with federal requirements tied to the funding, regardless of the funding amount that each agency is allocated.

FINANCIAL IMPACT

We will use existing staff and budgetary allocations to address all necessary activities for the recommended action. In subsequent fiscal years, however, Metro will benefit if the 2% fee is approved for administering the unrestricted funds to the local agencies. This will result in additional funding of up to \$412,000 to future Metro budgets over time, as well as interest earned on this fund. This amount can be used to offset any future, unanticipated impact that this service may have on our resources.

Federal STP-L funds are allocated to the 89 local jurisdictions within Los Angeles County. These funds are administered through Caltrans and are not part of the Metro budget, nor are they available for Metro capital or operating uses.

BACKGROUND

Metro established the STP-L Program for Los Angeles County soon after the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991 was enacted. Metro sub-allocates \$29.83 million of federal Regional Surface Transportation Program (RSTP) by formula each year to the 89 local jurisdictions within Los Angeles County. More specifically, the \$29.83 million in federal RSTP funds is apportioned to the 88 cities and the unincorporated portions of Los Angeles County based on population. These funds can be used for capital transit projects, parking, bicycle and pedestrian facilities, safety improvements and hazard elimination (including roadway rehabilitation), transportation enhancement activities and control measures, or any other project pursuant to 23 U.S.C. 133. The most common usage for these funds is roadway rehabilitation.

Approximately one-third of the local agencies receiving STP-L funds receive less than \$100,000 each year. As federal funds, STP-L dollars are subject to strict programming and administrative requirements by the Federal Highway Administration and Caltrans. In some cases, STP-L funds can be burdensome to local agencies because they need to adhere to these requirements to use the funds for their projects. In other cases, local agencies may need several years worth of STP-L funding to implement eligible projects.

Hasley Canyon Road/Interstate 5 (I-5) Interchange Project

The I-5/Hasley Canyon Road Interchange project consists of replacing the bridge on Hasley Canyon Road over I-5; constructing modern roundabouts (circular intersections commonly known as traffic circles) at the intersections of Hasley Canyon Road and the Old Road and Hasley Canyon Road at the I-5 northbound on/off ramps; constructing new freeway ramps; and seismically retrofitting the bridge on I-5 over Castaic Creek. The construction cost is estimated to be \$33,722,000, of which \$6,322,000 is funded with a Proposition C 25% grant from the Call for Projects and \$6,800,000 is funded with County Bridge and Major Thoroughfare (B&T) funds. The LACDPW is requesting STP-L funds for the remaining \$20,600,000.

If Metro were unable to provide this funding exchange, the LACDPW would use funds from a developer, Newhall Land and Farming (Newhall), who is working with the LACDPW on completing this project. Currently, Newhall has deposited \$3,000,000 with LACDPW and provided a letter of credit for the \$17,600,000 balance. The LACDPW has indicated to us that they will bill Newhall each month during construction, as expenses are incurred. The current project schedule estimates advertising for construction bids in April 2006, beginning construction in September 2006, and completing construction by December 2008.

The Exchange

Because the I-5/Hasley Canyon Road Interchange project can be processed federally, the LACDPW has requested us to allow them to obligate up to \$20.6 million in STP-L funds for the project. In return, the LACDPW would reimburse Metro and Los Angeles County with unrestricted, non-federal funds as the LACDPW is reimbursed by Caltrans with STP-L funding for their invoices. Metro would collect these non-federal funds and maintain them in an interest-bearing account, until they can be accessed by other local agencies eligible for STP-L funds.

Metro would administer the cash fund created from the funds exchange with the LACDPW similarly to STP-L funds, in order to maintain consistent records. However, we would administer the cash fund for the original purposes of the STP-L program, without the concern for adherence to federal requirements. Metro also would collect a modest one-time, 2% fee for this processing from participating local agencies. If local agencies do not wish to access these funds due to the 2% administrative fee, they would be free to use their federal STP-L funding.

Agency Eligibility

This exchange is designed to make less restrictive funding more accessible to the smaller local agencies for their transportation projects, and will be committed accordingly. To promote this benefit, we will offer the unrestricted funds to local agencies based on their

population, proceeding from smallest to largest, until the funds have been completely committed to transportation projects. Attachment A shows a list of STP-L apportionments to these Los Angeles County jurisdictions based on their current populations.

Each agency may use the unrestricted funds on eligible STP-L type transportation projects for an amount no greater than their current STP-L unobligated balance. Any agency with a negative unobligated balance (i.e., they already have spent their funds in advance of their apportionment) will not be eligible for this offer. If an agency is unwilling to participate in this opportunity, we will continue to contact agencies according to the aforementioned population criteria, until the available unrestricted funds are committed.

NEXT STEPS

We will negotiate and execute an agreement with the LACDPW for the requested exchange of STP-L funds. In the agreement, we expect to include negotiated remedies to ensure that the LACDPW will fulfill the provisions of the exchange. We also will negotiate and execute agreements with participating local agencies, so as to ensure that the unrestricted funds being made available are properly administered and used on STP-L eligible projects in a timely fashion. The agreements with participating local agencies will include provisions requiring local agencies to expend their funding within three years of executing their agreements.

As part of this process, we then will establish the necessary accounts to implement the exchange, as well as a corresponding accounting process for tracking fund usage. We will forward written information to the local agencies regarding how to access the unrestricted funds, and in subsequent months, we will include information in Regional Transportation Improvement Program/STP-L workshops that we provide throughout the year. Local agencies that opt to utilize the STP-L cash fund described herein will be expected to execute agreements with Metro that would confirm acceptance of the 2% administrative fee.

ATTACHMENTS

- A. Los Angeles County Population Estimates and STP-L Apportionments for FFY 2005-06

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**Los Angeles County Population Estimates
and STP-L Apportionments for FFY 2005-06**

	Population	STP-L Amount	Balance
LOS ANGELES COUNTY TOTAL	10,226,506		
VERNON	96	\$ 280	\$2,434
INDUSTRY	804	\$ 2,345	\$7,432
BRADBURY	951	\$ 2,774	(\$9,317)
IRWINDALE	1,501	\$ 4,378	\$14,784
ROLLING HILLS	1,983	\$ 5,784	\$11,571
HIDDEN HILLS	2,038	\$ 5,945	\$23,835
AVALON	3,508	\$ 10,233	\$42,818
LA HABRA HEIGHTS	6,193	\$ 18,065	\$54,383
ROLLING HILLS ESTATES	8,191	\$ 23,893	(\$63,389)
WESTLAKE VILLAGE	8,905	\$ 25,976	(\$103,962)
SIGNAL HILL	10,951	\$ 31,944	\$94,180
SIERRA MADRE	11,146	\$ 32,513	\$60,914
COMMERCE	13,504	\$ 39,392	(\$80,479)
SAN MARINO	13,673	\$ 39,885	\$186,548
MALIBU	13,704	\$ 39,975	\$278,367
PALOS VERDES ESTATES	14,208	\$ 41,445	\$171,551
HAWAIIAN GARDENS	15,872	\$ 46,299	(\$150,688)
EL SEGUNDO	17,024	\$ 49,659	\$253,540
ARTESIA	17,311	\$ 50,497	\$159,547
SANTA FE SPRINGS	17,867	\$ 52,119	\$172,780
HERMOSA BEACH	19,608	\$ 57,197	\$357,697
LOMITA	21,153	\$ 61,704	\$186,307
LA CANADA FLINTRIDGE	21,608	\$ 63,031	(\$114,686)
SOUTH EL MONTE	22,420	\$ 65,400	\$89,993
DUARTE	22,834	\$ 66,607	\$123,415
CALABASAS	23,123	\$ 67,450	\$199,741
AGOURA HILLS	23,330	\$ 68,054	(\$193,786)
SAN FERNANDO	24,958	\$ 72,803	\$416,168
SOUTH PASADENA	25,789	\$ 75,227	\$103,133
CUDAHY	25,846	\$ 75,393	\$290,111
MAYWOOD	29,596	\$ 86,332	\$260,000
WALNUT	31,900	\$ 93,053	(\$139,084)
LAWNDALE	33,458	\$ 97,598	\$292,896
LA VERNE	33,480	\$ 97,662	\$371,720
TEMPLE CITY	35,648	\$ 103,986	\$332,635
BEVERLY HILLS	35,969	\$ 104,923	\$104,598
CLAREMONT	36,636	\$ 106,868	\$322,110
MANHATTAN BEACH	36,843	\$ 107,472	\$385,173
SAN DIMAS	37,005	\$ 107,945	\$345,203
WEST HOLLYWOOD	38,036	\$ 110,952	(\$143,555)
BELL	38,961	\$ 113,650	\$208,315
MONROVIA	39,147	\$ 114,193	\$334,346
CULVER CITY	40,870	\$ 119,219	\$359,234
SAN GABRIEL	42,374	\$ 123,606	\$407,303
LA PUENTE	43,360	\$ 126,482	\$86,472

**Los Angeles County Population Estimates
and STP-L Apportionments for FFY 2005-06**

	Population	STP-L Amount	Balance
RANCHO PALOS VERDES	43,525	\$ 126,964	\$278,804
BELL GARDENS	46,310	\$ 135,088	\$371,338
AZUSA	48,520	\$ 141,534	\$512,762
COVINA	49,565	\$ 144,582	\$666,966
LA MIRADA	50,477	\$ 147,243	\$11,268
GLENDORA	52,373	\$ 152,773	\$306,236
CERRITOS	55,074	\$ 160,652	(\$27,201)
ARCADIA	56,320	\$ 164,287	\$627,078
ROSEMEAD	57,189	\$ 166,822	\$334,647
PARAMOUNT	58,109	\$ 169,506	\$184,107
DIAMOND BAR	59,953	\$ 174,885	\$1,110,730
GARDENA	61,072	\$ 178,149	\$460,019
MONTEREY PARK	64,614	\$ 188,481	\$656,525
HUNTINGTON PARK	64,929	\$ 189,400	\$375,067
MONTEBELLO	65,672	\$ 191,567	\$577,543
PICO RIVERA	67,288	\$ 196,281	\$548,969
REDONDO BEACH	67,325	\$ 196,389	\$778,273
LYNWOOD	73,212	\$ 213,561	\$640,194
BELLFLOWER	77,513	\$ 226,108	\$528,615
BALDWIN PARK	81,226	\$ 236,938	\$694,697
LAKEWOOD	83,674	\$ 244,079	\$874,499
WHITTIER	87,250	\$ 254,511	\$998,276
HAWTHORNE	88,790	\$ 259,003	\$945,523
ALHAMBRA	90,561	\$ 264,169	\$843,723
SANTA MONICA	91,495	\$ 266,893	\$590,143
CARSON	98,329	\$ 286,828	\$1,479,675
COMPTON	98,802	\$ 288,208	\$1,370,621
SOUTH GATE	102,165	\$ 298,018	\$373,413
BURBANK	106,739	\$ 311,361	\$54,383
NORWALK	110,178	\$ 321,392	\$1,406,029
WEST COVINA	112,417	\$ 327,923	\$692,386
DOWNEY	113,607	\$ 331,395	\$590,992
INGLEWOOD	118,164	\$ 344,688	\$1,827,848
EL MONTE	125,832	\$ 367,055	\$875,837
LANCASTER	133,703	\$ 390,015	\$979,307
PALMDALE	136,734	\$ 398,857	\$1,128,780
PASADENA	146,166	\$ 426,370	\$1,893,698
TORRANCE	147,405	\$ 429,984	\$1,294,056
POMONA	160,815	\$ 469,102	\$1,872,028
SANTA CLARITA	167,954	\$ 489,926	\$1,734,897
GLENDALE	207,007	\$ 603,845	\$2,430,283
LONG BEACH	491,564	\$ 1,433,906	\$5,043,407
Unincorporated Area	1,085,632	\$ 3,166,818	\$75,569
LOS ANGELES	3,957,875	\$ 11,545,231	\$28,171,571
Totals	10,226,506	\$ 29,831,000	\$73,295,889

Subtotal: \$20.034 million

**Los Angeles County Population Estimates
and STP-L Apportionments for FFY 2005-06**

	Population	STP-L Amount	Balance
STPL amount		\$ 29,831,000	
STPL per person		\$ 2.9170	

Information source: <http://www.dof.ca.gov/HTML/DEMOGRAP/E-1table.xls>