

Motion by Mayor Antonio R. Villaraigosa

April 24, 2008

Innovative Financing for New Rail Projects

WHEREAS Los Angeles County needs to expand its high speed, reliable transit network as fast as possible to provide viable alternatives to driving, reduce traffic congestion, and reduce mobile source emissions that contribute to poor health and global warming

WHEREAS since the adoption of the 2001 Long Range Transportation Plan the MTA has opened or is under construction on the following lines:

- Gold Line (opened 2003)
- Orange Line (opened 2005)
- Gold Line Eastside Extension (under construction)
- Exposition Line – Phase I (under construction)

WHEREAS the following fixed guideway projects are already funded in the adopted 2001 Long Range Transportation Plan (in alphabetical order) and recommended for continuing funding in the draft 2008 Long Range Transportation Plan:

- Crenshaw
- Exposition Line – Phase II
- San Fernando Valley North-South
- Wilshire Bus Rapid Transit (BRT)

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Innovative Financing for New Rail Projects Motion (continued)

WHEREAS MTA staff used the following criteria in evaluating, scoring, and ranking unfunded candidate fixed guideway transit projects (Draft 2008 Long Range Transportation Plan, March 10, 2008, Figure 5.26, pp.99-100):

Evaluation Criteria

Performance (50%)

- Annual boardings per mile
- Annual boardings per million

Corridor Need (50%)

- Population & employment density
- Percent transit dependent census tracts
- Major activity centers per (center line) mile
- Current boardings per mile (2004)

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Innovative Financing for New Rail Projects Motion (continued)

WHEREAS MTA staff identified and analyzed 23 new, unfunded candidate fixed guideway transit projects (Draft 2008 Long Range Transportation Plan, March 10, 2008, Figure 5.26, pp.99-100) (in MTA rank order):

MTA Rank	MTA Score	MTA Project Name
1	24	Regional Connector
2	21	Red Line Westside Subway (to Century City)
3	19	Harbor Subdivision ROW DMU (Union Station to Aviation Station)
3	19	Red Line Westside Subway (Century City to Santa Monica)
5	18	Red Line Extension North (to Burbank Airport)
6	17	Vermont Corridor Subway (to Green Line)
7	15	LA/Burbank/Glendale Corridor LRT (Union Station to Burbank)
8	13	Gold Line Eastside At-Grade Extension (to Whittier) (at-grade)
8	13	Yellow Line LRT (North Hollywood Station to 3rd/Flower)
10	12	Gold Line Foothill Extension (to Azuza) (JPA cost)
10	12	I-405 Corridor BRT
10	12	Silver Line LRT (Vermont/Santa Monica Station to La Puente)
13	11	Gold Line Eastside Aerial Extension (to Whittier) (aerial)
13	11	Green Line Extension South (to South Bay Galleria)
15	10	Gold Line Foothill Extension (to Azuza) (MTA cost)
15	10	Gold Line Foothill Extension (to Montclair) (JPA cost)
15	10	Green Line North Aerial (LAX to Expo Santa Monica Station)
15	10	Route 134 Transit Corridor BRT (to Del Mar Station)
15	10	West Santa Ana Branch Mag Lev (Union Station to Santa Ana Metrolink)
20	9	Green Line Extension South (to South Bay Galleria) (elevated)
20	9	Green Line Extension South (to South Bay Galleria) (underground)
22	8	Gold Line Foothill Extension (to Montclair) (MTA cost)
22	8	Green Line Extension South II (South Bay Galleria to PCH Harbor Transitway Station)

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Innovative Financing for New Rail Projects Motion (continued)

WHEREAS the 18 new, unfunded fixed guideway transit projects* would:

- Expand fixed guideway service in Los Angeles County by 204 miles
- Increase transit ridership by 122 million annual boardings
- Cost up to \$30.9 billion to build, and
- Reduce traffic congestion and mobile source emissions

* Counts two Eastside – Phase 2 alternatives as one project, two Green Line – East alternatives as one project, and four Gold Line Foothill Extension alternatives as one project for purposes of calculating miles, ridership, and cost

WHEREAS the MTA continues to face financial constraints and uncertainty from its traditional federal, state, and local funding partners and sources that limit the pace at which new transit systems can be built and operated

WHEREAS the MTA's heavy rail and light rail systems are discreet, stand alone rail systems that could be operated and maintained separately from the remainder of MTA's bus operations

WHEREAS the private sector has an interest in investing in public infrastructure projects

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Innovative Financing for New Rail Projects Motion (continued)

I THEREFORE MOVE that the MTA Board direct the CEO to:

1. Issue a request for information (RFI) within 30 days requesting concepts and preliminary proposals for innovative public-private partnerships (PPP) to build one or more of the 18 candidate fixed guideway projects using the attached principles [See “Public-Private Partnership Principles”]
2. Work with interested parties to provide requested data necessary to develop concepts and preliminary proposals
3. Present to the Board information received from the RFI no later than the July 2008 MTA Board meeting, analyze the advantages and disadvantages of each approach, and seek policy direction from the MTA Board on whether to proceed to a formal request for proposals (RFP) for a public-private partnership (PPP)

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Innovative Financing for New Rail Projects Motion (continued)

Public-Private Partnership Principles

1. The goal of a potential public private partnership (PPP) is to extend the existing heavy rail, light rail, and busway lines as well as build new fixed guideway projects identified by MTA staff in the Draft 2008 LRTP (March 10, 2008)
2. For purposes of the response, the extensions will be the same mode, construction profile, alignment and station locations used by MTA staff in the Draft 2008 LRTP (March 10, 2008), recognizing that the preferred alignment and station locations will be identified in the alternatives analysis and the final alignment and station locations will be determined during environmental clearance; however alternative modes and construction profiles may also be proposed along with the main response for each corridor
3. Any proposal shall assume that MTA employees will continue to operate and maintain the rail and busway system and that the labor organizations representing MTA employees shall continue to do so
4. The private partner shall be responsible for environmental clearance, design, financing, and constructing the fixed guideway extension(s) (including any required rolling stock and additional maintenance facilities and/or yards)

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Innovative Financing for New Rail Projects Motion (continued)

Public-Private Partnership Principles (continued)

5. The private partner should identify any potential cost efficiencies in financing, designing, constructing, operating, and maintaining the new extension(s)
6. The private partner may propose public financial participation (federal, state, and/or local), but must also include at least one scenario that requires no public financial participation (other than MTA staff time)
7. The private partner shall be responsible for operating and maintaining both the existing system (if applicable) plus the new extension(s)
8. The MTA shall continue to make any debt service payments for the existing fixed guideway systems
9. The private partner shall be financially responsible for any defects in the new extension(s)
10. The private partner shall propose a risk sharing approach for financial responsibility for any defects in the existing fixed guideway systems that need to be addressed during the term of the public-private partnership
11. The private partner shall propose the term and type of legal arrangement between it and the MTA (e.g. concession, operating agreement, etc.)

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Innovative Financing for New Rail Projects Motion (continued)

Public-Private Partnership Principles (continued)

12. The private partner shall propose the disposition of assets and facilities at the conclusion of the term
13. The private partner shall be able to set fares for purposes of developing concepts and submitting proposals; no final decision has been made by the MTA Board of Directors regarding any future fare changes beyond those already approved by the MTA Board
14. The private partner shall identify the preliminary implementation schedule, including a best case revenue operating date and the underlying assumptions and conditions necessary to achieve the revenue operating date
15. Concepts and preliminary proposals for innovative public-private partnerships shall be submitted to MTA no later than May 31, 2008 [See attached "Example Concepts"]

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Innovative Financing for New Rail Projects Motion (continued)

Example Concepts

The following outlines example concepts – based on the seven highest ranked candidate fixed guideway projects using MTA staff scores in the Draft 2008 LRTP (March 10, 2008) [See attached “Unfunded Rail & Busway Transit Projects”] – for public private partnerships, but is not meant to be exhaustive, prescriptive, or restrictive in generating proposals:

- A. Build the **Regional Connector** and operate and maintain the entire light rail system (Blue Line, Green Line, Gold Line, Eastside Extension, and Exposition Line) [MTA score: 24, MTA rank: 1]

- B. Build the **Purple Line extension from Wilshire-Western to Century City or Westwood** – previously referred to as the “Red Line Westside Subway (to Century City)” – and operate and maintain the entire heavy rail system [MTA score: 21, MTA rank: 2]

- C. Build the **Purple Line extension from Wilshire-Western to the Wilshire-Ocean in the City of Santa Monica** – previously referred to as the “Red Line Westside Subway (to Century City)” and the “Red Line Westside Subway (Century City to Santa Monica)” – and operate and maintain the entire heavy rail system [MTA score: 21, 19 (respectively); MTA rank: 2, tied-3 (respectively)]

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Innovative Financing for New Rail Projects Motion (continued)

- D. Build, operate, and maintain the **Harbor Subdivision** extension between downtown Los Angeles and Los Angeles International Airport (LAX) [MTA score: 16; MTA rank: tied-3]
- E. Build the **Red Line extension from North Hollywood (Chandler-Lankershim) to Burbank Airport/Metrolink station**, and operate and maintain the entire heavy rail system [MTA score: 18; MTA rank: 5]
- F. Build the **Purple Line extension from Wilshire-Western to the City of Santa Monica (Wilshire-Ocean)** – previously referred to as the “Red Line Westside Subway (to Century City)” and the “Red Line Westside Subway (Century City to Santa Monica)”, build **Red Line extension from North Hollywood (Chandler-Lankershim) to Burbank Airport/Metrolink station**, and operate and maintain the entire heavy rail system [MTA score: 21, 19, 18 (respectively); MTA rank: 2, tied-3, 5 (respectively)]
- G. Build the **Red Line extension from Wilshire/Vermont to the I-105/Green Line**, and operate and maintain the entire heavy rail system [MTA score: 17; MTA rank: 6]
- H. Build, operate, and maintain the **Burbank-Glendale-Los Angeles light rail project** as a stand alone system [MTA score: 15; MTA rank: 7]

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Unfunded Rail & Busway Transit Projects

Source: Draft 2008 LRTP, Technical Analysis, 03/10/08, Figure 5.26, pp.99-100

Sorted by MTA Rank

Cost (2015)
Boardings (2030)

MTA Analysis - Performance										MTA Analysis			
Cost Effectiveness										Efficiency			
ID	Project	Mode	Description	Miles	Annual		Cost (Millions)	Cost Per Mile Rank	Annual		MTA Rank	MTA Score	MTA Rank
					Boardings	Rank			Boardings Per Mile	Rank			
1	Regional Connector	LRT	Downtown LA	1.65	6,898,473	8	722.6	19	438	22	1	24	1
2	Red Line - Wilshire Phase I	HRT	Century City	6.44	14,721,048	1	2,512.8	4	390	19	5	21	2
3	Harbor Subdivision [New]	DMU	LA-LAX	11.52	4,502,782	16	666.0	20	58	5	4	19	3
4	Red Line - Wilshire Phase II	HRT	Santa Monica	6.78	11,074,701	3	2,326.5	5	343	18	11	19	3
5	Red Line - North	HRT	Burbank Airport	2.39	5,350,818	13	933.3	14	391	20	6	18	5
6	Red Line - Vermont	HRT	To I-105/Green Line	9.24	12,991,868	2	3,627.9	2	393	21	16	17	6
7	LA-Burbank-Glendale	LRT		10.79	6,355,348	9	1,277.0	10	118	11	9	15	7
8	Eastside - Phase II	LRT	Whittier (at-grade)	9.07	4,157,010	17	1,088.8	12	120	12	14	13	8
9	Yellow Line [New]	LRT	N. Hollywood to 3rd/Flower	17.23	7,418,664	6	1,957.8	6	114	9	15	12	10
10	Gold Line - Phase IIA	LRT	Azuza (JPA cost)	10.50	3,310,750	18	485.2	21	46	2	3	12	10
11	I-405 Corridor [New]	BRT	Sherman Oaks-I-105	20.28	6,310,451	12	772.8	18	38	1	2	12	10
12	Silver Line [New]	LRT	LA-Puente	24.25	9,077,269	4	2,975.7	3	123	13	20	12	10
13	Eastside - Phase II	LRT	Whittier (aerial)	9.07	5,074,007	15	1,616.1	9	178	15	18	11	13
14	Green Line - South	LRT	South Bay Galleria	2.72	1,268,906	23	266.5	23	98	8	10	11	13
15	Gold Line - Phase IIA	LRT	Azuza (MTA cost)	10.50	3,310,750	18	773.4	17	74	6	12	10	15
16	Gold Line - Phase IIA+B	LRT	Montclair (JPA cost)	23.57	6,334,353	10	1,237.2	11	52	3	8	10	15
17	Green Line - North	LRT	LAX to Exposition	12.49	7,184,974	7	1,828.5	7	146	14	13	10	15
18	Rte 134 Transit Corridor	BRT	N. Hollywood to Del Mar	15.74	5,102,593	14	901.6	15	57	4	7	10	15
19	West Santa Ana Branch	ML	Union Station-Santa Ana	20.15	9,056,274	5	4,764.8	1	236	17	22	10	15
20	Green Line - East	LRT	Norwalk Metrolink (elevated)	2.27	1,495,006	21	480.2	22	212	16	19	9	20
21	Green Line - East	LRT	Norwalk Metrolink (underground)	2.27	1,495,006	21	1,069.6	13	471	23	23	9	20
22	Gold Line - Phase IIA+B	LRT	Montclair (MTA cost)	23.57	6,334,353	10	1,771.8	8	75	7	17	8	22
23	Green Line - South II	LRT	Harbor Extension	7.55	2,635,680	20	877.6	16	116	10	21	8	22
Total				260.04	141,461,084		34,933.7						

Including only most expensive alternative for each line

Abbreviations

- Heavy Rail Transit HRT
- Light Rail Transit LRT
- Bus Rapid Transit BRT
- Diesel Multiple Unit DMU
- Magnetic Levitation ML

MTA Criteria

- Performance**
 - Annual boardings per mile **50%**
 - Annual boardings per million
- Corridor Need**
 - Population & employment density **50%**
 - Percent transit dependent census tracts
 - Major activity centers per (center line) mile
 - Current boardings per mile (2004)

