

**Metro**

Metropolitan Transportation Authority

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Los Angeles, CA 90012-2952213.922.2000 Tel
metro.net**PLANNING AND PROGRAMMING COMMITTEE
JANUARY 14, 2009****SUBJECT: 2009 LONG RANGE TRANSPORTATION PLAN FOR
LOS ANGELES COUNTY****ACTION: ADOPTION OF 2009 LONG RANGE TRANSPORTATION PLAN****RECOMMENDATION**

Approve the following actions for the 2009 Long Range Transportation Plan (LRTP) for Los Angeles County:

- A. Approve the assumptions and updated financial forecast that supports the 2009 LRTP for Los Angeles County;
- B. Approve Recommended Plan and Strategic Plan projects and programs as shown in Attachment B for inclusion in the 2009 LRTP document;
- C. Adopt the resolution in Attachment C which adopts the 2009 LRTP for Los Angeles County; and
- D. Adopt Board policy that the 3% local jurisdiction contribution to transit corridor projects where indicated in the Measure R Expenditure Plan be committed prior to moving forward with same transit corridor projects.

ISSUE

The Draft 2008 LRTP was completed in mid-March 2008 and circulated for public comment for a 45-day public review period from March 12 through April 28, 2008. Upon consideration of public comments, the Draft 2008 LRTP was submitted for Board action on June 26, 2008. At this meeting, the Board voted to defer action on the Draft 2008 LRTP until after the November 2008 General Election outcome of Measure R. This is the first update of the LRTP since 2001.

POLICY IMPLICATIONS

LACMTA is responsible for transportation planning and programming in Los Angeles County, in accordance with Government Code Section 130051. The purpose of the LRTP is to set the long-term direction necessary to proceed with project planning, design and engineering for projects that are candidates for future programming. State and federal transportation agencies require the LRTP to cover a minimum twenty-year period. Staff will continue to work with the Southern California Association of Governments (SCAG) to amend the 2008 Regional Transportation Plan (RTP), if necessary, to ensure

consistency between the Final 2009 LRTP and SCAG's RTP which was adopted in May 2008.

FINANCIAL IMPACT

The 2009 LRTP is a strategic guide for planning and programming short term and very longer term projects and programs without over-committing the funds forecasted to be available. The 2009 LRTP financial forecast is intended to show our potential capital program funding partners, at state, federal and local levels, that we have the resources to meet our financial commitments going forward to the Plan's 2040 horizon date. Some slight variations in near-term funding commitments are not unusual in a 35-year financial forecast. We will have to monitor, however, every few years how short-term fluctuations in costs and revenues are impacting the overall LRTP program.

The 2009 LRTP establishes priorities for projects and programs estimated at approximately \$206.4 billion. The higher figure is due to the passage of Measure R and the addition of ten years into the planning period from FY 2031 to FY 2040. Services, programs and projects approved through the LRTP will require further Board approvals at key milestones in the project development process, leading up to service, program and project implementation.

To complete the plan and achieve the project schedules as described in this report, several Board or other actions are assumed going forward, as follows:

- National economic recovery efforts will need to be successful. Metro's overall financial health is closely tied to retail sales due to the 1.75% sales tax receipts that we now receive from the Transportation Development Act, Proposition A, Proposition C, and Measure R. While the plan assumes that actual sales taxes growth will be $\frac{1}{2}$ % negative in FY 2009 and only $2\frac{1}{2}$ % in FY 2010, we also assume that national economic recovery efforts will be successful by FY 2011, when we return to using an economic projection of retail sales growth provided by the UCLA Anderson School of Business. On the cost side of the plan, we assume lower project cost growth than in the previous Draft Plan due to the slowdown in commodities, surety, and energy prices. Specifically, we use 4% cost growth assumptions through FY 2014 and then 3% annual growth thereafter.
- The Proposition C 25% and Proposition C 10% debt policy caps that the Board established previously will be raised from 60% to 75% and from 40% to 50%, respectively. While similar assumptions have been made in the past and were ultimately not necessary due to project delays unrelated to funding, we believe that the Board will need to raise the caps as early as FY 2015 (Proposition C 25%) or FY 2019 (Proposition C 10%) based on the current financial forecast in this 2009 LRTP.
- Additional leveraged funding assumptions included in Measure R are added to the LRTP, including \$6.4 billion in additional transit project funds from local, state, and federal sources combined. The first portion of these leveraged transit funds may come from the State's High Speed Rail Bond and federal Economic Recovery

legislation. Other funds are assumed to be made available include, but are not limited to, a 3% local contribution requirement for transit projects, State Transit Assistance funds, additional Federal Transit Administration New Starts funds, and a limited amount of borrowing of Measure R bond proceeds. As with the Economic Recovery funds, it is not necessary to secure the exact fund type assumed here to succeed. As we work with local, state, and federal organizations to determine the exact source of funds, we can update funding strategies to accommodate the different approaches that might be necessary. Limited bonding of Measure R bond proceeds were used to meet forecasted short term annual cash flow problems encountered in the peak construction years of the transit capital program.

- A 33% “Fare Recovery Ratio” between Metro transit fare revenues and transit operating costs is achieved by FY 2015 and then maintained by periodic fare structure adjustments or cost savings throughout the entire plan period through 2039. The assumption used indicates that the transit rider will be paying for one-third of the operating cost to provide transit services on the Metro system. Metro sales tax or other revenues will be used to subsidize only two-thirds of the transit operating costs. Achieving this ratio will require a combination of strategies such as reducing unproductive service, achieving operating efficiencies, and increasing operating revenues.

Increases to Financial Assumptions since Draft 2008 LRTP

In January 2008, the Board released the Draft 2008 LRTP for public review. Since January 2008, several developments have occurred that may impact the financial forecast and projected costs and revenues contained in the 2009 LRTP. First, in November 2007, the Board modified the annual fare units calculation used in the Formula Allocation Procedure (FAP) for LADOT. The modification defined LADOT’s annual FAP subsidy based on a \$0.90 base fare for express services and \$0.25 for DASH services and funded from the Prop A40% Discretionary Growth Over Inflation. The result of this action will increase the annual FAP subsidy by \$7.5 million beginning in FY2008 and represents an increase of \$204 million in LRTP costs through the 2030 horizon date.

Second, in April 2008, the Board provided bridge funding for Los Angeles County transit operators to support their eligible transit system safety, security and disaster response capital projects as established in the 2008 State Proposition 1B Transit Security Program. This represents an increase of \$14.8 million for the life of the state bond program.

Third, at the May 5, 2008 Workshop, the Board did not implement some of the service reductions that were anticipated in the 2008 LRTP, and used one-time revenues to backfill the savings projected for 256,000 revenue service hours in FY 2009. This action represents an increase of \$782 million in LRTP costs, unless future additions in cost savings or revenues are identified.

Fourth, in both March and May 2008, the Board increased funding for Caltrans support costs for six projects in the highway program: Carpools on the I-5 (from SR-170- SR -18), I-5 (from SR-91/I-605), I-10 (From I-605- Puente), the 5/14 Connector, the I-5/Carmenita

Interchange, and SR-138 (from 175th to Largo Vista). These cost increases reduce the 2008 LRTP freeway escalation reserve (Freeway Contingency) amount by \$160 million.

ALTERNATIVES CONSIDERED

The Board can approve the staff recommended 2009 LRTP, or may choose a different combination of projects and programs that the Board believes better meets the future mobility needs of Los Angeles County.

DISCUSSION

Over the last three years, staff has developed a LRTP to identify multi-modal projects and programs that are recommended for funding over the thirty-five year period from FY 2005 through 2040. The 2009 LRTP identifies projects and programs estimated at approximately \$206.4 billion to be funded from federal, state and local revenue sources.

The 2009 LRTP is also consistent with the 2001 LRTP recommendations for a balanced transportation program (i.e., highway, transit, non-motorized forms of transportation), with an emphasis on public transit to help meet growth in travel. This “balanced plan” approach optimizes the multi-modal performance of a mix of projects and programs while being financially constrained. In developing the 2001 LRTP recommendations, various countywide alternatives were evaluated using the transportation demand model. These alternatives consisted of different strategies for meeting future travel demand and were evaluated for their mobility benefit.

The 2009 LRTP also addresses significant changes that have occurred since the 2001 LRTP, including growth patterns, the latest technical assumptions, climate change issues, and the uncertain transportation funding environment. The LRTP is a key element of our planning process, as it proactively identifies transportation needs and challenges that Los Angeles County will face through 2040. The LRTP is periodically updated to ensure that transportation decisions are based on a plan that contains current data and assumptions.

Background

In January 2008, the Draft 2008 LRTP was presented to the Board and reflected an update to the LRTP financial assumptions. This update identified a substantial shortage of transportation funds for Los Angeles County, and that a lack of revenues from traditional funding sources combined with a significant spike in construction costs meant the Draft 2008 LRTP was unable to fund any additional projects beyond those funded in the 2001 LRTP.

Within this context, the Draft 2008 LRTP set the stage for identifying new innovative funding options for generating new revenue that would help fully implement the Constrained Plan (funded) projects on an optimal schedule and potentially fund some additional Strategic Projects (unfunded). Some options included pursuing opportunities such as public-private partnerships, tolls/congestion pricing, and a countywide

congestion mitigation fee. At this meeting, the Board approved the preliminary recommendations for the Draft 2008 LRTP and release of the Draft in March 2008 for a 45-day public review period.

Once the Draft 2008 LRTP and its companion Technical Document were released for public review from March 12 through April 28, 2008, an extensive local outreach process was initiated. Forty-two outreach meetings were held from February 14 through April 30, 2008. These meetings covered all nine sub-regional COG governing boards and their respective subcommittees, Metro Technical Advisory Committee and respective subcommittees, and numerous public and private stakeholders. Seven community meetings were held across the County between March 26th and the close of the public comment period on April 23.

Upon consideration of public comments, the Draft 2008 LRTP was submitted for Board action on June 26, 2008. At this meeting, the Board voted to defer action on the Draft 2008 LRTP until after the outcome of the November 2008 General Election. At the same meeting, the Board voted to place a ½-cent sales tax initiative to fund transportation investments in Los Angeles County on the November 4, 2008 ballot.

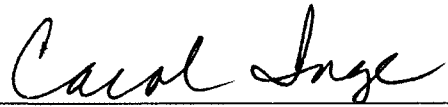
NEXT STEPS

Upon Board adoption of the 2009 LRTP, a final LRTP document will be prepared incorporating Board actions. This document will be made available for public distribution in April 2009. It should be noted, however, that approval of the 2009 LRTP does not constitute final Board action on individual projects. Projects will return to the Board for further action at key milestones in the planning, environmental and project development process. Based on the type of funding outlined in the financial plan assumptions, staff will conduct the appropriate state or federal environmental process. The 2009 LRTP was developed as a flexible, living planning document that has the ability to respond to changes through the normal LACMTA planning process, as well as to be regularly updated every three to five years to reflect current conditions. Finally, we are working closely with Southern California Association of Governments (SCAG) to ensure the 2009 LRTP is incorporated into SCAG's 2008 Regional Transportation Plan for the six-county Southern California region.

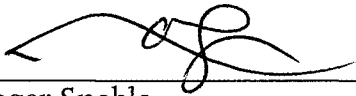
ATTACHMENTS

- A. 2009 LRTP Financial Forecast Update
- B. 2009 LRTP Projects and Programs (Funded and Strategic)
- C. 2009 LRTP Resolution

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L RTP Financial Forecast Update

ATTACHMENT A

- Incorporated updated cost and revenue assumptions
 - Extended timeframe from 2030 to 2040
 - Board actions affecting costs
 - Economic downturn
 - Revenues revised downward in near term
 - Project cost escalation also revised downward
 - Measure R
 - New sales tax revenues, services, & projects added
 - Added leveraged Federal and Local funds
 - No leveraged State funds added, but existing funds are not cut
 - Fare assumptions changed per Measure R

L RTP Financial Forecast Update

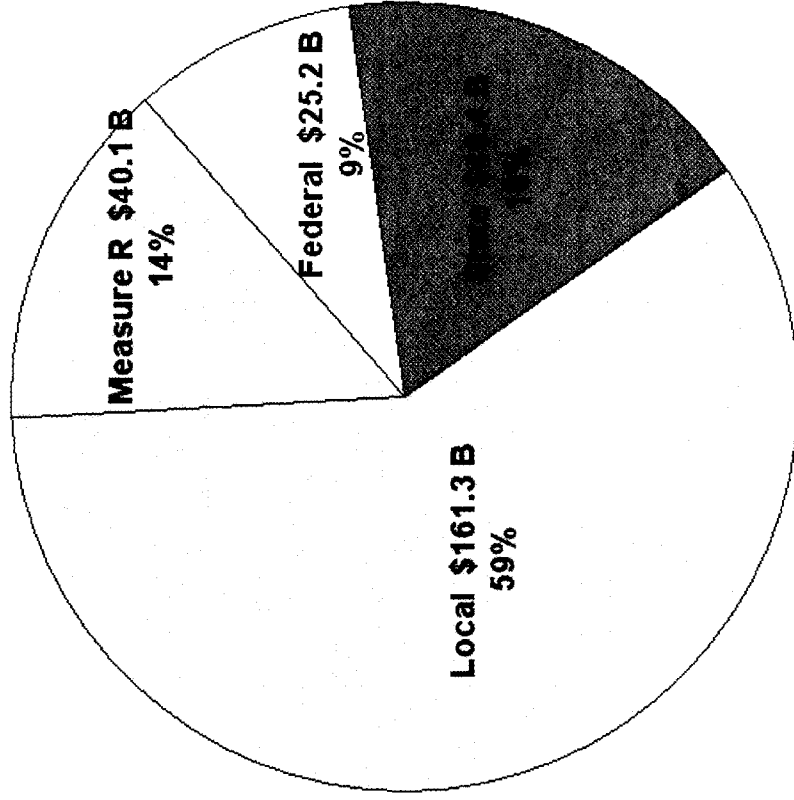
ATTACHMENT A

- New capital escalation rate assumptions
 - 4% annually through FY 2014
 - 3% annually thereafter
- Revenue assumptions
 - Revised sales tax forecast to reflect recession and subsequent recovery
 - Assumes 33% farebox recovery ratio by 2015 and maintains it thereafter
 - Approved fare increase deferred one year until FY 2011
 - Student, Senior, Disabled, & Medicare fare freeze to FY 2013
 - State Transit Assistance fund forecast lower
 - Only Prop. 42 STA continues, No spillover
 - Added assumed Federal discretionary funds
 - 3% local contribution from cities for Measure R projects

L RTP Financial Forecast Update

ATTACHMENT A

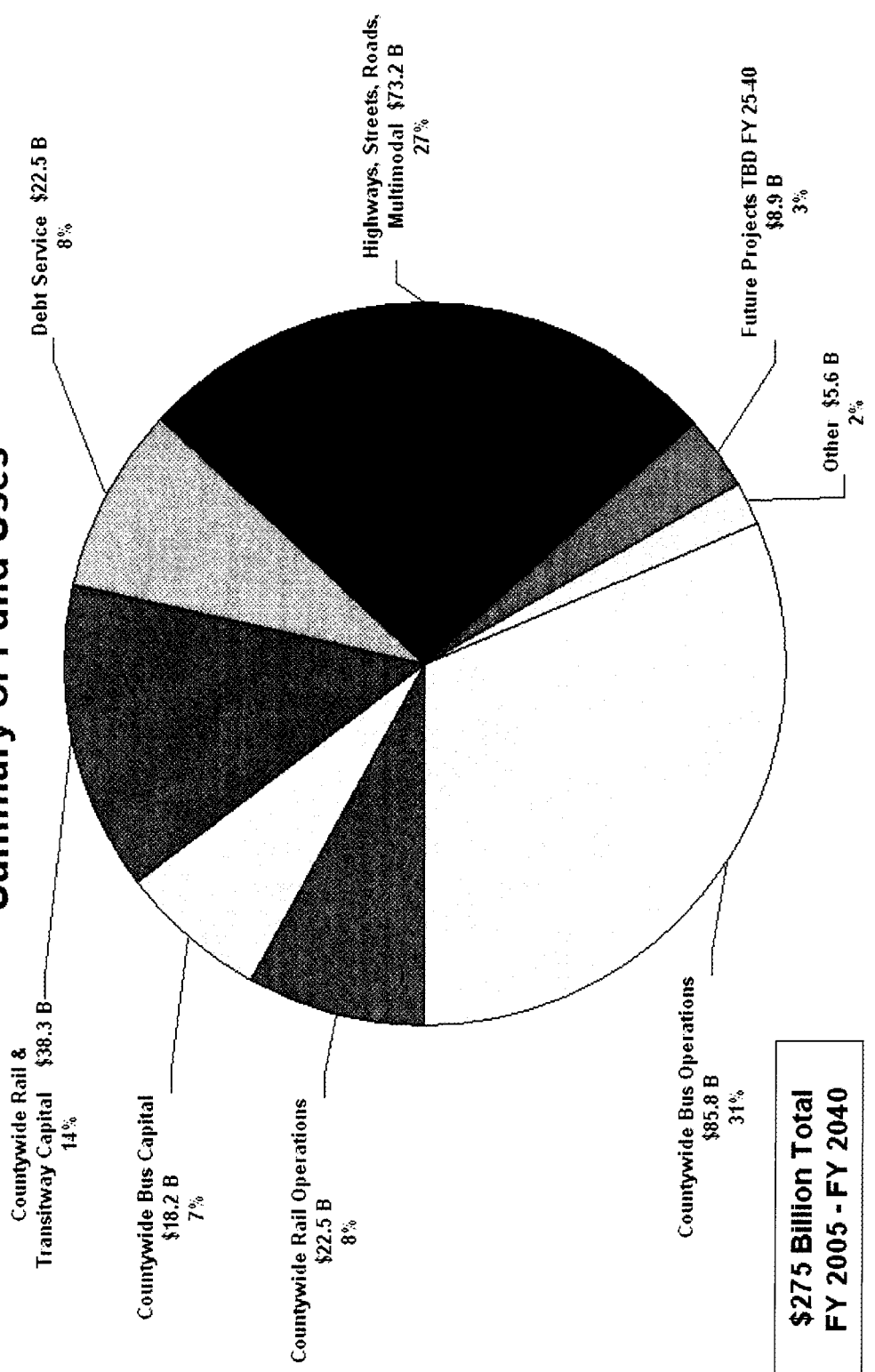
Metro Long Range Transportation Plan Update 2040 Baseline, January 2009 Summary of Fund Sources



**\$275 Billion Total
FY 2005 - FY 2040**

L RTP Financial Forecast Update

Metro Long Range Transportation Plan Update 2040 Baseline, January 2009 Summary of Fund Uses

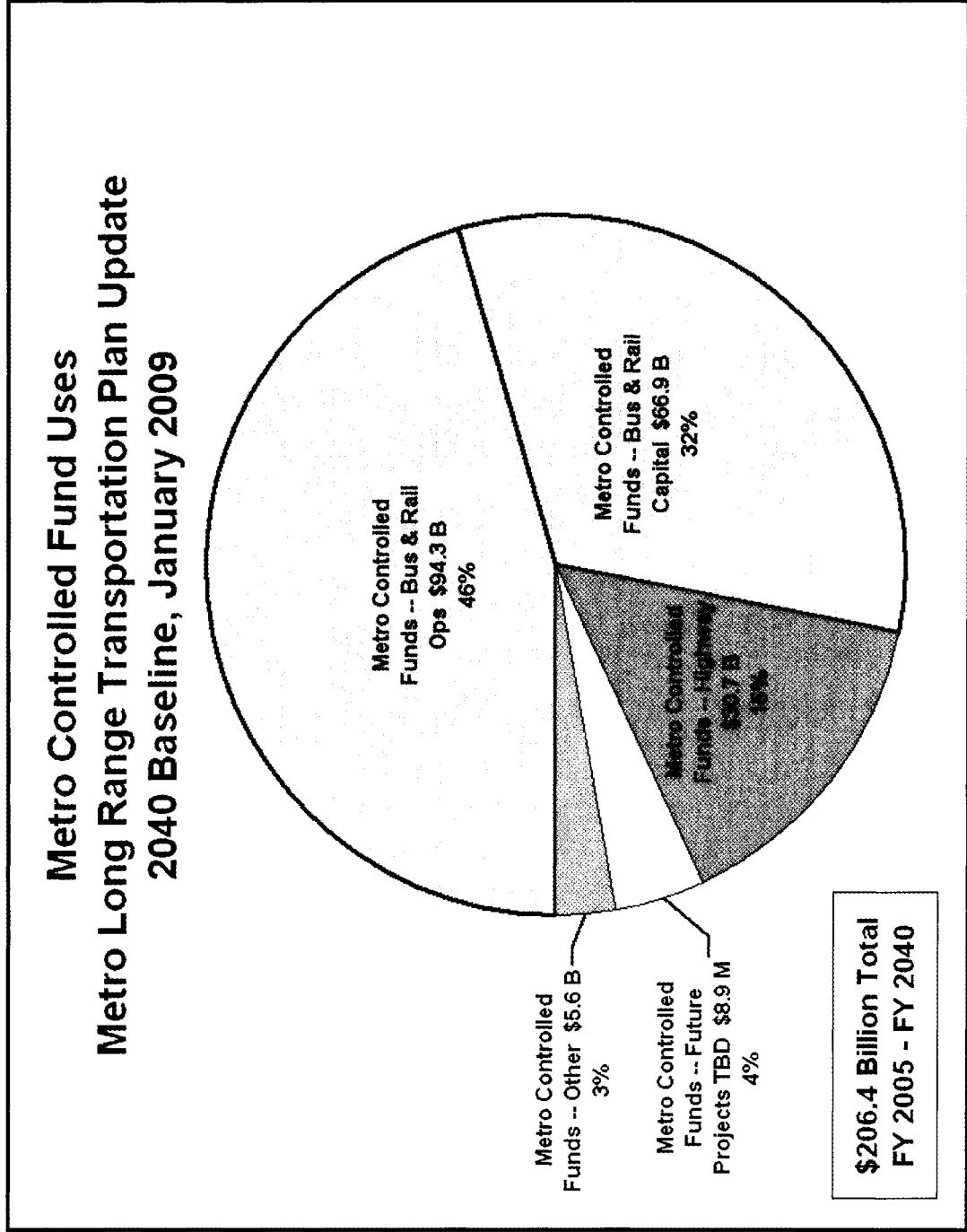


**\$275 Billion Total
FY 2005 - FY 2040**

L RTP Financial Forecast Update

ATTACHMENT A

With Measure R, about 75% of LA County's public transportation investment is Metro controlled



L RTP Financial Forecast Update

ATTACHMENT A

Summary of Fund Changes Since Last Update FY 2005-2030 (billions)

Revenue Source/Use	Prior Forecast (Jan '08)	Current Forecast (Jan '09)	Change ('08 – '09)	Percent Change
Sources	\$ 152.5	\$ 175.2	\$ 22.7	14.9%
Uses	\$ 152.5	\$ 175.2	\$ 22.7	14.9%
Surplus/(Deficit)	\$ 0	\$ 0	\$ 0	

L RTP Financial Forecast Update

ATTACHMENT A

Sources Assumption Changes Since Last Update FY 2005-2030 (billions)

Source	Prior Forecast (Jan '08)	Current Forecast (Jan '09)	Change ('08 – '09)	Percent Change
Local	\$ 98.8	\$ 121.8	\$ 23.0	23.3%
State *	\$ 37.1	\$ 35.3	(\$ 1.8)	(4.9%)
Federal	\$ 16.6	\$ 18.1	\$ 1.5	9.0%
Total	\$152.5	\$ 176.4	\$ 22.7	14.9%

* Decrease in State sources due to STA reductions

L RTP Financial Forecast Update

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Local Revenue Changes, FY 2005-2030 (billions)

Local Revenue Source	Prior Forecast (Jan '08)	Current Forecast (Jan '09)	Change ('08 – '09)	Comments
Props A, C, and TDA	\$ 68.3	\$ 67.9	(\$ 0.4)	Near-term economic downturn and subsequent recovery
Measure R	\$ 0	\$ 23.3	\$ 23.3	Consistent w/ Prop. A & Prop. C Forecasts
Other	\$ 30.5	\$ 30.6	\$ 0.1	3% local contribution assumed in Measure R, more bonding, fare revenues from new projects
Total	\$ 98.8	\$ 121.8	\$ 23.0	

L RTP Financial Forecast Update

ATTACHMENT A

State Revenue Changes, FY 2005-2030 (billions)

State Revenue Source	Prior Forecast (Jan '08)	Current Forecast (Jan '09)	Change ('08 – '09)	Comments
RIP (STIP)	\$ 4.6	\$ 4.6	--	No change
STA	\$ 4.5	\$ 2.8	(\$ 1.7)	State Deficit Impacts
Other*	\$28.0	\$27.9	(\$ 0.1)	Addition of High Speed Rail Bonds; Minor decreases in Prop 1B & TCRP
Total	\$37.1	\$35.3	(\$ 1.8)	

* Such as City/County subventions, Caltrans operations and maintenance and Prop 1B.

L RTP Financial Forecast Update

ATTACHMENT A

Federal Revenue Changes, FY 2005-2030 (billions)

Federal Revenue Source	Prior Forecast (Jan '08)	Current Forecast (Jan '09)	Change ('08 – '09)	Comments
CMAQ	\$ 2.6	\$ 2.6	–	No change
New Starts	\$ 1.7	\$ 2.9	\$ 1.2	Added Measure R Leveraging
Other	\$ 12.3	\$ 12.6	\$ 0.3	Small Starts and misc federal grants
Total	\$ 16.6	\$ 18.1	\$ 1.5	

L RTP Financial Forecast Update

ATTACHMENT A

Countywide Usage Changes Since Last Update FY 2005-2030 (billions)

Use	Prior Forecast (Jan '08)	Current Forecast (Jan '09)	Delta ('08 – '09)	% Chg	Comments
Transit Ops	\$ 63.4	\$ 66.6	\$ 3.2	5.0%	Board approved plus Measure R
Transit Capital	\$ 24.7	\$ 36.1	\$ 11.4	48.2%	Measure R
Highway/ Multimodal	\$ 46.4	\$ 52.7	\$ 6.3	13.4%	Measure R
Debt Service and Other	\$ 18.0	\$ 17.3	(\$ 0.7)	(3.9%)	Reduced need for debt to finance Rail Capital due to Measure R
Future Projs. FY 22-30	\$ 0.0	\$ 2.6	\$ 2.5	100%	\$0.5 B Measure R used after FY 30; \$2.1 B Prop C 40%
Total	\$ 152.5	\$175.2	\$22.7	14.9%	

Measure R Assumptions

- 35% Transit Capital Sub-fund
 - \$123 M of interest earnings on annual balances
- Sub-regional equity assumptions
 - Expo Phase II Measure R assumed to be freed up by Prop. C 25% funds are used for subway and first leg of Crenshaw
 - Measure R funds freed up from San Fernando Valley North-South project reserved for San Fernando sub-region
 - Interstate 5 Measure R funds in Gateway sub-region transferred to West Santa Ana Branch transit project

Measure R Assumptions - continued

ATTACHMENT A

- **20% Bus Operations**
 - 250,000 added revenue service hours previously approved by the Board
 - 200,000 (3%) revenue service hours added by 2030, beginning with 50,000 in FY 2017
- **20% Highway Capital Sub-fund**
 - Scope and schedule is to be determined
 - Process with Caltrans has been initiated
- **2% Metro Rail Capital System Improvements Fund**
 - Short term borrowings from FY 2014 – FY 2019

2009 Plan Baseline Transit Projects

ATTACHMENT A

Project Description	Est. Cost as of Jan '08	Est. FY Open (Jan '08)	Est. FY Open (Measure R)	Est. Escalated Cost as of Jan '09	Est. FY Open (Jan '09)
Eastside LRT	\$ 899 M	2010		\$ 899 M	2010
Exposition LRT Ph I to Culver City	\$ 862 M	2010		\$ 862 M	2011
Exposition LRT Phase II to Santa Monica (alternative is TBD, cost will depend on alternative selected)	\$ 1,100 M to \$ 1,632 M	2016	2013-15	\$1,646 M	2015
Wilshire Boulevard Bus Rapid Transit (BRT)	\$ 200 M	2026		\$ 124 M	2015
Crenshaw Corridor (mode is TBD) BRT or LRT Seg 1- 1 mile, Green Line to LAX Seg 2- 7.3 mile	\$ 685 M to \$ 1,057 M	2021 2025	2016-18	\$ 443 M \$2,004 M	2018 2029
San Fernando Valley North/South Phase I (Canoga) Phase II (East)	\$ 298 M \$ 187 M \$ 111 M	2016 2026	2014-16	\$ 323 M \$ 223 M \$ 100 M	2013 2013

