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**FINANCE BUDGET AND AUDIT COMMITTEE
APRIL 17, 2013
EXECUTIVE MANAGEMENT COMMITTEE
APRIL 18, 2013**

SUBJECT: MEASURE R PROJECT FINANCE ACCELERATION PLAN

ACTION: ISSUE A NOTICE TO AMEND MEASURE R

RECOMMENDATION

Issue the appropriate notices to enable an amendment to the Measure R Expenditure Plan to advance "Funds Available Beginning" dates for transit corridor projects as shown in the Proposed Measure R Expenditure Plan in Attachment A.

ISSUE

In January 2013, we were directed to proceed with the planning and environmental analysis of all Measure R projects including those scheduled for delivery in the second and third decades, with the assumption that non-Measure J finance strategies could be secured to deliver these projects earlier than scheduled in the adopted 2009 Long Range Transportation Plan (LRTP). The LACMTA Board of Directors further directed that, before any suggested strategies are placed into action or are further articulated, we were to return to the Board in March 2013 with the following analysis as part of the financial strategy:

- A. A strategy for keeping all second and third decade projects in shelf-ready condition for federal funding on an accelerated schedule on an equal footing; including funding plans consistent with the LRTP (Attachment B, the Shelf-Ready Condition Strategy for 2nd and 3rd Decade Projects);
- B. Identification and funding requirements for state of good repair and major rehabilitation through the second and third decades (see Attachment C, a report on the Status of State of Good Repair Analysis);
- C. More detail on cash flow requirements to fund operations, state of good repair, call for projects, and other programs in an accelerated environment that includes bonding against Proposition A and Proposition C revenues (See summary information in Attachment D, the Measure R Project Finance Acceleration Plan);

- D. Detail on the proposed "financial and process paths" to pursue with the FTA on the South Bay Green Line Extension, Eastside Gold Line Phase II Extension, West Santa Ana Branch, Gold Line Foothill Extension and Airport Metro Connector (Attachment B);
- E. Develop funding plans for the remaining 12 highway initiatives that are in the planning stage or not under consideration for Public/Private Partnerships. These plans should include anticipated Master Credit Agreements and Transportation Infrastructure Finance and Innovation Act (TIFIA) programming commitments (Attachment E, the Funding Plan for Non-P3 Highway Initiatives in Planning Stages); and,
- F. Estimate of the public investment required to support Public/Private investment (environmental review, right-of-way, and other costs) (Attachment F, the Public/ Private Partnership Investment Analysis).

DISCUSSION

Economic Recovery: We continue to enjoy an economic recovery, making it easier for State and Federal funding partners to keep their commitments and yielding increased sales tax receipts relative to the depths of the worldwide economic downturn. As shown in Attachments D, the actual sales tax receipts have tracked well since our last forecast update was received from UCLA in late 2011. The 2012 update to the UCLA Anderson Forecast includes a taxable retail sales component that shows an overall decrease relative to the prior Forecast, but is close enough that counter-balancing changes in interest cost assumptions for our planned borrowing can adequately address any problems presented by the lower forecast.

State of Good Repair: Our State of Good Repair study results are not yet completed, but significant progress has been made as we respond to the LACMTA Board of Directors request and a national policy effort on the part of the Federal Transit Administration to improve State of Good Repair practices by carefully studying these needs and identifying their anticipated cost and funding. As shown in Attachment C and D, we are using preliminary data from the study to insure that we have adequately provided for State of Good Repair needs going forward.

LACMTA 30/10 Policy: This report addresses the financial aspects of a funding strategy to implement second and third decade projects in the next ten years, consistent with the LRTP and the LACMTA Board of Director's 30/10 Policy. The 30/10 policy was approved at the LACMTA Board of Director's April 2010 meeting with the direction to pursue efforts to accelerate both transit and highway projects. The approved policy in support of the "30/10 Initiative" is subject to the policies and conditions in Attachment G.

The Measure R Project Finance Expenditure Plan in Attachment D meets all the policies and conditions set forth in the adopted policy in Attachment G.

Measure R Amendment: The Measure R Expenditure Plan approved by the voters precludes the accelerated expenditure of Measure R funds before the dates shown in Attachment A in the "Funds Available Beginning" column of the Expenditure Plan on page 2. Those dates need to be amended to begin expending Measure R funds on those projects to complete their construction within the accelerated schedule. No changes to the Highway Capital project dates are required to permit acceleration efforts because Measure R flexibly described them as "To Be Determined". The LACMTA 30/10 policy in Attachment G requires, in part, that the LACMTA Board of Director's adopt an accelerated project delivery schedule prior to implementing any 30/10 plan. When we bring the Measure R Expenditure Plan amendment to the LACMTA Board of Director's for formal approval, we will recommend adoption of the accelerated project delivery schedules.

The Executive Management Committee requested that the following LACMTA Board of Directors policy be included in the proposed amendment to Measure R:

"LACMTA shall complete projects accelerated through 30/10 in the same sequence as the adopted 2009 Long Range Transportation Plan (LRTP)"

In response to this request, we recommend adding Section 18 of the Measure R Ordinance to read as shown in the revised Attachment A.

DETERMINATION OF SAFETY IMPACT

Proper planning for both State of Good Repair investments and transportation capital project acceleration has substantial long term safety benefits. State of Good Repair investments, when implemented, prevent safety incidents related to equipment breakdowns and other unanticipated problems.

FINANCIAL IMPACT

The adoption of a Measure R Project Finance Acceleration Plan, if fully implemented, will have profound financial impacts. The \$21 billion Measure R Project Finance Acceleration Plan for transportation improvements is shown Attachment D on pages 24 and 25. In addition to the Measure R projects, the Plan includes all the anticipated public investments for transportation operating and maintenance needs for the existing transportation system. The operations and maintenance costs are estimated to be valued at over \$45 billion in the first decade. In total, the Acceleration Plan will guide the investment of a \$21 billion portion of a total public transportation investment of over \$66 billion in the first decade of the LRTP. From construction and right-of-way costs to operating and maintenance costs, we have included the anticipated financial impacts in the Measure R Project Finance Acceleration Plan. Highway operating and maintenance costs are borne by Caltrans and other local agencies. Transit impacts are primarily funded by or through the LACMTA.

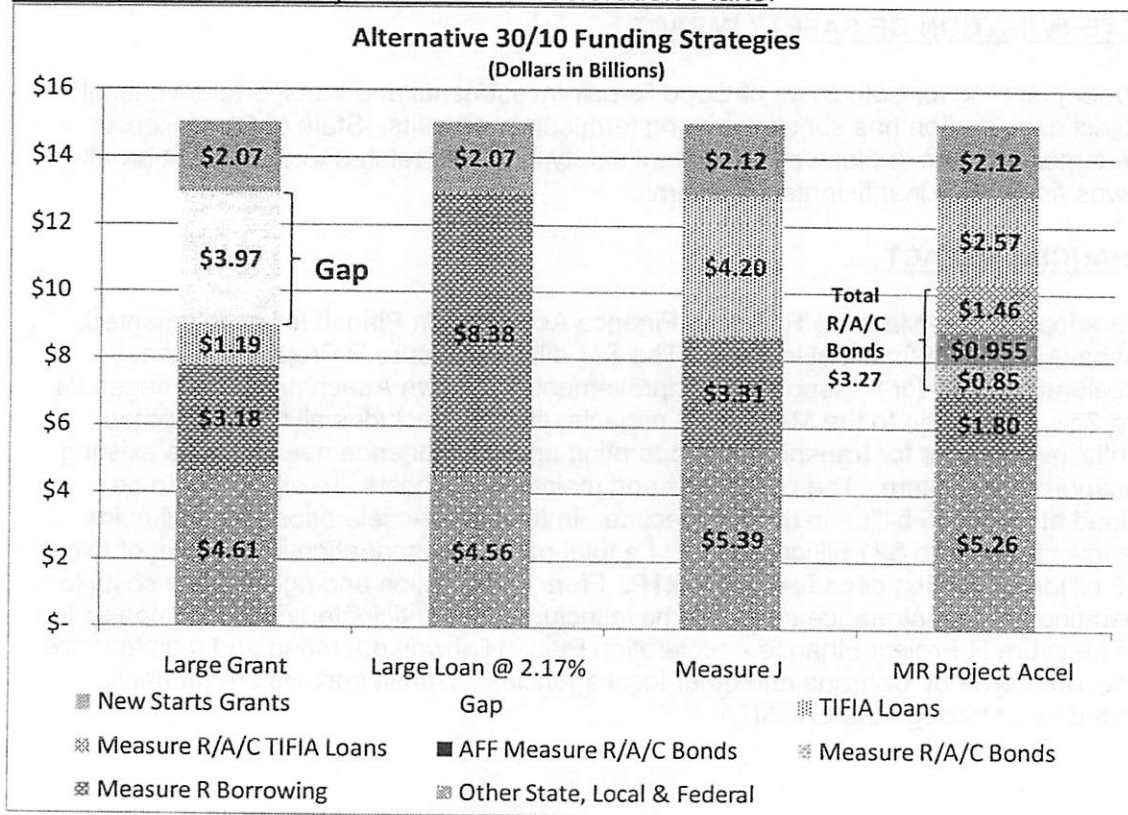
IMPACT TO BUS AND RAIL OPERATING AND CAPITAL

The Measure R Project Finance Acceleration Plan has positive impacts on bus and rail capital improvements and their ongoing repair needs. It requires funding for new operating and maintenance costs for the Measure R projects that are accelerated. We show that these added costs can be met, in part, with Measure R funds in Attachment D, pages 30 and 35.

ALTERNATIVES CONSIDERED

The LACMTA Board of Directors has considered numerous alternatives to enable acceleration of Measure R projects, as shown in Table 1. The "Large Grant" alternative identifies the funds necessary to accelerate all Measure R transit corridor projects using a single large grant (the shortfall). The "Large Loan" approach explored the availability of a Sovereign Wealth Fund loan that would close the shortfall. The Measure J approach was an extension of Measure R for 30 years coupled with longer term borrowing. The "Measure R/A/C" acceleration concept recommended in this report builds on previous work and assumes that Proposition A and Proposition C will be used to make repayments in 2040 and beyond, after the expiration of Measure R.

Table 1, Alternative Project Finance Acceleration Plans:



NEXT STEPS

If the LACMTA Board of Directors approves the issuance of requisite notices, we will begin all necessary steps for processing an amendment to the Measure R Expenditure Plan. If the amendment is approved, we will seek to amend the pending TIFIA Transit Master Credit Agreement Letter of Interest to reflect a new total of up to \$2 billion for the Regional Connector and Westside Subway Extension projects.

For the Measure R highway program, we will begin work with the sub-regions to identify specific highway projects to accelerate. During this process, we will evaluate any proposals to reprogram Measure R capital project funding from highway to transit and from transit to highway. According to the Measure R Ordinance, any such proposal could not be approved prior to FY 2019.

We will also prepare a new Master Credit Agreement Letter of Interest for up to \$1.5 billion for above ground elements of Measure R transit projects and up to \$950 million for Measure R highway projects. Finally, we will begin preparing a trust indenture for bonds to be secured with Measure R, Proposition A and Proposition C revenues.

ATTACHMENT(S)

Attachment A: Proposed Measure R Expenditure Plan Amendments
Attachment B: Self-Ready Condition Strategy for 2nd and 3rd Decade Transit Projects
Attachment C: Report on the Status of State of Good Repair Analysis
Attachment D: Measure R Project Finance Acceleration Plan
Attachment E: Funding Plan for Non-P3 Highway Initiatives in Planning Stages
Attachment F: Public/Private Partnership Investment Analysis
Attachment G: LACMTA Board of Director's Policies and Conditions for 30/10 Initiative

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Proposed Amendment to the Measure R Ordinance

SECTION 18. MEASURE R PROJECT FINANCE ACCELERATION PLAN

If TIFIA loans and a TIFIA Master Credit Agreement of at least ~~\$4.0~~ **\$3.0** billion combined⁽¹⁾, **America Fast Forward Tax Credit Bonds of at least \$1.0 billion**, and Full Funding Grant Agreements (FFGAs) of at least \$1.9 billion combined are executed for one or more of the 12 transit projects, the amended “Funds Available Beginning” dates shown on lines 6, 9, 12, 13, and 16 of Attachment A shall take effect and Metro shall complete all 12 transit projects in the same sequence as the adopted 2009 Long Range Transportation Plan⁽²⁾. However, if such loan agreements in the sum of at least \$4.0 billion or one or both of the FFGAs in the sum of at least \$1.9 billion are not executed, this amendment shall not take effect and the “Funds Available Beginning” dates shown on lines 6, 9, 12, 13, and 16 of Attachment A shall not change.

(1) Including prior transit TIFIA loans with Measure R pledged in repayment.

(2) Does not apply to non-Measure R funds.

One-Half Cent Sales Tax for Transportation Outline of Expenditure Categories Sunsets in 30-Years: Fiscal Year (FY) 2010 - 2039 (millions)		ATTACHMENT A Proposed Amendment			
Subfund	Program	% of Sales Tax (net of administration)	First Year Amount	10-Year Amount	30-Year Amount
Transit Capital	New Rail and/or Bus Rapid Transit Capital Projects - project definition depends on final environmental review process	35%	\$ 241	\$ 2,930	\$ 13,790
Transit Capital	Metrolink Capital Improvement Projects within Los Angeles County (Operations, Maintenance, and Expansion)	3%	\$ 21	\$ 251	\$ 1,182
Transit Capital	Metro Rail Capital - System Improvements, Rail Yards, and Rail Cars	2%	\$ 14	\$ 167	\$ 788
Highway Capital	Carpool Lanes, Highways, Goods Movement, Grade Separations, and Soundwalls	20%	\$ 138	\$ 1,675	\$ 7,880
Operations	Rail Operations (New Transit Project Operations and Maintenance)	5%	\$ 34	\$ 419	\$ 1,970
Operations	Bus Operations (Countywide Bus Service Operations, Maintenance, and Expansion. Suspend a scheduled July 1, 2009 Metro fare increase for one year and freeze all Metro Student, Senior, Disabled, and Medicare fares through June 30, 2013 by instead using Metro's Formula Allocation Procedure share of this subfund.)	20%	\$ 138	\$ 1,675	\$ 7,880
Local Return	Major street resurfacing, rehabilitation and reconstruction; pothole repair; left turn signals; bikeways; pedestrian improvements; streetscapes; signal synchronization; and transit. (Local Return to the incorporated Cities within Los Angeles County and to Los Angeles County for the Unincorporated Area of the County on a Per Capita Basis.)	15%	\$ 103	\$ 1,256	\$ 5,910
TOTAL PROGRAMS		100%	\$ 689	\$ 8,373	\$ 39,400
1.5% for Administration			\$ 11	\$ 127	\$ 600
GRAND TOTAL			\$ 700	\$ 8,500	\$ 40,000

**One-Half Cent Sales Tax for Transportation: Expenditure Plan
30 Years, Fiscal Year (FY) 2010 - 2039
As Adopted by the Los Angeles County Metropolitan Transportation Authority Board of Directors July 24, 2008**

**ATTACHMENT A
Proposed Amendment**

Subfund	Potential Project in Alphabetical Order by Category (project definition depends on final environmental process)	Cost Estimate	New Sales Tax (Assembly Bill 2321)			Other Funds			Funds Available Beginning	Expected Completion
			Minimum	Additional	Total	Federal Funding	State Funding	Local Funding (Rail is 3% except as noted)		
	Transit Projects: New Rail and/or Bus Rapid Transit Capital Projects. Could include rail improvements or exclusive bus rapid transit improvements in designated corridors.									
		Escalated \$								
1	Eastside Light Rail Access (Gold Line)	\$ 30	\$ -	\$ 30	\$ -	\$ -	\$ -	FY 2010	FY 2013	
2	Exposition Boulevard Light Rail Transit	\$ 1,632 ^a	\$ -	\$ 925	\$ -	\$ 353	\$ 354	FY 2010-12	FY 2013-15	
3	Metro and Municipal Regional Clean Fuel Bus Capital Facilities and Rolling Stock (Metro's share to be used for clean fuel buses)	\$ 150	\$ -	\$ 150	\$ -	\$ -	\$ -	FY 2010	FY 2039	
4	Regional Connector (links local rail lines)	\$ 1,320	\$ -	\$ 160	\$ 708	\$ 186	\$ 266 ^b	FY 2014-16	FY 2023-25	
5										
6		Current 2008 \$								
7	Crenshaw Transit Corridor - project acceleration	\$ 1,470	\$ 235.5	\$ 971.5	\$ 1,207	\$ 263 ^c	\$ -	FY 2010-12	FY 2016-18	
8	Gold Line Eastside Extension	\$ 1,310	\$ -	\$ 1,271	\$ 1,271	\$ 39	\$ -	FY 2022-24	FY 2033-35	
9	Gold Line Foothill Light Rail Transit Extension	\$ 758	\$ 735	\$ -	\$ 735	\$ 23	\$ -	FY 2013-24	FY 2015-17	
10	Green Line Extension to Los Angeles International Airport	\$ 200	\$ -	\$ 200	\$ 200	TBD ^d	\$ -	FY 2010-12	FY 2015-28 ^d	
11	Green Line Extension: Redondo Beach Station to South Bay Corridor	\$ 280	\$ -	\$ 272	\$ 272	\$ 8	\$ -	FY 2028-30	FY 2033-35	
12	San Fernando Valley I-405 Corridor Connection (match to total project cost)	TBD	\$ -	\$ 1,000	\$ 1,000	\$ 31	\$ -	FY 2030-32	FY 2038-39	
13	San Fernando Valley North-South Rapidways (Canoa Corridor) - project acceleration	\$ 188	\$ 32 ^e	\$ 150	\$ 182	\$ 6	\$ -	FY 2010-12	FY 2014-16	
14	San Fernando Valley East North-South Rapidways - project acceleration	\$ 70	\$ 68.5 ^e	\$ -	\$ 68.5	\$ 2	\$ -	FY 2013-15	FY 2016-18	
15	West Santa Ana Branch Corridor (match to total project cost)	TBD	\$ -	\$ 240	\$ 240	\$ 7	\$ -	FY 2015-17*	FY 2025-27*	
16	Westside Subway Extension - to be opened in segments	\$ 4,200 ^f	\$ 900	\$ 3,174	\$ 4,074	\$ 126	\$ -	FY 2013-17*	FY 2034-36	
17	Capital Project Contingency (Transit)-Escalation Allowance for lines 8-17 to be based on year of construction.	\$ 7,331	\$ 173	\$ 3,103	\$ 3,276	\$ 2,200	\$ 1,015	FY 2010	FY 2039	
18										
19	Total New Rail and/or Bus Rapid Transit Capital Projects	\$ 18,939^h	\$ 3,408.5	\$ 10,381.5	\$ 13,790	\$ 2,908	\$ 1,554	\$ 1,965	FY 2010	

Subfund	Potential Project in Alphabetical Order by Category (project definition depends on final environmental process)	Cost Estimate	New Sales Tax (Assembly Bill 2321)			Other Funds			Total	Minimum	Additional	Funds Available Beginning	Expected Completion
			Federal Funding	State Funding	Local Funding (Rail is 3% except as noted)	Federal Funding	State Funding	Local Funding (Rail is 3% except as noted)					
20	Highway Projects: Capital Projects-Carpool Lanes, Highways, Goods Movement, Grade Separations, and Soundwalls												
21		Escalated \$											
22	Alameda Corridor East Grade Separations Phase II	\$ 1,123	\$ 200	\$ 200	\$ 400	\$ 200	\$ 336	\$ 187			As funds become available		
23	BNSF Grade Separations in Gateway Cities	\$ 35	\$ -	\$ 35	\$ 35	\$ -	\$ -	\$ -			As funds become available		
24	Countywide Soundwall Construction (Metro regional list and Monterey Park/SR-60)	\$ 250	\$ 250	\$ -	\$ 250	\$ -	\$ -	\$ -			FY 2010	FY 2039	
25	High Desert Corridor (environmental)	\$ 33	\$ -	\$ 33	\$ 33	\$ -	\$ -	\$ -			As funds become available		
26	Interstate 5 / St. Route 14 Capacity Enhancement	\$ 161	\$ 90.8	\$ -	\$ 90.8	\$ 15	\$ 41	\$ 14			FY 2010	FY 2013-15	
27	Interstate 5 Capacity Enhancement from I-605 to Orange County Line	\$ 1,240	\$ 264.8	\$ -	\$ 264.8	\$ 78	\$ 834	\$ 63			FY 2010	FY 2016-17	
28	I-5 Capacity Enhancement from SR-134 to SR-170	\$ 610	\$ 271.5	\$ -	\$ 271.5	\$ 50	\$ 264	\$ 24			FY 2010	FY 2013	
29	I-5 Carmelita Road Interchange Improvement	\$ 389	\$ 138	\$ -	\$ 138	\$ 97	\$ 154	\$ -			FY 2010	FY 2015	
30		Current 2008 \$											
31	Highway Operational Improvements in Arroyo Verdugo subregion	\$ 170	\$ -	\$ 170	\$ 170								
32	Highway Operational Improvements in Las Virgenes/Malibu subregion	\$ 175	\$ -	\$ 175	\$ 175								
33	Interstate 405, I-110, I-105, and SR-91 Ramp and Interchange Improvements (South Bay)	\$ 906	\$ -	\$ 906	\$ 906								
34	Interstate 5 North Capacity Enhancements from SR-14 to Kern County Line (Truck Lanes)	\$ 2,800	\$ -	\$ 410	\$ 410								
35	Interstate 605 Corridor "Hot Spot" Interchanges	\$ 2,410	\$ -	\$ 590	\$ 590								
36	Interstate 710 North Gap Closure (tunnel)	\$ 3,730	\$ -	\$ 780	\$ 780								
37	Interstate 710 South and/or Early Action Projects	\$ 5,460	\$ -	\$ 590	\$ 590								
38	State Route 138 Capacity Enhancements	\$ 270	\$ -	\$ 200	\$ 200								
39	Capital Project Contingency (Highway)-Escalation Allowance for lines 31-38 to be based on year of construction	\$ 2,575	\$ -	\$ 2,575.9	\$ 2,576								
40	Total Capital Projects Highway: Carpool Lanes, Highways, Goods Movements, Grade Separations, and Soundwalls	\$ 22,337	\$ 1,215.1	\$ 6,664.9	\$ 7,880	TBD	TBD	\$ 288	TBD	\$ 288	FY 2010	FY 2039	

for reference only - not priority order

To be determined
As funds become available

Subfund	Operating and Capital Programs	Percent of New Sales Tax Net Revenues	New Sales Tax (Assembly Bill 2321)			Other Funds			Funds Available Beginning	Expected Completion
			Minimum	Additional	Total Escalated	Federal Funding	State Funding	Local Funding (Rail is 3% except as noted)		
41	Ops Bus Operations (Countywide Bus Service Operations, Maintenance, and Expansion. Suspend a scheduled July 1, 2009 Metro fare increase for one year and freeze all Metro Student, Senior, Disabled, and Medicare fares through June 30, 2013 by instead using Metro's Formula Allocation Procedure share of this subfund.)	20%	\$ -	\$ 7,880	\$ 7,880 k			FY 2010	FY 2039	
42	Ops Rail Operations (New Transit Project Operations and Maintenance)	5%	\$ -	\$ 1,970	\$ 1,970 k			FY 2010	FY 2039	
43	Local Return Major street resurfacing, rehabilitation and reconstruction; pothole repair; left turn signals; bikeways; pedestrian improvements; streetscapes; signal synchronization; and transit.	15% l	\$ 250	\$ 5,660	\$ 5,910 k			FY 2010	FY 2039	
44	Tran. Cap. Metro Rail Capital Projects - System Improvements, Rail Yards, and Rail Cars	2%	\$ -	\$ 788	\$ 788 k			FY 2010	FY 2039	
45	Tran. Cap. Metrolink Capital Improvement Projects within Los Angeles County (Operations, Maintenance, and Expansion)	3%	\$ 70	\$ 1,112	\$ 1,182 k			FY 2010	FY 2039	
46	Subtotal Transit and Highway Capital Projects	\$ 41,276 m	\$ 4,623.6	\$ 17,046	\$ 21,670	\$ 2,908	\$ 1,554	\$ 2,253	FY 2010	FY 2039
47	Subtotal page 4		\$ 320.0	\$ 17,410	\$ 17,730					
48	1.5% for Administration	N/A	\$ 10	\$ 590	\$ 600					
49	Total		\$ 4,953.6	\$ 35,046	\$ 40,000	\$ 2,908	\$ 1,554	\$ 2,253	FY 2010	FY 2039

Notes:

- The Exposition Blvd Light Rail Transit project includes the following funds: Prop 1B Transit Modernization funds (\$250 M), State Transportation Improvement Program funds (\$103 M), Metro Propositions A and C funds (\$354 M).
- Systemwide ridership forecasts indicate need for a Regional Connector downtown. This expenditure plan assumes that Metro Long Range Transportation Plan funds freed-up from the Exposition Phase II project by passage of this sales tax will be redirected to the Regional Connector project by the Metro Board.
- Local funding for the Crenshaw Transit Corridor assumes a 3% local contribution (\$44 M) and a Metro Long Range Transportation Plan contribution (\$219 M).
- Local funding target and project schedule to be determined due to potential LAX contribution. First segment is included in the Crenshaw project.
- The San Fernando Valley North-South Rapidways minimum of \$100 M is divided between the East and Canoga segments.
- Unescalated cost estimate to Westwood.
- Assumes a 3% local contribution to the Escalation Allowance (\$225 M) and a Metro Long Range Transportation Plan contribution for project scheduling risk (\$615 M).
- Total new rail and/or bus rapid transit capital projects cost estimate subject to change when cost estimates are developed for the San Fernando Valley I-405 Corridor Connection (line 13) and the West Santa Ana Branch Corridor (line 16).
- The precise amounts of Federal and local funding for the Alameda Corridor East Grade Separations Phase II project are subject to change.
- For projects funded from other sources on or before December 31, 2008, the funds freed-up by passage of this sales tax shall remain in the subregion in which the project is located for projects or programs of regional significance (per AB 2321).
- Amounts are estimates. Actual amounts will be based on percentage of actual sales tax receipts net of administration.
- Local Return to the incorporated cities within Los Angeles County and to Los Angeles County for the unincorporated area of the County on a per capita basis per annual California Department of Finance population data.
- The total project cost estimate for the transit and highway capital projects of \$41.2 B includes \$12.9 B in as yet unidentified federal, state, local, and public-private partnership funds for highway projects.

Legend: Ops = Operations; Tran. Cap. = Transit Capital; SR = State Route; l = Interstate
 * The West Santa Ana Branch matching funds would be accelerated by utilizing Long Range Transportation Plan resources freed-up by the use of new sales tax funds on the Interstate 5 Capacity Enhancement from I-605 to Orange County Line project (line 27).

ATTACHMENT B Part 1 (Transit)

Measure R Project Finance Acceleration Plan: Part 1: Shelf-Ready Condition Strategy for 2nd and 3rd Decade Transit Projects

Assuming FTA finds that the Measure R financial acceleration plan is seen as viable, LACMTA will continue to pursue each second and third decade project as shown below.

Westside Subway

There are three sections of the Westside Subway Extension. All three sections were included in the Final Environmental Impact Statement/Report (FEIS/R) that was certified by the Board and approved by the FTA. The first section of the project to La Cienega is moving forward toward construction. The remaining sections would be built in the second and third decades. The Transit Project Delivery Department will proceed with the procurement of a Design/Build contractor for the first section only, and with the negotiation of a Full Funding Grant Agreement (FFGA) for that section (with provisions for FFGA amendments to cover the future sections). Construction on the first section is expected to start in the spring of 2014. Since a Federal Record of Decision has been received, and per Board direction in January, 2013, the second section will proceed with Preliminary Engineering which is well underway in order to complete the Design/Build package so it is ready for advertisement when funding sources are identified.

Airport Metro Connector

The Airport Metro Connector project is a second decade project in the LRTP. However, the Measure R Expenditure Plan allows for the acceleration of this project if the Los Angeles World Airports (LAWA) provides funding. The Alternatives Analysis phase of work was completed and received by the Board in April 2012. We have not begun the draft environmental analysis due to on-going discussions with LAWA, the FTA, and the Federal Aviation Administration (FAA). In February 2013, the LAWA Board of Airport Commissioners and the City of Los Angeles Planning Commission approved the LAWA Specific Plan Amendment Study Locally Preferred Alternative which committed to using an Automated People Mover (APM). LAWA staff also identified three potential locations where the APM could connect with LACMTA's light rail system. Staff will continue to work with LAWA on the technical analysis that will become the basis of the draft environmental work. The environmental work will begin once the FTA and FAA give clearance to begin. At the December 2012 Board meeting, staff was instructed to study the possibility of using a P3 approach in order to accelerate this project. That study is being undertaken.

South Bay Green Line Extension

The Draft Environmental Impact Statement/Report (DEIS/R) for the South Bay Green Line Extension has been completed and is being reviewed by the FTA. In order to proceed with this project, we will work with FTA to get their agreement that we can

distribute the DEIS/R to the public. We will then proceed with final environmental work and initiation of Advanced Conceptual Engineering.

Eastside Gold Line Phase 2 Extension

The Eastside Gold Line Extension Phase 2 is in much the same situation as the South Bay Green Line Extension. This project is also a third decade project and its DEIS/R is being reviewed by the FTA and the Cooperating agencies. As above, once FTA allows for the distribution of the DEIS/R to the public, we will do so. This will be followed by the completion of the final environmental work and initiation of the Advanced Conceptual Engineering.

West Santa Ana Branch

The West Santa Ana Branch Corridor is the Los Angeles County portion of a 34-mile corridor that also stretches into Orange County. This project is a second decade project. SCAG led the AA work on this project because it spans two counties. The SCAG Regional Council approved the AA in February 2013. LACMTA would lead further efforts on the portion of the Corridor in Los Angeles County, and OCTA would lead any further efforts in Orange County. We will initiate work on a Technical Refinement Study on the Los Angeles portion to further evaluate technical challenges identified by the SCAG AA prior to proceeding into environmental clearance.

Gold Line Foothill Extension Phase 2B

The Metro Gold Line Foothill Extension Construction Authority (Authority) is the lead agency for the final environmental clearance for Phase 2B of the Gold Line which extends the line from Azusa to Montclair. The Authority released the FEIR for this phase on February 14, 2013 and is scheduled to certify the document on March 6, 2013. LACMTA will continue to work with the Authority to further advance the project, including the preparation of the federal EIS to qualify the project for federal funding, contingent upon sufficient funds remaining from Phase 2A.

Sepulveda Pass Corridor

The last of the twelve Measure R transit projects is the Sepulveda Pass Corridor. We completed the Systems Planning Study which was received by the Board in December 2012. The study identified the potential for new revenues from net-positive user charges or tolls. At the December 2012 Board meeting, the Board approved proceeding with testing the viability of a P3 approach through the selection of a private sector developer for the project through a Pre-Development Agreement. With private sector financing, there is the possibility that the project can be accelerated. Any private sector financing would be based on anticipated revenues generated from a toll facility that would link the San Fernando Valley to the Westside.

ATTACHMENT B, Part 2 (Highway)

Measure R Project Finance Acceleration Plan: Part 2: Shelf-Ready Condition Strategy for 2nd and 3rd Decade Highway Projects

LACMTA's approach to complete each of the Measure R Highway Categories is described below:

1. **Alameda Corridor East Grade Separation Phase II** – Continue design, Right-of-Way acquisition, and construction of Phase II projects. Currently, the San Gabriel Trench is under construction with an estimated completion in 2017. Furthermore, grade separation projects on Puente Ave., Fairway Drive, and Fullerton Ave. (City of Industry) and Hamilton Blvd. (Pomona) are in varying stages of design and ROW acquisition.
2. **BNSF Grade Separation in Gateway Cities** – Complete on-going construction at Valley View Ave and close out project by 2014. We will work with the Gateway Cities subregion to develop and implement grade separation projects.
3. **Countywide Soundwall Construction** – Complete the on-going construction projects and continue to explore the feasibility of constructing Packages 10 and 11 as part of the bundled highway improvement projects in the Accelerated Regional Transportation Improvements (ARTI) package using P3 as a delivery mechanism.
4. **High Desert Corridor (Environmental)** – Complete the environmental document and continue to explore the feasibility to complete this strategic multi-purpose corridor using P3.
5. **I-5/St Route 14 Capacity Enhancement** – Complete construction and close out project by 2015.
6. **Interstate 5 Capacity Enhancement from I-605 to Orange County Line** – Complete the on-going construction projects on the first four segments and work with the State of California and the Gateway Cities subregion to identify funding options for completing the last segment; Complete construction and close out projects by 2017 or beyond.
7. **Interstate 5 Capacity Enhancement from SR-134 to SR-170** – Complete construction and close out project by 2018.
8. **Interstate 5/Carmenita Rd Interchange Improvement** – Complete the on-going construction project and close out the project by 2015.

9. **Highway Operational Improvements in Arroyo Verdugo** – Complete the delivery of the Board approved project list through FY 2019 and continue to develop the list of projects to be delivered from FY 2020 through the third decade.
10. **Highway Operational Improvements in Las Virgenes/Malibu** – Complete the delivery of the Board approved project list through FY 2019 and continue to develop the list of projects to be delivered in the third decade as remaining funds are only available from FY 2024 through FY 2033.
11. **Interstate 405, I-110, I-105, and SR-91 Ramp and Interchange Improvements (South Bay)** – Complete the delivery of the Board approved project list through FY 2019 and continue to develop the list of projects from FY 2020 through the third decade.
12. **Interstate 5 North Capacity Enhancements from SR-14 to Kern County Line** – Complete the construction of Phase 1 (truck lanes from SR-14 to Pico Canyon), continue to explore the feasibility of delivering Phase 2a (High Occupancy/Express lanes from SR-14 to Parker Road) as part of the ARTI package using P3 as a delivery mechanism, and be responsive for directives, if any, to initiate Phase 2b (capacity enhancement from Parker Road towards Kern County Line) and continue to explore P3 opportunities to implement Phase 2b.
13. **Interstate 605 Corridor “Hot Spot” Interchanges** – Continue to work with the Gateway Cities subregion to identify, develop and deliver new projects consistent with the LRTP through the third decade.
14. **State Route 710 North Gap Closure** – Complete the environmental document consistent with the LRTP.
15. **Interstate 710 South and/or Early Action Projects** – Complete the environmental document for I-710 South and delivery of the Board approved list of I-710 Early Action Projects consistent with the LRTP; work with Gateway Cities subregion to develop the list of Early Action Projects to be delivered through the second decade.
16. **State Route 138 Capacity Enhancements** – Complete the delivery of the Board approved project list through 2022 and explore funding strategies to complete the proposed capital improvements as needed.

Approach for Highway TIFIA Opportunities

Measure R provides less than 30% of the funds needed to complete the highway project categories approved by the voters. The remaining 70% of funding sources include Proposition C, Congestion Mitigation and Air Quality Improvement (CMAQ), State Transportation Improvement Program (STIP), Regional Surface Transportation Program (RSTP), toll revenues, and other, as yet unidentified funds. Additionally only a portion of the Measure R highway projects are defined at this point and the rest of the program can only be defined progressively over time. Though we believe the effective approach for LACMTA's highway projects may be to secure TIFIA loans for each project individually instead of collectively in a TIFIA MCA, we do not need to make that decision until more specific Measure R project lists emerge.

Currently five highway projects have been identified as primary TIFIA loan applicants for accelerated delivery. As more projects are progressively identified and developed over the course of Measure R, additional needs for a TIFIA loan will be then specified. The target time frame for Letter of Interest (LOI) submittals for the known projects is summarized in the following table:

Project	Est. Cost (\$M)	TIFIA Measure R Only (\$M)	TIFIA Non-LACMTA Funds (\$M)	Draft Env. Doc. Circulation	Target LOI Submittal	Target Financial Close Year
ARTI	700	Allocation TBD	231	Done	March 2013	Spring 2014
HDC	3,500		1,155	Fall 2013	November 2014	Fall 2014
710 South	3,500		1,155	Spring 2014	August 2014	Summer 2015
710 North	5,400		1,782	Spring 2014	August 2014	Summer 2015
605 Hot Spots	2,200		726	Spring 2015	August 2015	Summer 2016
Totals	15,300	950	5,049			

State of Good Repair Board Box

Attachment C

Measure R Project Finance Acceleration Plan

Funding Plan for Non-P3 Highway Initiatives in Planning Stages

Of the 16 highway Measure R highway projects, five are to be addressed through the P3 program: the High Desert Corridor, the 710 North, the 710 South, I-5 North from SR 14 to Kern County Line, and Countywide Soundwall Construction. Of the 11 remaining projects, six are under construction: the Alameda Corridor East, I-5/SR14 Interchange, I-5 South, I-5 South at Carmenita, I-5 North from SR 134 to SR 170, and SR 138. The remaining five projects below are in the planning stage and could benefit significantly from the Measure R Project Finance Acceleration Plan, including TIFIA MCAs. The specific funding agreements already under contract are listed after the projects.

1. **BNSF Grade Separation in Gateway Cities** – Continue to work with the Gateway Cities sub-region to select grade separation projects and potential matching funds that can utilize the accelerated Measure R 20% Highway funds.
2. **Highway Operational Improvements in Arroyo Verdugo** – Complete the delivery of the LACMTA Board approved project list through FY 2019. Convene a joint meeting of the sub-regional stakeholders (including, but not limited to, the Cities of Burbank, Glendale, and La Canada, and the County of Los Angeles) in April/May to develop a joint list of projects to be delivered with the accelerated funding through FY 2014 to FY 2026.
3. **Highway Operational Improvements in Las Virgenes/Malibu** – Complete the delivery of the Board approved project list through FY 2019. Convene a joint meeting of the stakeholders (including Las Virgenes/Malibu COG, Cities of Westlake Village, Agoura Hills, Calabasas, and Malibu, and the County of Los Angeles) in the area in April/May to develop a joint list of projects to be delivered with the accelerated funding from FY 2014 through FY 2026.
4. **Interstate 605 Corridor “Hot Spot” Interchanges** – Continue to work with the Gateway Cities sub-region stakeholders (including Gateway Cities COG, Artesia, Avalon, Bell, Bellflower, Bell Gardens, Cerritos, Commerce, Compton, Cudahy, Downey, Hawaiian Gardens, Huntington Park, La Habra Heights, La Mirada, Lakewood, Long Beach, Lynwood, Maywood, Montebello, Norwalk, Paramount, Pico Rivera, Santa Fe Springs, Signal Hill, South Gate, Vernon, Whittier, Los Angeles County, Port of Long Beach) to identify, develop and deliver new projects using the accelerated Measure R 20% funds to be made available from FY 2014 through FY 2026.

5. **Interstate 405, I-110, I-105, and SR-91 Ramp and Interchange Improvements (South Bay)** – Complete the delivery of the Board approved project list through FY 2019. Convene a joint meeting of the stakeholders (including the South Bay Cities COG, Cities of Carson, El Segundo, Gardena, Hawthorne, Hermosa Beach, Inglewood, Lawndale, Lomita, Manhattan Beach, Palos Verdes Estates, Rancho Palos Verdes, Redondo Beach, Rolling Hills, Rolling Hills Estates, Torrance, and the Harbor City/San Pedro communities of the City of Los Angeles, and County of Los Angeles) in the area in April/May to develop a joint list of projects to be delivered with the accelerated funding from FY 2014 through FY 2026.

Measure R Sub Regional Funds							
Projects with Executed Funding Agreement							
(000)							
SPONSOR	PROJECT TITLE	Total	Prior Yrs	FY 13	FY 14	FY 15	FY 16
Burbank	San Fernando Blvd and Burbank Blvd Improvements	2,325		575	1,750		
Glendale	Fairmont Avenue Grade Separation at San Fernando Road Construction	2,700	2,700				
Glendale	Fairmont Avenue Grade Separation at San Fernando Road Proj Dev	300	300				
Glendale	Grandview and Sonora Ave At-Grade Rail Crossing Improvements	1,850		1,850			
Glendale	Central Avenue Improvement Broadway to SR134	3,250		3,250			
Glendale	Verdugo Rd Signal Upgrade Construction	700	700				
Glendale	Sonora Ave At-Grade Rail Crossing Safety Upgrade	2,700		2,700			
Glendale	Traffic Signal Sync Brand Colorado San Fernando Glendale Verdugo	1,250		1,250			
La Canada Flintridge	Soundwalls on Interstate 210	4,588	151	937	3,500		
Arroyo Verdugo Subregional Sub Total		19,663	3,851	10,562	5,250	-	
Agoura Hills	Palo Camando interchange Proj Dev.	18,090	2,590		3,500	6,000	6,000
Agoura Hills	Roundabout Design Proj Dev.	5,300	125	5,000			175
Agoura Hills	Agoura Road Widening Proj Dev	17,210	2,885	5,000	4,500	4,825	
Calabasas	Lost Hills Overpass and Interchange Proj Dev & ROW	19,000	2,500	7,000	9,500		
Calabasas	Mulholland Hwy Scenic Corridor Proj Dev & ROW	2,750	250	2,000			500
Calabasas	Las Virgenes Scenic Corridor Completion Proj Dev	850	350				500
Calabasas	Parkway Calabasas US 101 SB Off Ramp Proj Dev	1,500	500				1,000
West Lake Village	Route 101 Lindero Canyon Road Interchange Proj Dev	215	215				
West Lake Village	Highway 101 Park and Ride Proj Dev	261	261				
West Lake Village	Rt 101 Lindero Canyon Rd Interchange Construction Phase 3B & 4B	3,378	3,378				
West Lake Village	Rt 101 Lindero Canyon Rd Interchange Construction	5,339	5,339				
West Lake Village	Rt 101 Park and Ride Lot Construction	2,240	2,240				
Las Virgenes/Malibu Subregional Sub Total		76,133	20,633	19,000	17,500	10,825	8,175

Measure R Sub Regional Funds							
Projects with Executed Funding Agreement							
(000)							
SPONSOR	PROJECT TITLE	Total	Prior Yrs	FY 13	FY 14	FY 15	FY 16
SBCCOGS	South Bay Cities COGS Hwy Implementation Plan Proj Dev	4,717	1,835	742	696	702	742
Carson	Sepulveda Boulevard Widening Broadway to ICTF Driveway	1,158	1,158				
El Segundo	Maple Ave Arterial Improvement Sepulveda Blvd to Parkview	2,500	2,500				
Gardena	Rosecrans Av Arterial Improvements Vermont Av to Crenshaw bl	5,140	300	317	4,523		
Gardena	Artesia Bl at Western Av Intersection Improvements	675	75	600			
Gardena	Vermont Av Arterial Improvements Rosecrans Av to 182nd St	2,350	150	132	2,068		
Hawthorne	Rosecrans Ave Arterial improvements I-405 SB to Isis Ave	2,100	2,100				
Hawthorne	Aviation Blvd and Marine Avenue lintersection Improvements	2,100		600			1,500
Hermosa Beach	Pacific Coast Hwy Improvements Anita and Artesia	368		368			
Inglewood	Inglewood ITS Phase IV	3,500	300	3,200			
Lawndale	Inglewood Ave widening from 156 St to I-405 SB On-Ramp	500	100	400			
Manhattan Beach	Sepulveda Blvd at Marine Ave Intersection Improvements	235	235				
Redondo Beach	Pacific Coast Highway Anita St. to Palos Verdes Bl	1,400	1,400				
Redondo Beach	Pacific Coast Highway Torrance Bl	586	59	527			
Redondo Beach	Pacific Coast Highway Palos Verdes Bl	320	32	288			
Redondo Beach	Aviation Bl at Artesia Bl	22	22				
Redondo Beach	Inglewood Ave at Manhattan Beach	30	30				
Redondo Beach	Aviation Blvd at Artesia Intersection	847	847				
Torrance	Pacific Coast Hwy Hawthorne Blvd Intersection Improvements	19,600	1,300		300	18,000	
Torrance	Maple Ave Sepulveda Intersection Improvements	600	60	540			
Torrance	Transit Park and Ride Regional Terminal Design	18,100	1,000	10,500	6,600		
	South Bay Ramps and Interchanges Sub Total	66,848	13,503	18,214	14,187	18,702	2,242
	Grand Total	162,644	37,987	47,776	36,937	29,527	10,417

Public/Private Partnership Investment Analysis

Sepulveda Pass Transit Corridor

Staff and consultants are preparing a comprehensive strategic assessment of the Sepulveda Corridor Project, evaluating the suitability of a transit and/or highway facility as a P3 project as well as a refined evaluation of use of a Pre-Development Agreement (PDA). Staff currently estimates that \$3 million will be required to complete this analysis which will include substantial “project definition” (determination of terminal points for transit connection, access points for toll lanes, tunnel configurations, operational concepts for toll and transit, refined ridership, use and refined capital cost estimates etc.). The work will also include evaluations of P3 potential for the Airport Metro Connector and an analysis of the San Fernando Valley and East San Fernando Valley Transit connection to the corridor.

Recommendations as a result of these assessments will be presented to the Board, and if approved, will proceed with steps toward procurement of a developer (RFQ/RFP) for a PDA approach to the project. Staff estimates this phase would require \$6 million to complete. Depending upon the negotiated terms with a P3 developer, the first phase of the development contract may require \$5 to \$7 million LACMTA contribution with the developer retaining significant costs through a developer contribution (“sweat equity” in the form of engineering and other analysis) to the project. LACMTA would also commence environmental clearance efforts during this phase which staff estimates would require \$60 million, depending on the scope of private investor involvement.

I-710 South Freight Corridor

This project is currently in the environmental clearance phase, with a revised DEIS/R anticipated to be completed by 2015. Depending on the results of the revised DEIS/R, it may be necessary to reevaluate a portion of the strategic analysis and business plan work already completed in connection with the initial P3 evaluation. This additional work would likely require approximately \$1 million to complete. If authorized to proceed as a P3, the next step would involve finalizing the business case (including refined tolling/revenue analysis, access and exit definition, operational concepts and refined capital cost estimates etc) and coordination and documentation of cooperative agreements between LACMTA and Caltrans to procure a developer and obtain CTC approval. Staff estimates that \$5 million will be required to complete this work. LACMTA’s retained costs of \$750 million for pre-construction work (Right-of-Way, utility relocations, etc.) and a construction subsidy ranging from \$3 billion to \$4 billion, depending on the truck tolling scenario and the potential amount of a TIFIA loan that could be secured would also be required.

SR-710 North

This project is also in the environmental clearance phase, with the Alternatives Analysis just completed. A P3 business plan for this project was completed in August, 2012 and that plan estimated a requirement of public funds for right of way, pre-development and early design of approximately \$80 to \$90 million. If authorized to proceed as a P3, work to finalize the business case, complete documentation of cooperative agreements between LACMTA and Caltrans to procure a developer and obtain CTC approval would require an estimated \$6 million to complete. A portion of the Measure R allocation of \$780 million would then be used for LACMTA's public subsidy in a P3 concession. The total construction cost in excess of the subsidy, currently estimated at +/- \$3.6 billion is estimated to be covered by toll revenue over the course of the project.

High Desert Multipurpose Corridor

Also in the environmental clearance phase, if the Board determines to proceed with a P3 procurement on this project, the next steps will involve finalizing the business case, and negotiation and documentation of the cooperative agreements between LACMTA, SANBAG for San Bernardino County, and Caltrans to procure a developer and obtain CTC approval. Additionally, LACMTA will have its share of retained costs (approximately 55% of \$520 million i.e. Some 290 million) for pre-development work, right of way acquisitions and construction monitoring in Los Angeles County. Depending upon progress of adjacent high speed rail projects (CaHSR and XpressWest), the public subsidy could range from \$0 with a Los Angeles to Las Vegas one seat ride, to \$1.5 billion if utilizing Metrolink service between Los Angeles and Palmdale.

Accelerated Regional Transportation Improvements ("ARTI") Project

This project is proceeding as a P3 but is anticipated to be partially publicly funded and is discussed in detail in the main body of the Board report.

Public Funding Requirements Chart

The appended chart (Attachment 1) sets for the public funding component of current P3 projects in tabular form.

Estimate of Public Investment for Future P3 Projects

Project	Estimated Public Investment (YOE)	Estimated Total Capital Cost
I-710 South Freight Corridor ⁽¹⁾	\$3.7 billion to \$4.7 billion	\$3.7 billion to \$4.7 billion
SR 710 North Gap Closure ⁽²⁾	\$780 million	\$5.425 billion
High Desert Multipurpose Corridor ⁽³⁾	\$0.5 billion to \$2.0 billion	\$4.527 billion
Sepulveda Pass Transit Corridor ⁽⁴⁾	\$1.0 billion +/-	\$10-\$12 billion (Central Segment) \$30.754 billion to \$38.735 billion

Notes:

(1) This range includes LACMTA retained costs of \$750 million for pre-construction dollars and a construction subsidy ranging from \$3.0 to 4.0 billion, depending on the truck tolling scenario and TIFIA loan amount.

(2) As estimated in SR 710 North Gap Closure Business Plan dated August 2012.

(3) This range includes LACMTA retained costs of \$500 million for Pre-Development, ROW, and construction monitoring, as well as a construction subsidy ranging from \$0 with a direct connection to CAHSR in Palmdale (LA to Las Vegas one-seat ride) to \$1.5 billion with a transfer from Metrolink to XpressWest in Palmdale.

(4) Based on amount available in Measure R in YOE dollars; assumed for initial phase; additional monies may be required; to be determined following further study and/or for completion of northerly (San Fernando Valley) and southerly (to Airport) sections of the total corridor.

LACMTA Board of Director's Policies and Conditions for 30/10 Initiative

1. Adopt a support position on the "30/10 Initiative" subject to these policies and conditions:
 - a. A specific MTA Board action is required to re-program highway capital project funding for use on transit capital projects as result of 30/10, unless such re-programming does not result in a net decrease to the highway capital project funding;
 - b. Likewise, a specific MTA Board action is required to re-program transit capital project funding for use on highway capital projects as result of 30/10, unless such re-programming does not result in a net decrease to the transit capital project funding;
 - c. MTA shall complete projects accelerated through 30/10 in the same sequence as the adopted 2009 Long Range Transportation Plan (LRTP);
 - d. MTA shall support any new or modified federal program that provides financial assistance that would enable MTA to accelerate its Measure R/LRTP transit projects;
 - e. MTA also shall support any new or modified federal program that provides financial assistance that would enable MTA to accelerate its Measure R/LRTP highway projects;
 - f. Adoption of an MTA support position is for securing a pledge of federal financial assistance only; adoption of an accelerated project delivery schedule shall be subject to future MTA Board approval;
 - g. Nothing in the contemplated federal assistance would compel MTA to actually accelerate its transit construction program;
 - h. MTA shall only utilize pledged federal assistance if the construction and financing costs are less than the available funds (adjusted for inflation) planned in the adopted 2009 LRTP, unless those costs are being adjusted by the minimum necessary to accomplish an operable segment for the corridor; and
 - i. MTA public-private partnership program and 30/10 shall be closely coordinated to maximize leverage afforded by both.
2. Add the "30/10 Initiative" to the MTA federal legislative platform.
3. Direct the CEO to develop the supporting analyses and materials related to travel demand benefits, economic benefits, operating and capital costs, schedule, federal mandates and organizational readiness necessary to secure federal assistance to finance the "30/10 initiative".