



**Metro**

Los Angeles County  
Metropolitan Transportation Authority

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**FINANCE BUDGET AND AUDIT COMMITTEE  
JUNE 19, 2013  
EXECUTIVE MANAGEMENT COMMITTEE  
JUNE 20, 2013**

**SUBJECT: MEASURE R PROJECT FINANCE ACCELERATION PLAN**

**ACTION: AMEND MEASURE R TO ADVANCE “FUNDS AVAILABLE BEGINNING” DATES FOR TRANSIT CORRIDOR PROJECTS**

**RECOMMENDATION**

Approve an amendment to the Measure R Ordinance and Expenditure Plan to advance “Funds Available Beginning” dates for transit corridor projects as shown in the Proposed Measure R Ordinance Section 18 and 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). In April 2013, the LACMTA Board of Directors approved issuance of the appropriate notices to enable an amendment to the Measure R Expenditure Plan. The Board further directed that before any suggested strategies are placed into action or are further articulated, we were to return to the Board 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 L RTP 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.

**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 in Attachment D on pages 23 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.



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 TIFIA Master Credit Agreement Letter of Interest for up to \$1 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

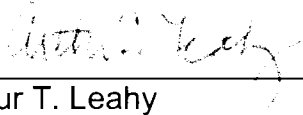
Attachment G: LACMTA Board of Director's Policies and Conditions for 30/10 Initiative

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Arthur T. Leahy  
Chief Executive Officer



**NOTICE OF PUBLIC MEETING**

**Los Angeles County Metropolitan Transportation Authority**

The Los Angeles County Metropolitan Transportation Authority Board of Directors will hold a public meeting on June 27, 2013 at 9:00 am in the Los Angeles County Metropolitan Transportation Authority (Metro) Boardroom located at One Gateway Plaza, Los Angeles.

The Board is considering an amendment to the Measure R Traffic Relief and Rail Expansion Ordinance and Expenditure Plan (also referred to as Attachment A of the Ordinance). This Ordinance was approved by the voters in 2008 and imposed an additional 1/2 of one percent transactions and use tax to fund county transportation improvements over a 30-year period. The proposed amendments will allow projects scheduled for completion in the second and third decades of the Expenditure Plan to be accelerated by an average of 10 years. The Board is required to hold a public meeting on the proposed amendment prior to adoption.

**PROPOSED AMENDMENT TO ORDINANCE AND EXPENDITURE PLAN**

Two amendments to the Measure R Ordinance are being proposed. The first amendment would add a new section to the Ordinance, Section 18 as noted below. This new section describes the financial conditions under which project acceleration can occur and states that the accelerated project sequence will follow the same order as the adopted 2009 Long Range Transportation Plan.

**SECTION 18. MEASURE R PROJECT FINANCE ACCELERATION PLAN**

If TIFIA loans and a TIFIA Master Credit Agreement of at least \$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.

The second proposed amendment would amend the Measure R Expenditure Plan (ATTACHMENT A). Unless amended, the Expenditure Plan approved by the voters does not allow the accelerated expenditure of Measure R funds on transit projects before the dates shown in the "Funds Available Beginning" column of the Expenditure Plan on page 2. The "Funds Available Beginning" dates for certain transit projects 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 their "Funds Available Beginning" dates as "To Be Determined". Attached is a revised Expenditure Plan which presents the proposed amendments to the Transit Capital Subfund "Funds Available Beginning" dates needed to enable the proposed project acceleration. At the time the Board considers approval of this amendment, an accelerated project delivery schedule will also be presented for consideration.

**Written comments on this matter will be accepted through June 27, 2013. All comments should be addressed to Board Administration, Metro, One Gateway Plaza, Mail Stop 99-3-1, Los Angeles, CA 90012-2952. Copies of the proposed Ordinance amendment and the Measure R Ordinance are available from Metro's Records Management Center at the LACMTA Plaza Level at (213) 922-2342 and at [www.metro.net](http://www.metro.net).**



<b>One-Half Cent Sales Tax for Transportation Outline of Expenditure Categories Sunsets in 30-Years: Fiscal Year (FY ) 2010 - 2039 (millions)</b>			<b>ATTACHMENT A Proposed Amendment</b>			
<b>Subfund</b>	<b>Program</b>	<b>% of Sales Tax (net of administration)</b>	<b>First Year Amount</b>	<b>10-Year Amount</b>	<b>30-Year Amount</b>	
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	
<b>TOTAL PROGRAMS</b>		<b>100%</b>	<b>\$ 689</b>	<b>\$ 8,373</b>	<b>\$ 39,400</b>	
1.5% for Administration			\$ 11	\$ 127	\$ 600	
<b>GRAND TOTAL</b>			<b>\$ 700</b>	<b>\$ 8,500</b>	<b>\$ 40,000</b>	

**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**

(\$ in millions)

**ATTACHMENT A  
Proposed Amendment**

Measure R Project Finance Acceleration Plan

for reference only - not priority order	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)			
1		<b>Transit Projects: New Rail and/or Bus Rapid Transit Capital Projects. Could include rail improvements or exclusive bus rapid transit improvements in designated corridors.</b>										
2			<b>Escalated \$</b>									
3		Eastside Light Rail Access (Gold Line)	\$ 30	\$ 30	\$ -	\$ 30	\$ -	\$ -	\$ -	FY 2010	FY 2013	
4		Exposition Boulevard Light Rail Transit	\$ 1,632 <sup>a</sup>	\$ 925	\$ -	\$ 925	\$ -	\$ 353	\$ 354	FY 2010-12	FY 2013-15	
5		Metro and Municipal Regional Clean Fuel Bus Capital Facilities and Rolling Stock (Metro's share to be used for clean fuel buses)	\$ 150	\$ 150	\$ -	\$ 150	\$ -	\$ -	\$ -	FY 2010	FY 2039	
6		Regional Connector (links local rail lines)	\$ 1,320	\$ 160	\$ -	\$ 160	\$ 708	\$ 186	\$ 266 <sup>b</sup>	<del>FY 2014-16</del> FY 2013-16	FY 2023-25	
7			<b>Current 2008 \$</b>									
8	Transit Capital Projects	Crenshaw Transit Corridor - <b>project acceleration</b>	\$ 1,470	\$ 235.5	\$ 971.5	\$ 1,207	To be determined		\$ 263 <sup>c</sup>	FY 2010-12	FY 2016-18	
9		Gold Line Eastside Extension	\$ 1,310	\$ -	\$ 1,271	\$ 1,271			\$ 39	<del>FY 2022-24</del> FY 2013-24	FY 2033-35	
10		Gold Line Foothill Light Rail Transit Extension	\$ 758	\$ 735	\$ -	\$ 735			\$ 23	FY 2010-12	FY 2015-17	
11		Green Line Extension to Los Angeles International Airport	\$ 200	\$ -	\$ 200	\$ 200			TBD <sup>d</sup>	FY 2010-12	FY 2015-28 <sup>d</sup>	
12		Green Line Extension: Redondo Beach Station to South Bay Corridor	\$ 280	\$ -	\$ 272	\$ 272			\$ 8	<del>FY 2028-30</del> FY 2013-30	FY 2033-35	
13		San Fernando Valley I-405 Corridor Connection (match to total project cost)	TBD	\$ -	\$ 1,000	\$ 1,000			\$ 31	<del>FY 2030-32</del> FY 2013-32	FY 2038-39	
14		San Fernando Valley North-South Rapidways (Canoga Corridor) - <b>project acceleration</b>	\$ 188	\$ 32 <sup>e</sup>	\$ 150	\$ 182			\$ 6	FY 2010-12	FY 2014-16	
15		San Fernando Valley East North-South Rapidways - <b>project acceleration</b>	\$ 70	\$ 68.5 <sup>e</sup>	\$ -	\$ 68.5			\$ 2	FY 2013-15	FY 2016-18	
16		West Santa Ana Branch Corridor (match to total project cost)	TBD	\$ -	\$ 240	\$ 240			\$ 7	<del>FY 2015-17*</del> FY 2013-17*	FY 2025-27*	
17		Westside Subway Extension - to be opened in segments	\$ 4,200 <sup>f</sup>	\$ 900	\$ 3,174	\$ 4,074			\$ 126	FY 2013-15	FY 2034-36	
18		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	\$ 840 <sup>g</sup>	FY 2010	FY 2039	
19		<b>Total New Rail and/or Bus Rapid Transit Capital Projects</b>	<b>\$ 18,939 <sup>h</sup></b>	<b>\$ 3,408.5</b>	<b>\$ 10,381.5</b>	<b>\$ 13,790</b>	<b>\$ 2,908</b>	<b>\$ 1,554</b>	<b>\$ 1,965</b>	FY 2010	FY 2039	

for reference  
only - not  
priority order

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)		
20	<b>Highway Projects: Capital Projects - Carpool Lanes, Highways, Goods Movement, Grade Separations, and Soundwalls</b>									
21		<b>Escalated \$</b>								
22	Alameda Corridor East Grade Separations Phase II	\$ 1,123	\$ 200	\$ 200	\$ 400	\$ 200	\$ 336	\$ 187 <sup>i</sup>	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 <sup>j</sup>	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 <sup>j</sup>	FY 2010	FY 2016-17
28	I-5 Capacity Enhancement from SR-134 to SR-170	\$ 610	\$ 271.5	\$ -	\$ 271.5	\$ 50	\$ 264	\$ 24 <sup>j</sup>	FY 2010	FY 2013
29	I-5 Carmenita Road Interchange Improvement	\$ 389	\$ 138	\$ -	\$ 138	\$ 97	\$ 154	\$ - <sup>j</sup>	FY 2010	FY 2015
30		<b>Current 2008 \$</b>								
31	Highway Operational Improvements in Arroyo Verdugo subregion	\$ 170	\$ -	\$ 170	\$ 170	To be determined			As funds become available	
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	<b>Total Capital Projects Highway: Carpool Lanes, Highways, Goods Movements, Grade Separations, and Soundwalls</b>	<b>\$ 22,337</b>	<b>\$ 1,215.1</b>	<b>\$ 6,664.9</b>	<b>\$ 7,880</b>	<b>TBD</b>	<b>TBD</b>	<b>\$ 288</b>	FY 2010	FY 2039

for reference only - not priority order	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 <sup>k</sup>	Not Applicable		FY 2010	FY 2039	
42	Ops	Rail Operations (New Transit Project Operations and Maintenance)	5%	\$ -	\$ 1,970	\$ 1,970 <sup>k</sup>			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% <sup>l</sup>	\$ 250	\$ 5,660	\$ 5,910 <sup>k</sup>			FY 2010	FY 2039	
44	Tran. Cap.	Metro Rail Capital Projects - System Improvements, Rail Yards, and Rail Cars	2%	\$ -	\$ 788	\$ 788 <sup>k</sup>			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 <sup>k</sup>			FY 2010	FY 2039	
46		<b>Subtotal Transit and Highway Capital Projects</b>	<b>\$ 41,276<sup>m</sup></b>	<b>\$ 4,623.6</b>	<b>\$ 17,046</b>	<b>\$ 21,670</b>	<b>\$ 2,908</b>	<b>\$ 1,554</b>	<b>\$ 2,253</b>	FY 2010	FY 2039
47		<b>Subtotal page 4</b>		<b>\$ 320.0</b>	<b>\$ 17,410</b>	<b>\$ 17,730</b>	Not Applicable				
48		1.5% for Administration	N/A	\$ 10	\$ 590	\$ 600	Not Applicable			FY 2010	FY 2039
49		<b>Total</b>		<b>\$ 4,953.6</b>	<b>\$ 35,046</b>	<b>\$ 40,000</b>	<b>\$ 2,908</b>	<b>\$ 1,554</b>	<b>\$ 2,253</b>	FY 2010	FY 2039

**Notes:**

- a. 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).
- b. 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.
- c. Local funding for the Crenshaw Transit Corridor assumes a 3% local contribution (\$44 M) and a Metro Long Range Transportation Plan contribution (\$219 M).
- d. Local funding target and project schedule to be determined due to potential LAX contribution. First segment is included in the Crenshaw project.
- e. The San Fernando Valley North-South Rapidways minimum of \$100 M is divided between the East and Canoga segments.
- f. Unescalated cost estimate to Westwood.
- g. 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).
- h. 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).
- i. The precise amounts of Federal and local funding for the Alameda Corridor East Grade Separations Phase II project are subject to change.
- j. 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).
- k. Amounts are estimates. Actual amounts will be based on percentage of actual sales tax receipts net of administration.
- l. 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.
- m. 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; I = 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 Extension*

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 Transit 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
<b>Totals</b>	<b>15,300</b>	<b>950</b>	<b>5,049</b>			



**Metro**

Los Angeles County  
Metropolitan Transportation Authority


One Gateway Plaza  
Los Angeles, CA 90012-2952

213.922.2000 Tel  
metro.net

MARCH 6, 2013

**TO:** BOARD OF DIRECTORS

**THROUGH:** ARTHUR T. LEAHY   
CHIEF EXECUTIVE OFFICER

**FROM:** MARTHA WELBORNE, FAIA   
EXECUTIVE DIRECTOR COUNTYWIDE PLANNING  
FRANK ALEJANDRO   
CHIEF OPERATIONS OFFICER

**SUBJECT:** STATUS OF STATE OF GOOD REPAIR ANALYSIS

### ISSUE

Per Board direction, we are in process of preparing a Short Range Transportation Plan (SRTP). The SRTP is a near-term action plan that guides our programs and projects over the next ten years, through 2023. Also per Board direction, the SRTP is charged with examining and addressing State of Good Repair (SGR) asset rehabilitation and replacement programs for our bus and rail systems, as well as operations and maintenance needs. This updates the Board on the recent and ongoing analysis of requirements to maintain Metro's assets in a SGR.

### BACKGROUND

Over the last year, Planning and Operations with input from Transit Project Delivery, Finance, and the Office of Management and Budget (OMB) have been working on a detailed technical and resource analysis examining rehabilitation/replacement projects, workforce capacity, associated costs and available funding over the SRTP time frame.

#### Analysis Approach

Our SGR analysis (rehabilitation/replacement needs) compiles information from the databases maintained by Operations of all major assets (both bus and rail) and their conditions that are part of Metro's transit system. The analysis follows Federal Transit Administration guidance and age-based criteria to determine when assets are approaching the end of their useful life and should be replaced.

Estimated replacement costs were compared with available funding levels currently programmed over the SRTP period to identify funding shortfalls and surpluses (Attachment A). This information will be used to analyze various funding scenarios and the project delivery/workforce capacity to address the needs.

#### Findings

The 10-year SGR need is \$3.3 billion (in 2014\$). There is sufficient funding over the SRTP time frame to meet SGR project needs with \$3.8 billion provided between FY 2014 and FY 2023. However, on an annual basis, the timing and amount of funding available needs to be re-aligned. Attachment A shows that the largest need is in the first few years where the backlog exceeds funding currently programmed. In later years, funding exceeds needs and advancing these funds could address the \$806 million deficit during the first five years between FY 2014 and FY 2018.

#### Continuing Analysis

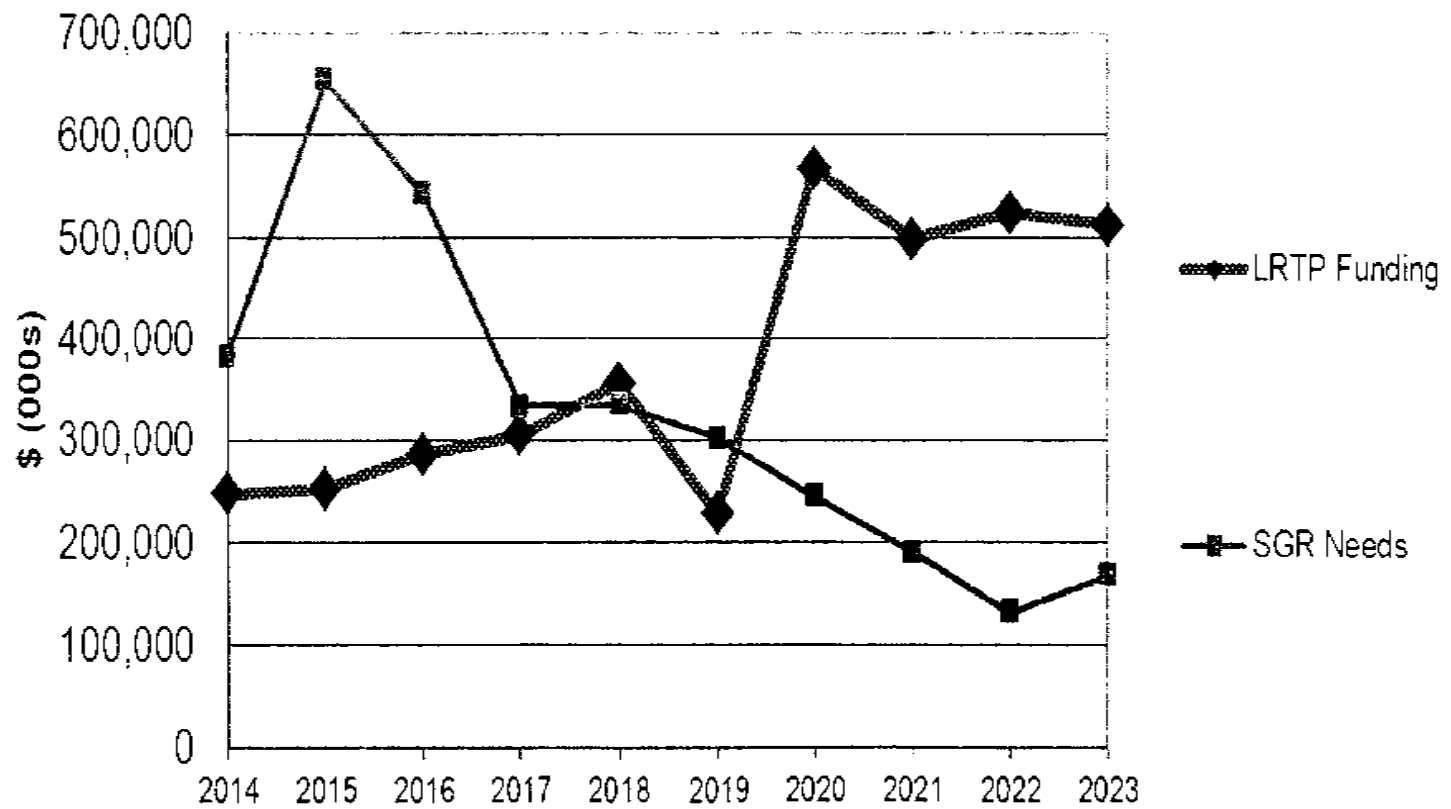
Addressing the funding shortfall requires advancement of funds, but we must also consider that workforce capacity is a constraint on delivering SGR projects. A preliminary analysis scenario (shown as the dashed line on Attachment B) considers advancing funding gradually to allow a matching growth of project management capability. An aggressive scenario that may be able to achieve this is increasing funding 25% per year in the first five years until the backlog is addressed and then reducing funding to match lower levels of need during the last five years.

Work is underway to understand the impact of the funding timing issue on the operation of the transit system. Several funding scenarios are being tested to address the impact of providing more funding in the years needed. We are also performing an analysis to determine an optimal project mix based on changing priorities and the workforce capacity needed to address SGR needs. Continuing efforts will focus on determining an appropriate funding schedule for SGR work given the extent of project backlogs and an understanding of appropriate staffing levels.

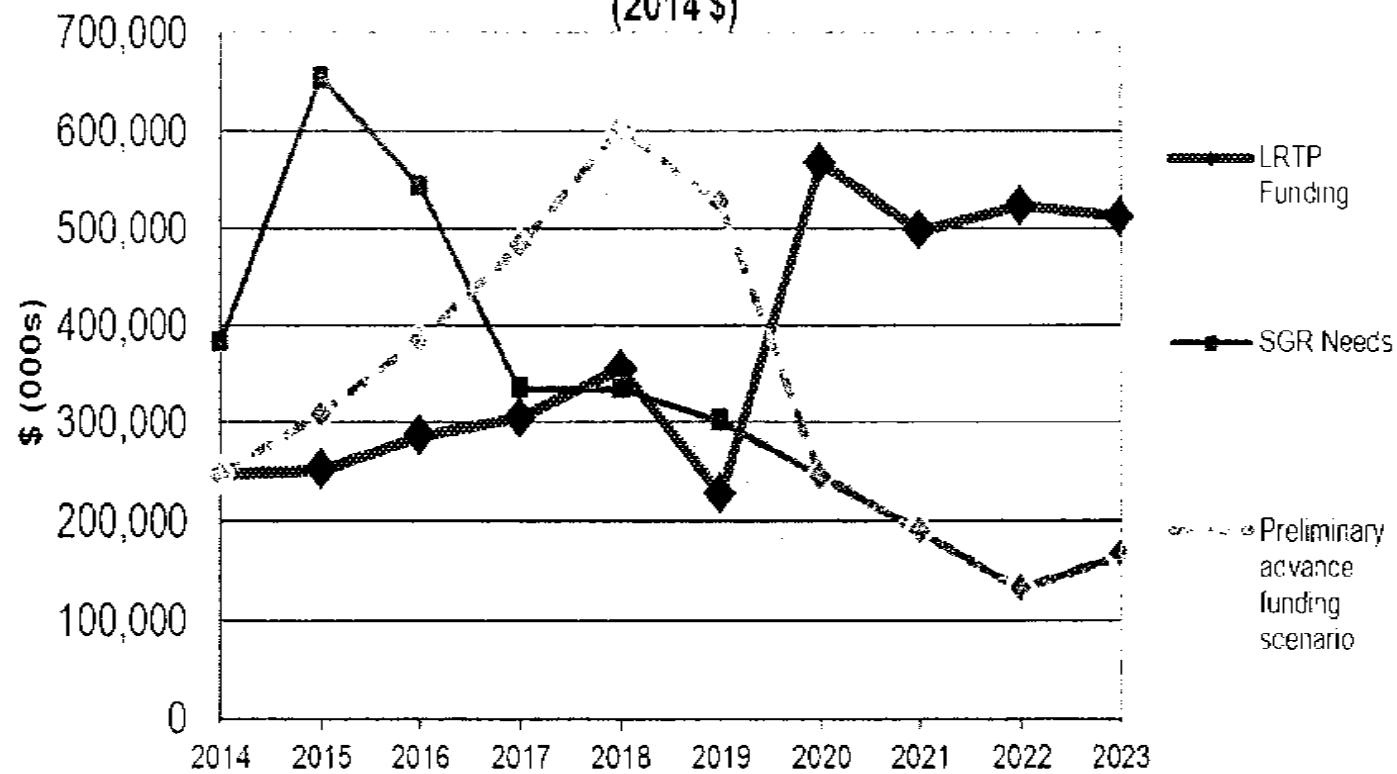
#### **NEXT STEPS**

The Measure R Project Finance Acceleration Plan will be presented to the Board in March, 2013. The financial assumptions used in this strategy are currently using the preliminary SGR analysis. This preliminary analysis is currently undergoing further validation. We expect this validation process to be completed by summer 2013. In the budget process, OMB will be requesting that the Board adopt a maintenance/replacement policy in compliance with Contract/Facility/Equipment vendor specifications which will ensure all facilities and equipment be maintained in a state of good repair. More details will be included in upcoming budget discussions.

### SGR Needs vs LRTP Funds (2014 \$)



### Preliminary Analysis SGR Scenario Advancing LRTP Funds vs Need (2014 \$)

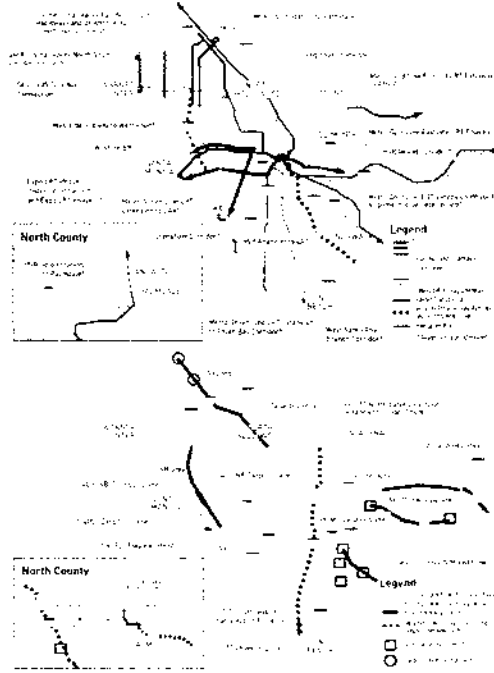


Measure R Project Finance Acceleration Plan



# Transit and Highway Acceleration Benefits

- Complete 12 transit projects in 10 years
  - Create 152,000 jobs\*
  - Eliminate 522,000 lbs of emissions every day
  - Reduce vehicle miles traveled by 191 million
  - Increase transit boardings by 71 million
- Seek to accelerate 15 highway projects
  - Create 256,000 jobs\*
  - Relieve Congestion Countywide
  - Improve goods movement



\*Includes Southern California direct, indirect, and induced jobs. National figures are higher.

## Measure R Transit Project Costs and Opening Years

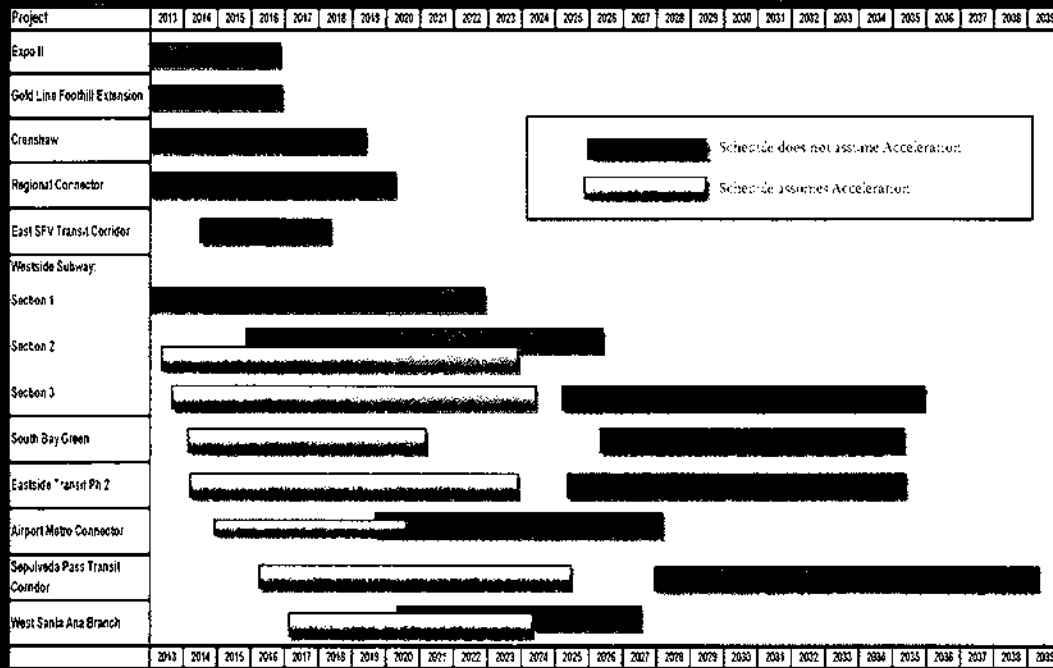
Total Transit Project Cost and Opening Year Assumptions (a)  
(Year of expenditure (YOE) dollars in millions)

Project Description	LRTP May 2012 Update		Accelerated Plan May 2013	
	Assumed Funding (\$ mil. YOE)	Opening Year	Assumed Funding (\$ mil. YOE)	Opening Year
Orange Line Canoga Extension	160.1	FY 2013	160.1	FY 2013
Exposition Blvd. Light Rail Transit II	1,511.2	FY 2017	1,511.2	FY 2017
Gold Line Foothill Extension	851.1	FY 2017	851.1	FY 2017
East San Fern. Valley Transit Corridors	170.1	FY 2018	170.1	FY 2018
Crenshaw/LAX Transit Corridor	2,055.0	FY 2020	2,055.0	FY 2020
Regional Connector	1,399.0	FY 2020	1,399.0	FY 2020
Westside Subway Extension Section I	2,509.1	FY 2023	2,509.1	FY 2023
Westside Subway Extension Section II	1,817.7	FY 2026	3,166.9	FY 2023-25
West Santa Ana Branch Line	649.0	FY 2027	502.8	FY 2019
Airport Metro Connector (Green Line Extension to LAX) (b)	330.0	FY 2028	247.7	FY 2019
South Bay Green Line Extension	555.0	FY 2035	360.3	FY 2019
Gold Line Eastside Extension Phase II	2,490.0	FY 2035	1,734.3	FY 2023
Westside Subway Extension Section III	2,145.8	FY 2036	2,145.8	FY 2023
Sepulveda Pass Transit Corridor	2,468.0	FY 2039	1,647.6	FY 2025
<b>Total (a)</b>	<b>19,114.1</b>		<b>16,318.7</b>	

(a) Includes one year expenditures

(b) Estimated local agency contribution is \$1,006.9 million to MTA-Lined accelerated project cost of \$247.7 million

# Measure R Transit Project Schedules (with/without acceleration)



# Measure R Highway Project Costs and Opening Years

Measure R Highway Project Cost and Opening Year Assumptions (a)  
(Year of expenditure (YOE) dollars in millions)

Project Description	LRTP Feb. 2013 Update		Accelerated Plan Feb 2013	
	Assumed Funding (\$ in millions)	Opening Year	Assumed Funding (\$ in millions)	Opening Year
Interstate 5/State Route 14 Capacity Enhancement	175.8	FY 2015	175.8	FY 2015
High Dosect Corridor (Environmental)	33.0	FY 2015	33.0	FY 2015
Interstate 5 North Carpool Lanes from State Route 170 to State Route 134	608.2	FY 2017	608.2	FY 2017
Interstate 5 South Carpool Lanes (including Carmentia Interchange)	1,894.2	FY 2017	1,894.2	FY 2017
BNSF Grade Separations in Gateway Cities	35.0	FY 2018	35.0	FY 2018
Alameda Corridor Last Grade Separations Phase II	1,054.7	FY 2019	1,054.7	FY 2019
Countywide Soundwalls	120.0	FY 2023	120.0	FY 2023
State Route 138 Corridor Widening	243.0	FY 2022	243.0	FY 2022
Interstate 5 North Capacity Enhancement including Truck Lanes	410.0	FY 2023	410.0	FY 2023
Interstate 605 Corridor Hot Spot Interchanges	339.8	FY 2023	339.8	FY 2023
Highway Operational Improvements Arroyo Verdugo Subregion	72.9	FY 2023	72.9	FY 2023
Highway Operational Improvements Las Virgenes/Malibu Subregion	85.7	FY 2023	85.7	FY 2023
South Bay Ramp and Interchange Improvements	328.5	FY 2023	328.5	FY 2023
Interstate 710 South and Early Action Projects	129.7	FY 2023	129.7	FY 2023
<b>Subtotal 1st Decade</b>	<b>5,530.5</b>		<b>5,530.5</b>	

(a) includes prior year expenditures



## Measure R Highway Project Costs and Opening Years

Measure R Highway Project Cost and Opening Year Assumptions (a)  
(Year of expenditure (YOE) dollars in millions)

	Project Description	LRTP Feb. 2013 Update		Accelerated Plan Feb. 2013	
		Assumed Funding (\$ in millions)	Opening Year	Assumed Funding (\$ in millions)	Opening Year
LRTP 2nd & 3rd Decades	Interstate 505 Corridor Hot Spot Interchanges	473.0	FY 2032	250.2	FY 2026
	Highway Operational Improvements Arroyo Verdugo Subregion	186.7	FY 2032	97.1	FY 2026
	Highway Operational Improvements Las Virgenes/Malibu Subregion	167.6	FY 2032	89.3	FY 2026
	South Bay Ramp and Interchange Improvements	1,183.9	FY 2039	577.5	FY 2026
	Interstate 710 North Gap Closure (Tunnel)	1,103.2	FY 2036	807.1	FY 2026
	Countywide Soundwalls	821.4	FY 2039	130.0	FY 2026
	Interstate 5 North Capacity Enhancement including Truck Lanes	164.8	FY 2039	164.8	FY 2026
	Interstate 710 South and Early Action Projects	713.9	FY 2039	510.1	FY 2026
	<b>Subtotal 2nd and 3rd Decades</b>	<b>4,814.5</b>		<b>2,626.1</b>	
<b>TOTAL</b>	<b>10,345.0</b>		<b>8,156.6</b>		

(a) Includes prior year expenditures

**\$2.2 B in Matching Funds Not Accelerated**

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## Measure R Project Finance Acceleration Plan Summary

- **Borrowing \$9.4 B for Measure R projects:**

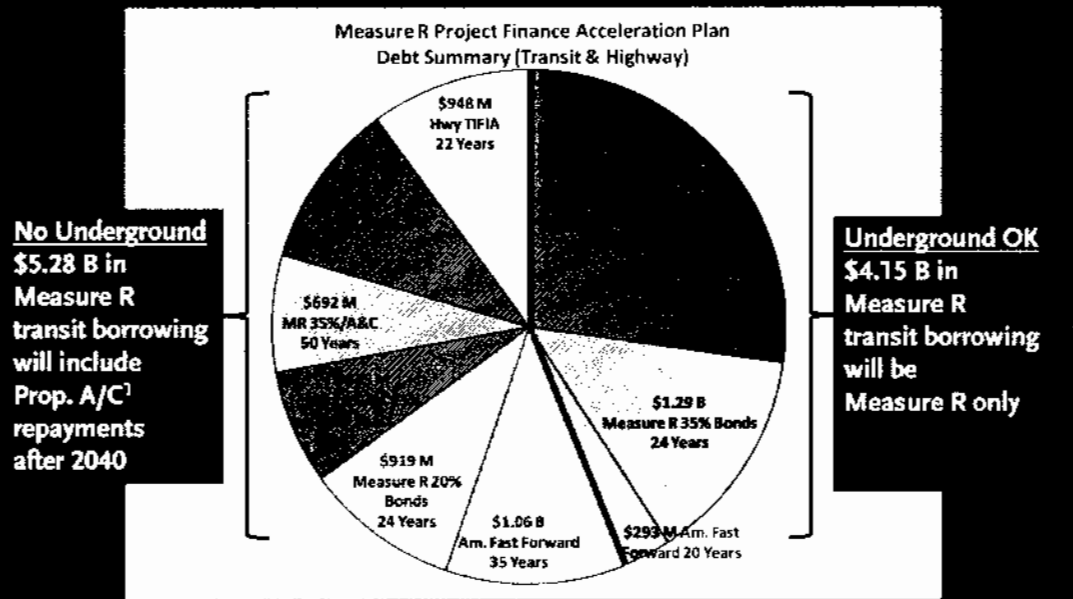
- Measure R Senior Bonds \$2.21 B
  - Repaid in 18 to 24 years:
    - \$1.29 B Transit/\$919 M Highway
- TIFIA Measure R only \$3.52 B
  - Repaid in 18 to 23 years:
    - \$2.57 B Transit/\$948 M Highway
- TIFIA Measure R w/ Prop. A/C \$0.98 B
  - Repaid in 25 to 40 years, All Transit
- New Am. Fast Forward w/ Prop A/C \$1.35 B
  - Repaid in 20 to 35 years, All Transit
- Taxable Measure R w/ Prop. A/C \$1.37 B
  - Repaid in 50 years: \$692 M Transit/ \$675 M Highway

- **Weighted average repayment under 30 years**

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Measure R Project Finance Acceleration Plan

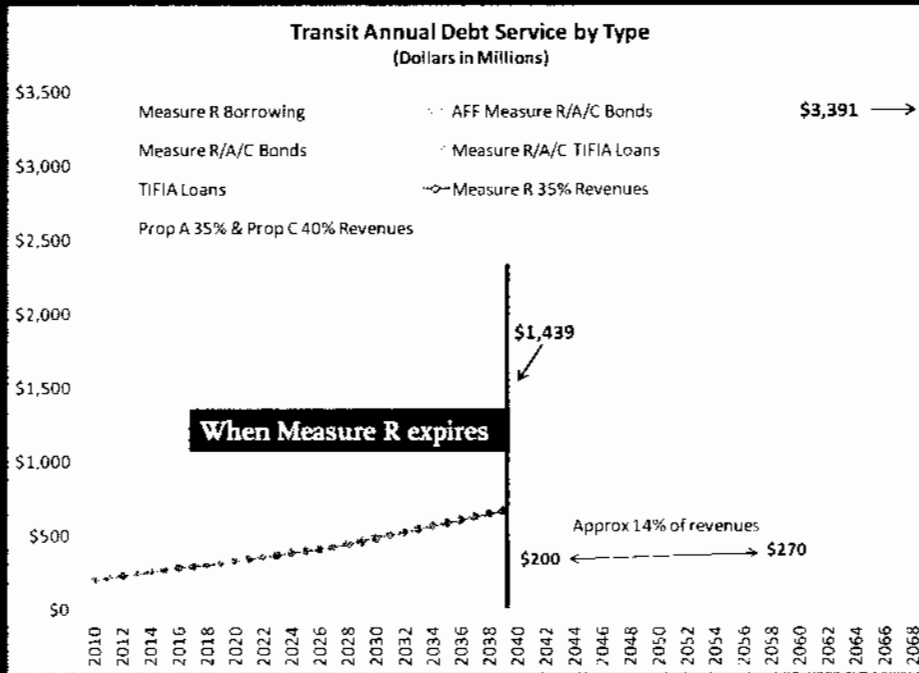
# Sources of \$9.4 B in Planned Borrowing



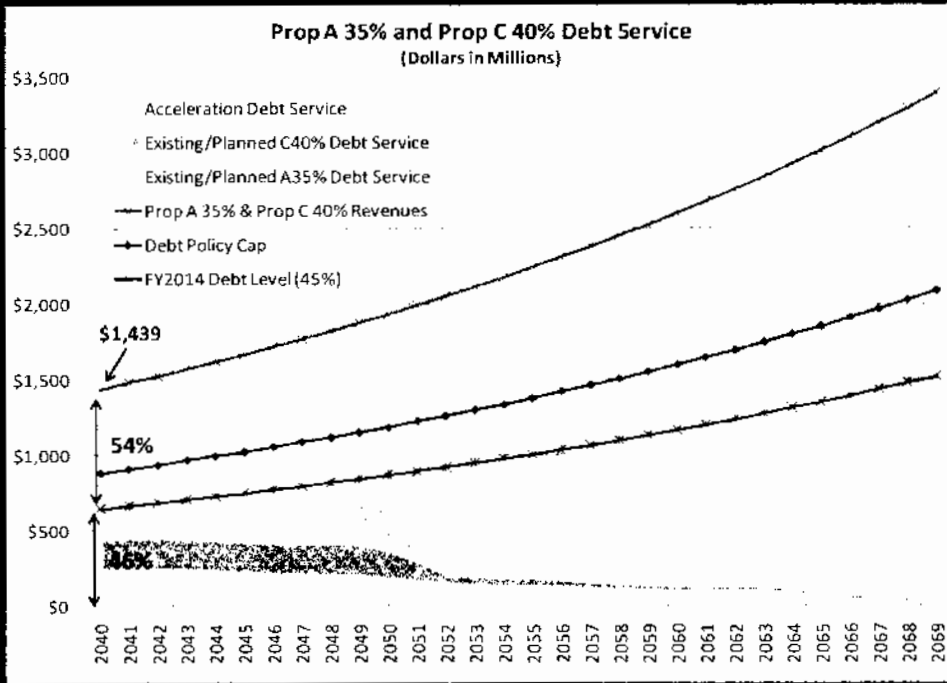
1. The MTA Reform and Accountability Act of 1998 prohibits below grade rail transit tunnel uses of Proposition A and Proposition C funds. This Plan complies with this rule.

Repayment Plan for Measure R Transit Project Acceleration:

## Some Loans Use Prop. A 35% and/or Prop. C 40%

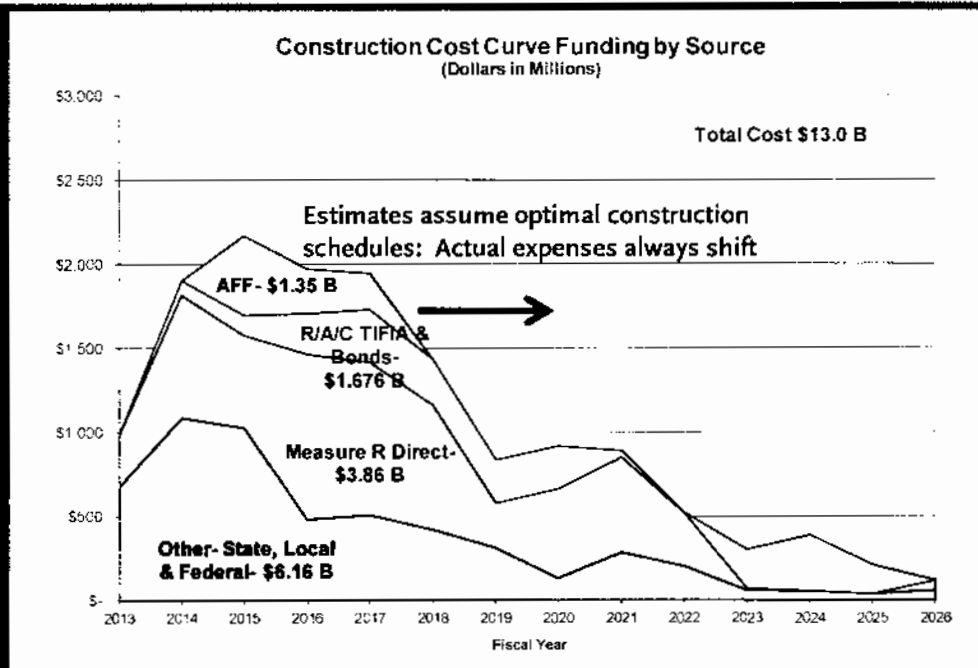


## Post-2040 Proposition A and Proposition C Debt Service



10

## Measure R 35% Transit Program Acceleration Plan Meets Optimal Construction Cost Needs

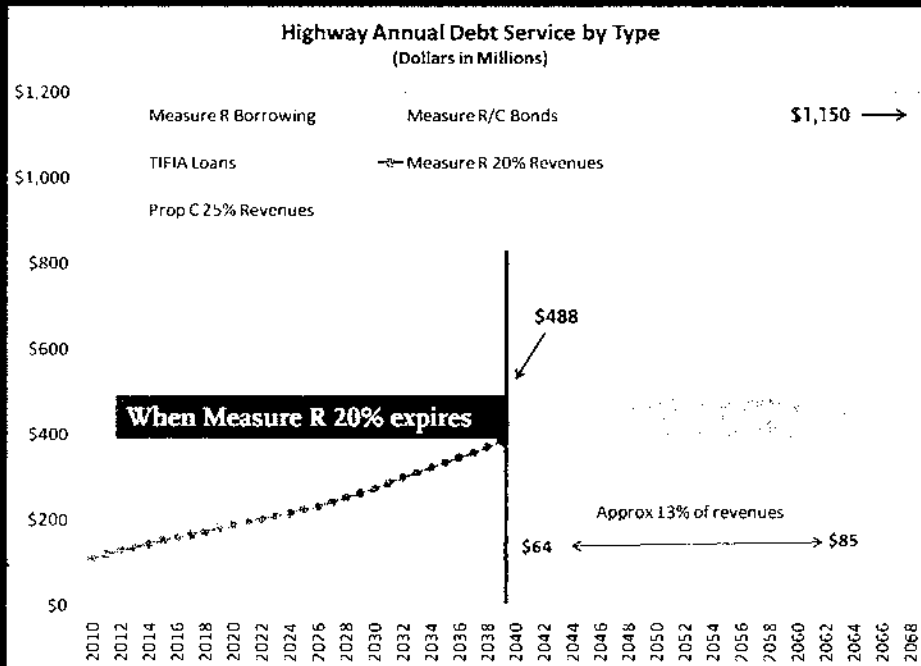


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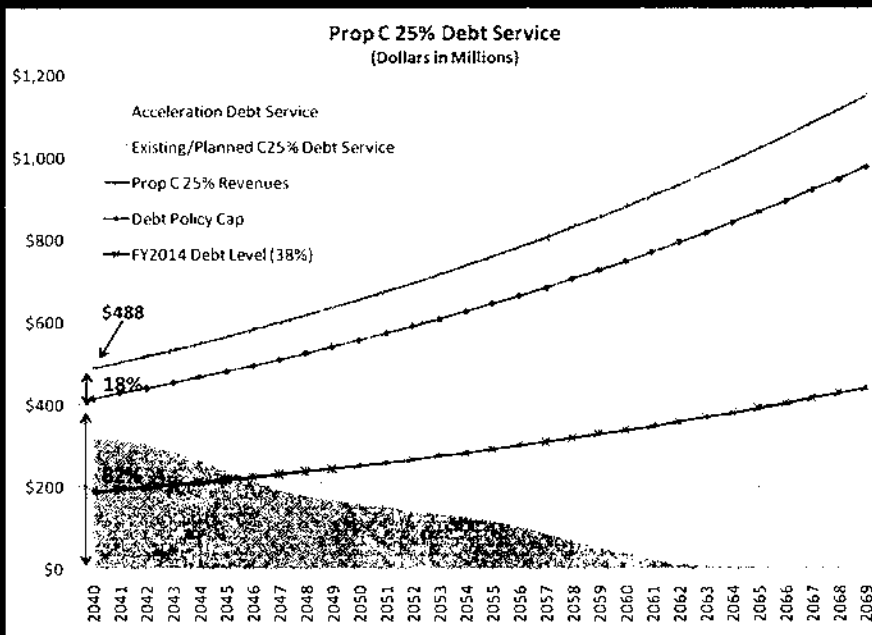
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## Repayment Plan for Measure R Highway Project Acceleration: Some Loans Use Prop. C 25%



13

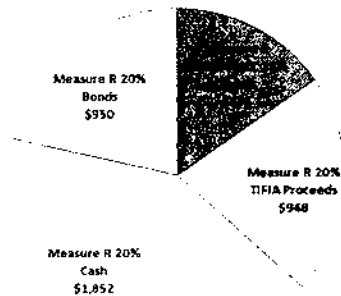
# Post-2040 Proposition C 25% Debt Service



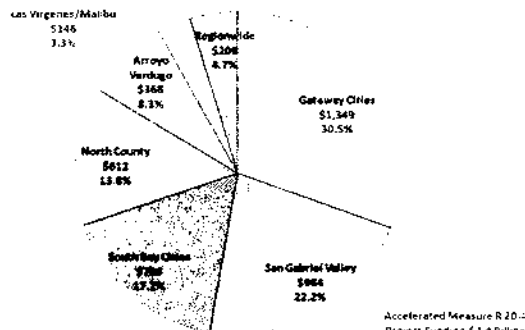
Cash commitments for Freeway Service Patrol and Rideshare in FY 2040 are projected to be \$28 M and \$22 M, respectively.

# Sources and Uses of Measure R Highway Acceleration Funding Strategy

Sources of Measure R Highway \$4.4 Billion Acceleration Funding Strategy (millions)



Uses of Measure R Highway Project Acceleration Funding FY 2014-2026 February 2013 (Millions)



Accelerated Measure R 2014-2026 Project Funding-\$4.4 Billion

## Measure R Project Finance Acceleration Plan Actions

### Metro Actions Needed

- ✓ Amendment Notice
- Amend Measure R
  - June 2013

---

- Secure TIFIA Loans
  - Westside Subway
  - Regional Connector
- Submit TIFIA MCA's:
  - Non-subway transit
  - Highway

### Federal Actions Needed

- Approve Full Funding Grant Agreements
- Approve TIFIA Loans & TIFIA MCA's
- Pass America Fast Forward Bond legislation
  - Approve AFF bond allocation for LA County

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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 \$3.0 billion combined<sup>(1)</sup>, 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<sup>(2)</sup>. 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.

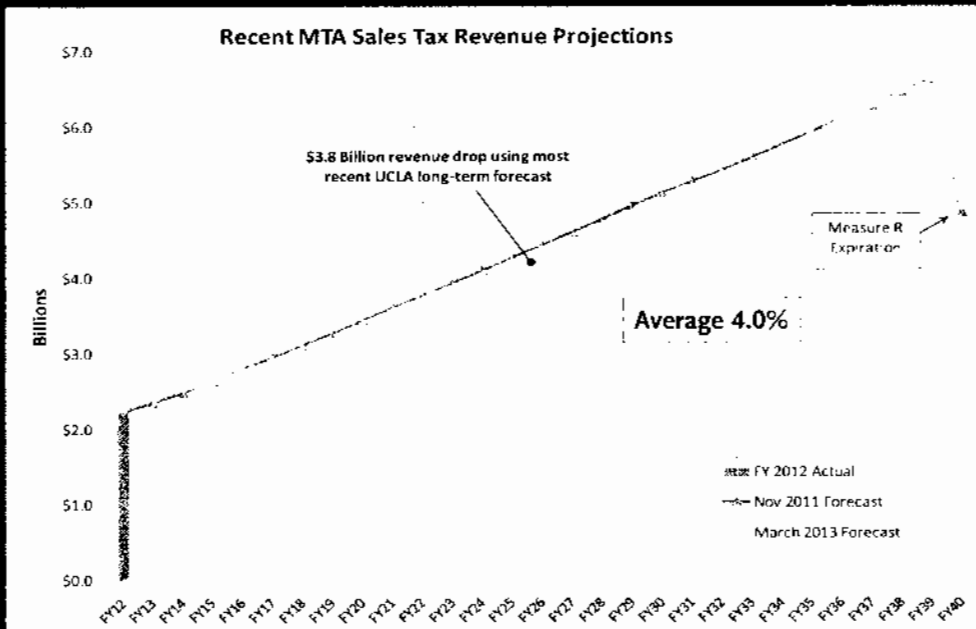
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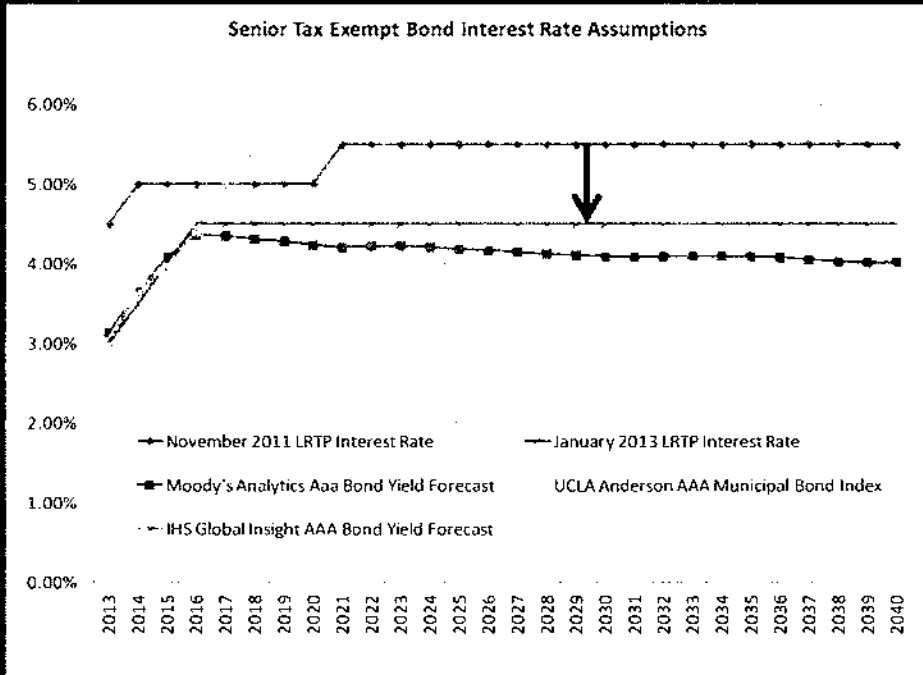
## UCLA Anderson Forecast Update



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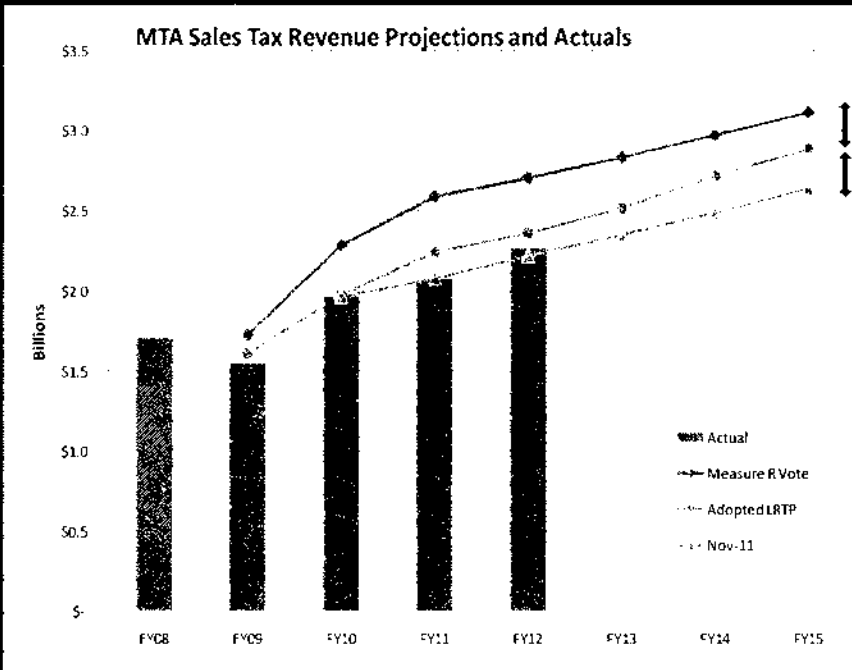


# Lower Interest Cost Assumptions



Conservative  
↓  
Optimistic

# Sales Tax Receipts Tracking UCLA Forecast



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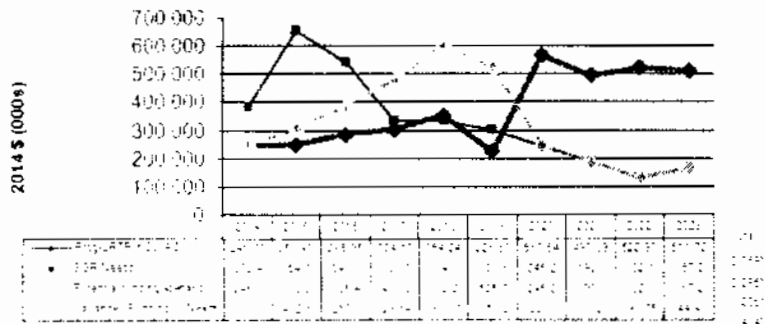
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## Preliminary State of Good Repair Data

(Current \$'s in Thousands)

- State of Good Repair study to recommend accelerated spending
  - L RTP Update will include "potential funding scenario" data in orange
  - (L RTP shows Year of Expenditure dollars, this chart shows Current dollars)
  - Additional borrowing is necessary to meet these needs

Preliminary SGR Scenario for Advancing L RTP Funds vs Need



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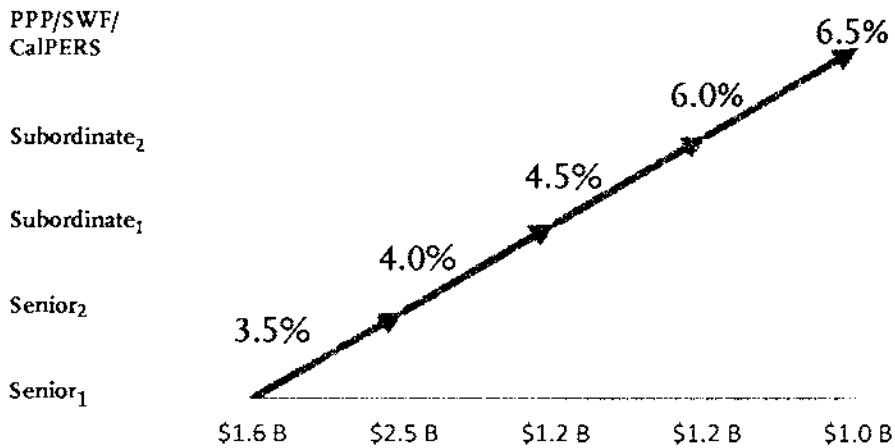
2013 Countywide Call for Projects  
**Preliminary Modal Categories Funding Marks**  
 (Year of Expenditure \$'s in thousands)

MODAL CATEGORY	Modal Mark %	MODAL MARK
Regional Surface Transportation Improvements	19.4%	\$ 29,400
Goods Movement	17.5%	\$ 26,250
Transit Capital	10.1%	\$ 15,150
Transportation Alternatives (formerly "Enhancements")*	1.8%	\$ 2,700
Signal Synchronization & Bus Improvements	22.1%	\$ 33,150
Regional Bikeways*	15.0%	\$ 22,500
Pedestrian Improvements*	7.4%	\$ 11,100
Transportation Demand Management (TDM)	3.7%	\$ 5,550
Reserve	2.8%	\$ 4,200
Approved De-obligations (modal allocation TBD)		\$ 49,300
<b>TOTAL FUNDING MARK</b>	<b>100%</b>	<b>\$ 199,300</b>

\* Federal, state, and regional MAP-21 related legislation and policies may require the transfer of a portion of these modal funds to Caltrans and SCAG. TBD = To Be Determined

## Additional Debt Raises Interest Rates

**America Fast Forward:**  
 Make subordinate interest rates lower through federal policy intervention



➔ Without intervention, interest rates should rise as more debt is issued

PPP/SWF = Public Private Partnership/Sovereign Wealth Fund

# LA's Three Part America Fast Forward Transit Plan

\$'s in millions

Fiscal Year		'14 & Prior	'15	'16	'17	'18	'19	'20	'21	'22	'23	'24	'25		
Relative Seniority of Measure R 35% Borrowing (--- Parity)	Subordinate 1	TIFIA No Subway (+ A&C)	\$71 3.5% 2059	\$73 3.5% 2059	\$97 3.5% 2059	\$78 3.5% 2059	\$27 3.5% 2059	\$172 3.5% 2059	\$197 3.5% 2059	\$39 3.5% 2059		\$230 3.5% 2059	1. New TIFIA MCA \$1.0 B		
		TIFIA Subway OK	\$1 3.5% 2037	\$61 3.5% 2037	\$711 3.5% 2037	\$301 3.5% 2037	\$700 3.5% 2037	\$496 3.5% 2037	\$244 3.5% 2037	\$8 3.5% 2037		2. Secure \$1.0 TIFIA Loan & Add request for \$1.0 B more			
		TIFIA Crenshaw/LAX			\$337 2.43% 2034	\$209 2.43% 2034						3. Congressional Action Needed \$1.35 B			
	Subordinate 1	Ann. Fast Forward (+ A&C)		\$65 0% 2049	\$98 0% 2050	\$198 0% 2051	\$104 0% 2052	\$157 0% 2053	\$241 0% 2039	\$182 0% 2055			\$305 0% 2058		
		Taxable No Subway (+ A&C)							\$279 6.5% 2069		\$240 6.5% 2069			\$173 6.5% 2069	
		Variable Rate Com. Paper		\$193 1.45% 2038											
	Senior	Measure R Senior Bond									\$187 4.5% 2039	\$117 4.5% 2039	\$43 4.5% 2039		
		Build America Bonds	\$750 3.52% 2039												
	Total \$6,884		\$822	\$392	\$743	\$786	\$831	\$825	\$961	\$229	\$427	\$347	\$348	\$173	

# Measure R 20% Highway Program America Fast Forward Strategy

\$'s in millions

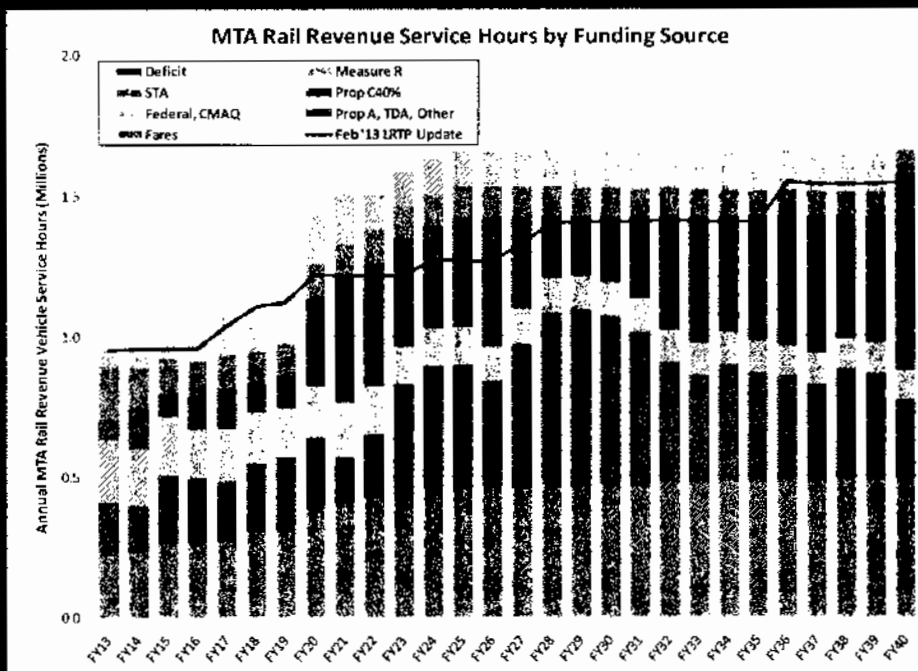
Fiscal Year		Prior / '14	'15	'16	'17	'18	'19	'20	'21	'22	'23	'24	'25	'26	
Relative Seniority Measure R 20% Borrowing (--- Parity)	Senior	Measure R Senior \$920 M	\$3 4.5% 2038	\$1 4.5% 2038	\$3 4.5% 2038	\$2 4.5% 2038	\$2 4.5% 2038	\$2 4.5% 2038	\$55 4.5% 2038	\$145 4.5% 2038		\$168 4.5% 2038	\$237 4.5% 2038	\$301 4.5% 2038	
	Sub 1	Measure R Taxable (PC 25%)	\$146 6.5% 2064	\$231 6.5% 2065	\$175 6.5% 2066	\$54 6.5% 2067			\$69 6.5% 2068		2. Meas. R/P C 25% \$675M				
	Sub 2	TIFIA				\$948 4.5% 2039					3. New TIFIA MCA \$950 M				
Measure R 20% Direct (net)		\$140 Est. Prior / \$500	\$176	\$156	\$167	\$154	\$150	\$140	\$127	\$118	\$26	\$55	\$71	\$48	
Total Available		\$500	\$325	\$388	\$340	\$1,158	\$152	\$211	\$182	\$263	\$26	\$223	\$308	\$349	

**\$4.4 B available to accelerate Measure R Highway projects**

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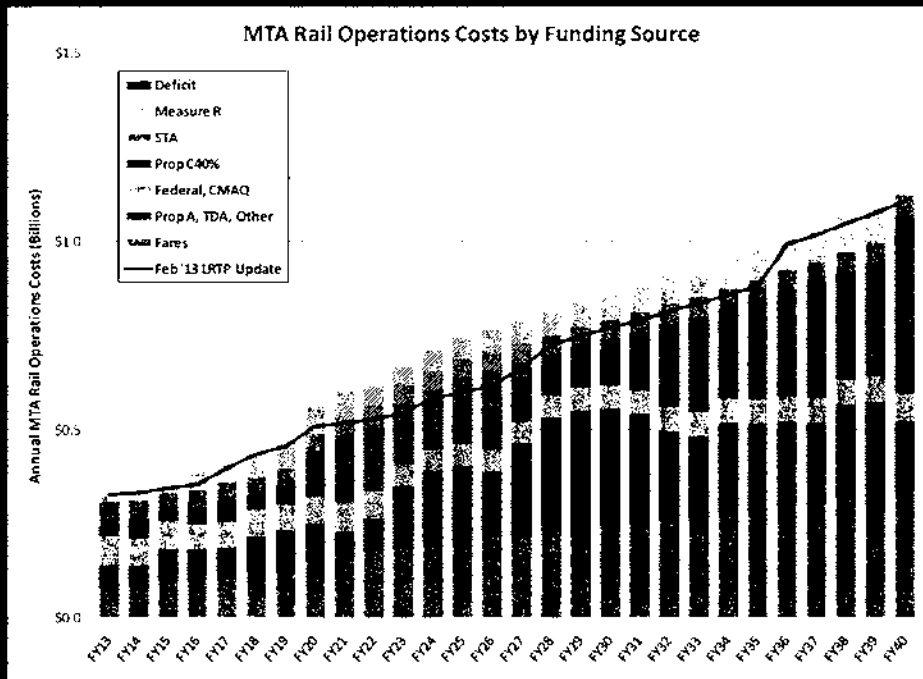
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## Funding for Accelerated Revenue Service Hours - Rail

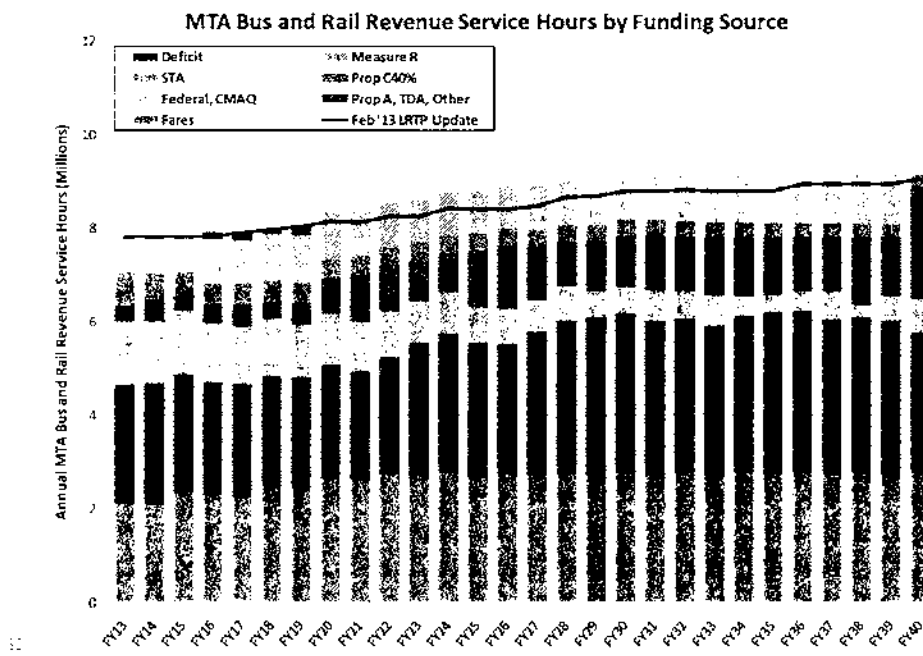


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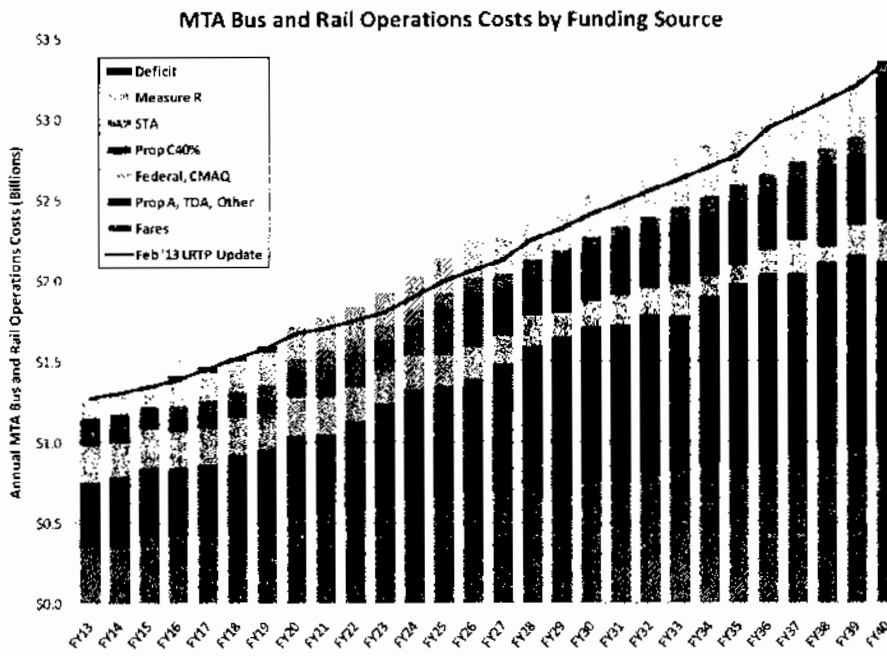
## Funding for Accelerated Revenue Service Hours - Rail



## Funding for Accelerated Revenue Service Hours

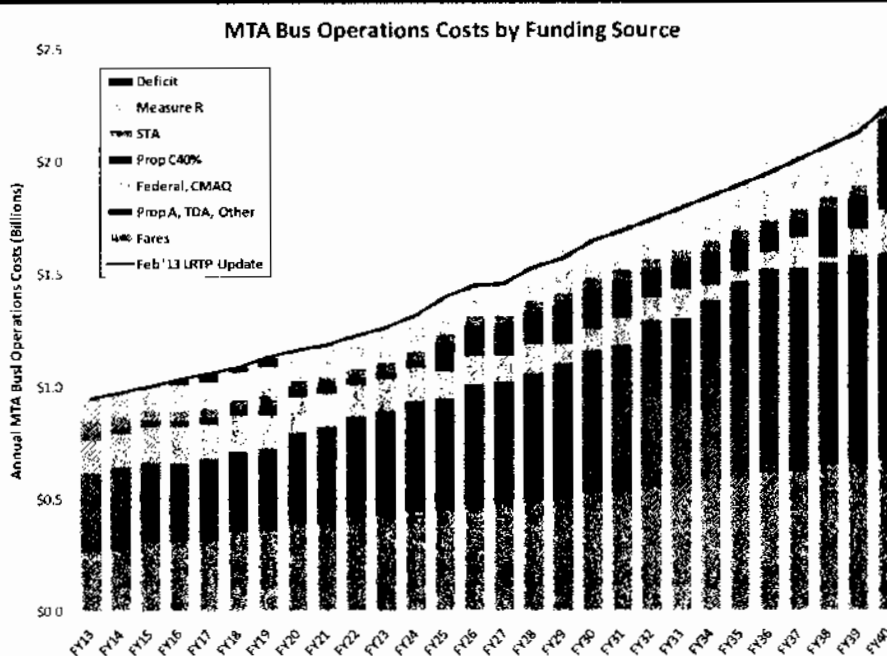


# Funding for Accelerated Revenue Service Hours



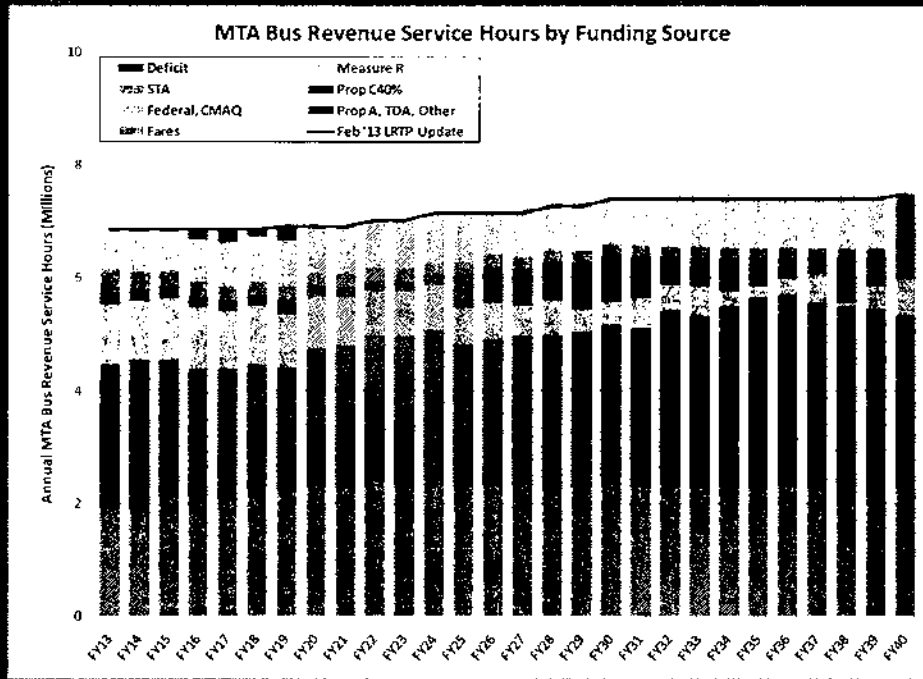
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# Funding for Accelerated Revenue Service Hours - Bus



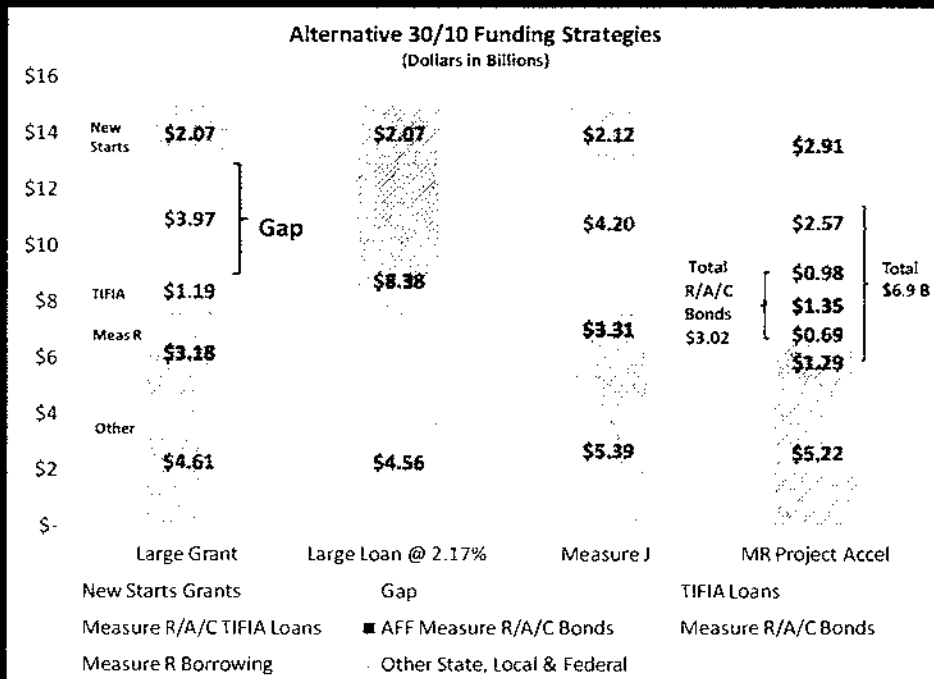
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## Funding for Accelerated Revenue Service Hours - Bus



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## Measure R Transit Program Finance Alternatives



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## Measure R Transit Program Funding Gap Alternatives

Alternatives	Selected Variable Assumptions				Conclusion
	New Starts Grants	TIFIA Loans/ America Fast Forward	Measure R Borrowing	Transit Projects Optimized	
Large Grant	\$2.07 B +\$3.97 B	\$1.19 B	\$3.18 B	12 Optimal	Not Available
Large Loan @ 2.17%	\$2.07 B	–	\$8.38 B	12 Optimal	Not Available
Measure J	\$2.12 B	\$4.20 B	\$3.31 B	12 Optimal	Not Available
Measure R Project Acceleration	\$2.91 B	\$3.54 B/ \$1.35 B	\$1.98 B (Prop. A/C)	12 Optimal	Recommended

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**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.

<b>Measure R Sub Regional Funds</b>							
<b>Projects with Executed Funding Agreement</b>							
<b>(000)</b>							
<b>SPONSOR</b>	<b>PROJECT TITLE</b>	<b>Total</b>	<b>Prior Yrs</b>	<b>FY 13</b>	<b>FY 14</b>	<b>FY 15</b>	<b>FY 16</b>
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		
<b>Arroyo Verdugo Subregional Sub Total</b>		<b>19,663</b>	<b>3,851</b>	<b>10,562</b>	<b>5,250</b>	<b>-</b>	
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				
<b>Las Virgenes/Malibu Subregional Sub Total</b>		<b>76,133</b>	<b>20,633</b>	<b>19,000</b>	<b>17,500</b>	<b>10,825</b>	<b>8,175</b>

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 Intersection 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		
	<b>South Bay Ramps and Interchanges Sub Total</b>	<b>66,848</b>	<b>13,503</b>	<b>18,214</b>	<b>14,187</b>	<b>18,702</b>	<b>2,242</b>
	<b>Grand Total</b>	<b>162,644</b>	<b>37,987</b>	<b>47,776</b>	<b>36,937</b>	<b>29,527</b>	<b>10,417</b>

## 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**

<b>Project</b>	<b>Estimated Public Investment (YOE)</b>	<b>Estimated Total Capital Cost</b>
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".