Public-Private Partnership Program

Highway Goods Movement Package Summary Description

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Public Private Partnership Program
Highway Goods Movement Program
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Services as described in this technical memorandum are pursuant to Los Angeles County Metropolitan Transportation Authority Contract No. PS4370-2316 with InfraConsult LLC, as Prime Contractor, dated May 4, 2009. Subcontractors’ services are pursuant to individual Subcontract Agreements with InfraConsult LLC, dated May 25, 2009.
HIGHWAY GOODS MOVEMENT PACKAGE

The Los Angeles County Metropolitan Transportation Authority (Metro) has an adopted policy objective to accelerate the development and implementation of highway and transit projects specified in the Long Range Transportation Plan (LRTP) and the Measure R program of projects. With respect to the highway program, doing so will provide earlier mobility improvements to the public and take advantage of the current competitive environment for highway construction. The risk of construction cost inflation in future years is also mitigated when projects are procured near-term rather than in the period during which funding is currently programmed in the LRTP.

Within this context, Metro staff has identified six highway projects programmed for construction in future years that have been cleared environmentally, or are scheduled to be cleared shortly. Metro’s advisory team, InfraConsult LLC, has been requested to make an assessment of the opportunity for accelerated delivery of these projects through a public-private partnership (“P3”), solicit industry feedback on the proposed approach, and to evaluate the viability of this mechanism for such acceleration.

These six programmatic elements have been referred to collectively as the Highway Goods Movement Package ("Package"), and include:

- I-5 North Capacity Enhancement Project
- I-5 North Pavement Rehabilitation Project
- SR-71 Gap Project, I-10 to Mission Boulevard
- SR-71 Gap Project, Mission Boulevard to Rio Rancho Road
- Soundwall Package 10
- Soundwall Package 11

The preliminary assessment comprised of both quantitative and qualitative analysis indicates that the option most likely to meet Metro objectives for accelerating delivery of the six projects is a P3 option utilizing an "availability payment" model under a single contract for final design, construction, and maintenance for 30 to 35 years.

For the optimal best value, this option entails a scope modification for the I-5 North Capacity Enhancement project, to construct high occupancy toll ("HOT") lanes instead of the planned high occupancy vehicle ("HOV") lanes. This modification is important, as tolls are estimated to generate an additional $1.0-$1.1 billion (nominal) in revenues over 30 years of operations.

The location of each element is shown on the map below (Figure 1). A preliminary cost estimate, assuming delivery through a P3 process, is shown in Table 1. A summary description of each project follows.
Figure 1. Location of Program Elements in Los Angeles County

Table 1. Cost Estimate for P3 Delivery Approach (2012 Dollars in Millions)

<table>
<thead>
<tr>
<th></th>
<th>I-5 NORTH CAPACITY ENHANCEMENT</th>
<th>I-5 NORTH PAVEMENT REHABILITATION</th>
<th>SR-71 GAP: I-10 TO MISSION BLVD</th>
<th>SR-71 GAP: MISSION BLVD TO RIO RANCHO RD</th>
<th>SOUNDWALL PACKAGE 10</th>
<th>SOUNDWALL PACKAGE 11</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>235 to 295</td>
<td>56 to 63</td>
<td>46 to 58</td>
<td>76 to 95</td>
<td>22</td>
<td>47</td>
<td>483 to 580</td>
</tr>
<tr>
<td>Right of way</td>
<td>5</td>
<td>4</td>
<td>21</td>
<td>1</td>
<td>1</td>
<td>31</td>
<td></td>
</tr>
<tr>
<td>Support Costs</td>
<td>35 to 65</td>
<td>8 to 10</td>
<td>17 to 29</td>
<td>3 to 5</td>
<td>1</td>
<td>4 to 10</td>
<td>78 to 132</td>
</tr>
<tr>
<td>Contingency</td>
<td>13 to 15</td>
<td>0 to 3</td>
<td>4 to 6</td>
<td>0 to 2</td>
<td>1 to 3</td>
<td>25 to 28</td>
<td></td>
</tr>
<tr>
<td>Toll System and Transponders</td>
<td>0 to 17</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0 to 17</td>
</tr>
<tr>
<td>Total Capital Cost</td>
<td>306 to 379</td>
<td>68 to 73</td>
<td>120 to 150</td>
<td>54 to 60</td>
<td>636 to 770</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes:
- One truck lane is under construction as a Caltrans project with separate funding. A second truck lane will be part of this package.
- Project approved and funded with SHOPEP funds. Cleared environmentally.
- Caltrans is now in P&A/D phase; expect environmental clearance by January 2013.
- Caltrans is now in P&A/D phase; expect environmental clearance by January 2013.
- Design by Caltrans is 50% complete. Cleared environmentally.
- Design is 100% complete. Cleared environmentally.
- Ranges in costs are due to assumptions on delivery method: DBB vs DB vs P3.

I-5 North Capacity Enhancement

This element of the Package consists of two major enhancements:

- Extending the HOV lanes on I-5 north of Los Angeles from where the HOV lanes end now, just south of the SR-14 interchange, 13.5 miles further north to just south of the Parker Road interchange, and
- Extending the truck climbing lanes from just north of the SR-14 interchange to Calgrove Boulevard in the southbound direction.
For this element, an option for delivery of the environmentally cleared HOV lanes as HOT lanes is considered. The current plan calls for one HOV lane in each direction; this can also be re-evaluated if there is space for an additional lane in some areas without requiring additional right-of-way. If this option is selected, an environmental re-evaluation would be required. This six to ten month effort can be done in parallel with the procurement of the private partner and if completed on schedule, would not delay the program.

Constructing HOT lanes on I-5 North instead of HOV lanes provides a new source of revenue from tolls to help close the funding gap and thus allows delivery years earlier than currently programmed. This strategy assumes that HOVs with three or more occupants would not pay a toll and vehicles with one or two occupants would pay a toll which would vary with time of day and level of congestion. The variable toll regulates demand for the HOT lane so it is always flowing freely at highway speeds no matter what the level of congestion is on the general purpose lanes. This proposed operation is similar to the very successful State Route (SR) 91 Express Lanes in Orange County, the I-15 HOT Lanes in San Diego County and the HOT lanes under construction in Los Angeles County for the I-10 and I-110.

The private partner would operate and maintain the Project for the life of the contract. The revenue risk for this element of the highway package could be borne by Metro, the private partner, or shared.

**I-5 North Pavement Rehabilitation**

The scope of work includes repaving portions of the general purpose lanes on I-5 North in the same area as the I-5 Capacity Enhancement Project.

This element was selected for inclusion in the Program principally because it is adjacent to the I-5 Capacity Enhancement Project. There would be savings in the private partner’s management and overhead costs and less impact to the traveling public by combining these two projects under a single contract and providing additional capacity prior to closing existing lanes for pavement rehabilitation on each segment. This, however, is a typical heavy maintenance project for Caltrans, funded by SHOPP, and Caltrans would need to concur with including it in the Highway Goods Movement Package. Under the concept proposed here, the private partner would also be responsible for maintenance and rehabilitation of these general purpose lanes for the period of the agreement.

**SR-71 Gap Project**

The scope of work includes completing a 4.3-mile missing link in the SR-71 Freeway. There are two segments; the south segment is from Rio Rancho Road to Mission Boulevard and the north segment is from Mission Boulevard to I-10. This gap in the SR-71 freeway is considered too short to be viable for development as a HOT lane unless adjoining sections of the existing HOV lanes on SR-71 were converted to HOT lanes with a connection to the future I-10 HOT Lanes at the north end. However, HOT lane conversions on SR-71 are not being considered by Metro at this time.

The developer would be responsible for the routine maintenance and rehabilitation of this new facility for the life of the contract.

**Soundwall Package 10**

This project consists of building soundwalls, or noise barriers, at various locations along the I-210 freeway. These noise barriers will vary in height from eight to sixteen feet. The total length of noise barrier to be constructed is approximately 20,000 feet in three general areas along I-210.
Routine maintenance and graffiti removal on these new soundwalls would be included in the agreement. The responsibility for new landscaping installed with the soundwalls is still under consideration for inclusion in the agreement.

### Soundwall Package 11

This project consists of building 29,000 feet of soundwalls, or noise barriers, in two locations:

- On SR-170 between SR-134 and Sherman Way
- On I-405 in the vicinity of Stagg Street

Eight of the locations on SR-170 are on bridges, some of which may need to be widened. Routine maintenance and graffiti removal for these soundwalls would also be included in the agreement. Maintenance of any bridge structure constructed as part of this highway package is still under consideration for inclusion in the agreement.

### Availability Payment Structure

An annual (or more frequent) availability payment would be made for each year of operations with an adjustment for inflation. The availability payment would include the costs for routine maintenance and periodic rehabilitation of the program.

A summary procurement schedule outlining the timing of key milestones can be found below in Figure 2.

![Figure 2. P3 Procurement Schedule](image-url)