Re-Imagining LA County

TAC
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Presentation Contents

• Background
• Staff Recommendations
• Strategies for Re-Imagining LA County
• Timeline and Next Steps
• Final Thoughts
Background

• The Metro Board approved the Twenty-Eight by ‘28 Initiative in January 2018
  – 28 highway and transit projects totaling $42.9 billion (YOE)
  – Set goal to complete by 2028 Olympic and Paralympic Games
• 20 projects are already slated for completion by 2028
• $26.2 billion is needed to accelerate delivery of the other eight projects by 2028
• Motion 4.1 (Solis, Garcetti, Hahn, Butts) in September 2018 directed development of a Twenty-Eight by ‘28 funding plan
In response to Motion 4.1, staff issued the Twenty-Eight by ‘28 Program Financing/Funding White Paper.

White Paper recommended items that should be treated as baseline assumptions and priorities.

White Paper introduced potential strategies to close the funding/financing gap for delivering program.
Re-Imagining LA County: Mobility, Equity, and the Environment

The initiative’s objectives, and proposed strategies to achieve them, go well beyond Twenty-Eight by ‘28

- Dramatically improve equity through mobility
- Eradicate congestion in LA County
- Reduce the region’s carbon footprint and combat climate change
A. Recommend to approve baseline assumptions and priorities (sacred items) for the financing/funding plan to delivery Twenty-Eight by ‘28

1. Ensure funding to implement results of NextGen
2. Preserve annual State of Good Repair allocations
3. Maintain current debt limits for Propositions A and C
4. Protect Metro’s debt covenants
5. Ensure funding for ancillary projects of systemwide importance
Staff Recommendations

B. Recommend to approve commitment to convert to all-electric bus fleet by 2030 as a baseline assumption and priority for funding/financing plan to deliver Twenty-Eight by ’28

C. Recommend to approve pursuit of creation of White House Task Force for the 2028 Olympics

D. Receive and File Strategies to Pursue “The Re-Imagining of LA County” (formerly Twenty-Eight by ’28)
Strategies for Re-Imagining LA County fall into three categories:

- Standard toolkit
- The big “No’s”
- Transformational initiatives
Standard Toolkit – Recommend pursuing

- Advertising and corporate sponsorships
- Toll revenue from existing and expanded ExpressLanes network
- Multi-year Subregional Program and Local Return
- Federal and state funding assumptions
- Public-private partnership opportunities
- Value capture
The Big “No’s”

Change debt policy – Not recommended
- Increases borrowed money that must be repaid
- Increasing debt encumbers future revenues
- Prohibits on-schedule delivery of other Measure M projects

Increase fares – Not recommended
- Not recommended as a funding mechanism to accelerate project construction
- Currently engaged in study to simplify and right-size fares
Transformational Initiatives

• Strategies to deploy for transformational change
• Congestion pricing (all models)
• Levy fees on shared devices (e.g. scooters)
• Levy fees on transportation network companies (TNCs)
Transformational Initiatives

Congestion Pricing – Recommend pursuing

• Feasibility study for three pricing concepts (cordon, VMT, and corridor) with intent to pilot
  • Will include extensive outreach and creation of Advisory Council
  • Will include critical transit system and service improvements required as part of any congestion pricing plan
• Produces a new revenue stream
• Pricing can dramatically improve equity, mobility, and air quality
Transformational Initiatives

Levy fee on Shared Devices – Recommend pursuing
• Impose fees on devices profiting from free use of public infrastructure
• Regulates operators to improve access to more options

Levy fee on Transportation Network Companies – Recommend pursuing
• Impose fees on Uber/Lyft-type services that increase vehicle use, causing more congestion
• Regulates operators to make services available to everyone and provides mechanism for managing demand on streets and highways
Timeline and Next Steps

• January 2019
  – Request Board approval on baseline assumptions and priorities to proceed with a Re-Imagining LA County financing/funding plan
  – Request Board approval to include conversion to all-electric bus fleet by 2030 as a baseline assumption and priority for funding/financing plan
  – Request Board approval to pursue creation of White House Task Force on the 2028 Olympic and Paralympic Summer Games
Timeline and Next Steps

• February 2019
  – Request Board action on the staff recommendations for strategies to pursue the Re-Imagining of LA County
These bold actions position the agency to deliver unprecedented regional benefits and outcomes:

- Dramatically improve equity through mobility
- Eradicate congestion in LA County
- Reduce the region’s carbon footprint and combat climate change
- Increase transit frequency and capacity
- Offer free transit
- Deliver a future LA County that benefits everyone
Motions
Motion 43.1 - Butts

- Refine scope, budget, and timeline prior to Feasibility Studies for a Congestion Pricing Pilot
- CEO to deliver a 12-24 mos. work plan schedule with detailed tasks
- Monitor the State’s Road Charge Program for opportunities and examine San Francisco’s Congestion Pricing projects’ lessons learned
- “Sacred Items” subject to future review & revision
Motion 43.1 - Solis, Garcetti, Dupont-Walker, Butts, and Hahn

• Develop an Equity Strategy that uses congestion pricing revenue to minimize impacts to low income drivers
• Nominate subject matter experts for Equity Advisory Council – size TBD.
• Engage a variety of stakeholders to consider economic impacts of congestion pricing on those who rely on their vehicles for their livelihood.
• Defer inclusion of congestion pricing revenue until completion of the Equity Strategy and feasibility study.
• Include Motion 43.2 in recommendation language for approval in February 2019.
• Report back on Equity Strategy in February 2019
Discussion
BACKUP SLIDES FOR DISCUSSION
Strategies – Debt

Change debt policy

• 6-month timeline
• Estimated $10.8 billion in borrowed money
• Not recommended
  – Twenty-Eight by ‘28 is a funding issue, not a financing issue
  – Increasing debt encumbers future revenues
  – Prohibits on-schedule delivery of other Measure M projects
Strategies – Increase Revenues from Existing Sources

Increase fares

• 6 to 12-month timeline
• Estimated $756 million
• Not recommended
  – Not recommended as a funding mechanism to accelerate project construction
  – Currently engaged in study to simplify and right-size fare media
Strategies – Increase Revenues from Existing Sources

Expand advertising and corporate sponsorships
• 12 to 24-month timeline
• Estimated $1 billion in new revenue
• Recommend pursuing

Toll revenue from existing ExpressLanes
• 12 to 24-month timeline
• Estimated $200 million in re-allocated revenue
• Recommend pursuing
Strategies – Increase Revenues from Existing Sources

Toll revenue from new ExpressLanes

- 5-year timeline
- Estimated $300-500 million in new revenue
- Recommend pursuing

Multi-year Subregional Program (MSP)

- 12 to 18-month timeline
- Estimated $846.4 million in re-allocated MSP funds
- Recommend pursuing
Strategies – Increase Revenues from Existing Sources

Local Return

• 12 to 18-month timeline
• Estimated $2.7 billion re-allocated from local return
• Recommend pursuing

Funding 3% of accelerated costs from Local Return

• 12 to 18-month timeline
• Estimated $711 million
• Not recommended
Strategies – Increase Revenues from Existing Sources

Increase federal funding assumptions

• 24 to 36-month timeline
• Estimated $1.9 billion increase in federal funding
• Recommend pursuing

Increase state funding assumptions

• 24 to 36-month timeline
• Estimated $1.7 billion increase in state funding
• Recommend pursuing
Strategies – Reduce Expenditures

Electric Bus Conversion by 2040 instead of 2030

• 2-year timeline
• Estimated $350 million in deferred spending
• Not recommended – Maintain 2030 commitment and move to baseline assumptions

Transfer Bikeshare Program to City of LA

• 18-month timeline
• Estimated $87.5 million in reduced spending
• Not recommended
Strategies – Reduce Expenditures

P3 Opportunities on projects

• Reductions in spending materialize over 10 years
• Estimated $5.1 billion in reduced expenditures
• Recommend pursuing
Strategies – Generate Revenue from New Sources

Seek creation of White House Task Force
• 6 to 12-month timeline
• Estimated $2 billion in new revenue
• Recommend pursuing

Value Capture financings at variety of locations
• 3 to 9-year timeline
• Estimated $370 million in new revenue
• Recommend pursuing
Congestion Pricing

- Three concepts
  - Cordon
  - VMT
  - Corridor
- 12 to 24-month timeline
- Estimated $9.6-83.0 billion in new revenue
- Recommend pursuing all concepts
Strategies – Generate Revenue from New Sources

Levy fee on Shared Devices

• 12 to 18-month timeline
• Estimated $464 million in new revenue
• Recommend pursuing

Levy fee on Transportation Network Companies

• 12 to 24-month timeline
• Estimated $4.4 billion in new revenue
• Recommend pursuing