Public Private Partnership Opportunities in Los Angeles

Metro’s Public-Private Partnership Program

Technical Advisory Committee
April 6, 2011
Public-Private Partnerships: Focus on Life-Cycle Costs and Revenues

- Achieve accelerated project delivery
  - Project activities in “parallel”
- Insure project quality throughout life cycle
  - Private financial participation (“skin in the game”)
- Reduce risks
  - Eliminate/lessen risk of project cost overruns/change orders
  - Reduce public sector risks by strengthening project interfaces
- Compliment 30/70 approach

- Achieve cost savings
  - Operations - performance-related concessions and system availability-based contracting
  - Capital - design and construction efficiencies
- Enhance cash flows
  - Private financing mechanisms
  - Leverage Measure R revenues and other public funding sources
- Utilize new funding sources
  - Value creation and user revenue streams (e.g., transit-oriented development, road tolls)
  - Federal funding sources
Measure R Transit Projects

Projects under study for alternative project delivery are circled in red.
Measure R Highway Projects

Projects under study for alternative project delivery are circled in red.
Crenshaw/LAX Transit Corridor

- 8.5 miles light rail from Metro Green Line to Expo Line
- Potentially linking LAX airport to existing and planned rail lines
- Six stations, two optional stations
- Alignment (at-grade, with grade separations)
- Environmental complete Spring 2011
- Planned opening date, 2018
- *Measure R: $1.2 billion*
Crenshaw/LAX – Initial P3 Analysis

- **Responsibility of a P3 partner:**
  - Financing
  - Final Design
  - Construction
  - Operations
  - Maintenance

- **Cost Coverage:**
  - Measure R funding during construction
  - Annual “Availability Payments” commencing after startup of revenue operation

- **P3 Option:**
  - Provides a lower cost on a present value (life cycle) basis
  - Represents a potentially positive “value for money”
  - Amount of public funding required to construct the project in the near-term would be significantly less

- **Business Case development:**
  - Scope expansion of P3 concession to include operations and maintenance of the existing Green Line
• 1.8 miles of light rail connecting regional commuter rail, Amtrak and light rail and subway lines in downtown LA
• One of two projects seeking federal “New Starts” funds
• Environmental complete Fall 2011
• Scheduled to open 2019
• Measure R: $160 Million
Regional Connector – Initial P3 Analysis

- DBFM
- Responsibility of P3 partner:
  - Capital Costs
  - Facilities Maintenance
  - Financing
- Metro retains responsibilities for the provision and cost of vehicle operations and maintenance
- Cost Coverage:
  - Measure R funding during construction
  - Annual Availability Payments commencing after startup of revenue operation
- Funding:
  - Measure R funding is insufficient for cost of capital development under any delivery option
  - Other funding sources do not meet accelerated delivery schedule needs
  - In FTA New Starts Pipeline
- P3 Option:
  - Provides needed upfront capital
  - Could attract some private investment, allowing other public funding sources to be received incrementally over the Project lifecycle
  - Inconclusive “value for money” results
Westside Subway Extension

- 8.5 miles of heavy rail subway extending Metro Rail’s Purple Line
- One of two projects seeking federal “New Starts” funds
- Environmental complete Fall 2011
- First phase to open 2019
- **Measure R: $4.2 Billion**
Westside Subway Extension – Initial P3 Analysis

- **Responsibility of P3 Partner:**
  - Final Design
  - Construction
  - Long-term Facilities Maintenance
  - Finance

- **Metro retains responsibilities for the provision and cost of vehicle operations and maintenance**

- **Cost Coverage:**
  - Measure R funding during construction
  - Annual Availability Payments commencing upon initiation of revenue service

- **Funding:**
  - Measure R funding is insufficient for cost of capital development under any delivery option
  - In FTA New Starts pipeline

- **P3 Option:**
  - Lower total present value (life-cycle) due to delivery & long-term maintenance efficiencies
  - Could reduce upfront Measure R resources requirement during construction
  - Amount of public funding required to construct project in the near-term would be significantly less
  - Accelerate schedule by one year
  - Represents a potentially positive “value for money”
High Desert Corridor

- 63-mile east west corridor from SR-14 to I-15
- Freeway/Expressway/Possible truck toll facility
- Board approved Partnership Agreement, April 2010
- Caltrans lead for environmental clearance, scheduled Spring 2013
- Measure R: $33 million (environmental)
High Desert Corridor – Initial P3 Analysis

- **Delivery:**
  - DBFOM Central Segment (31 miles)
  - DB East and West Segments
  - Optional Apple Valley Segment

- **Benefits of P3 Option:**
  - Could accelerate completion of HDC from SR-14 to I-15 by 4 years
  - Could cut in half the need for public funding of capital costs

- **Funding:**
  - Funding is insufficient for cost of capital development under any delivery option
  - If public funding is available for East and West Segments, then Central Segment as P3 is feasible

- **Status:**
  - EIR/S is underway by Caltrans (including all four segments, tollway alternatives and possible ROW for future High Speed Rail).
  - Technical studies - Fall 2011 (including several previously completed studies)
  - DEIR/S - Spring 2012
  - ROD - Spring 2013
I-710 South Corridor

- Improvement of 18 miles of freeway:
  - Freeway widening to 10 lanes
  - Construction of 4-lane exclusive tolled freight truck corridor (16 miles)
  - Improvement of most existing interchanges
- Connects Ports of LA and Long Beach with rail distribution centers
- Environmental complete in Fall 2012
- Measure R: $590 Million
## I-710 South Corridor – Initial P3 Analysis

### Phased Delivery:
- P3 freight corridor as a tolled “truckway”
- Early Action interchange projects continue as planned
- Freeway widening and other interchange improvements would be constructed afterward as funds become available

### Funding:
- Funding is insufficient for cost of capital development
- $2.5 billion of public funds needed “up front” to advance the freight corridor through right-of-way acquisition and construction

### P3 Option:
- DBFOM Freight Corridor
- 50-year concession
- Truck Tolls different for peak/off peak
- Reduced toll incentives for low-emission trucks

### P3 Benefits:
- Achieves much earlier traffic relief by shifting trucks onto the freight corridor (2021)
- Tolling revenue plus private financing could cover more than 80% of the truckway freight corridor costs
- Represents a neutral “value for money”
SR 710 North Gap

- Extension of existing Long Beach Freeway to I-210
- Proposed tunnel for significant portion of alignment
- Scoping for EIR/EIS complete April 2011
- *Measure R: $1 Billion*
SR-710 Gap Study Zones
SR 710 North Gap – Initial P3 Analysis

- **Project Assumptions:**
  - DBFOM
  - Twin 57’ diameter deep bore tunnels
  - Approximately 21,000’ alignment
  - No intermediate interchanges
  - 4 lanes in each direction
  - TBM advance rate of 60’/day
  - Phased construction & opening of tunnel bores

- **Schedule:**
  - ROD - 2014
  - Completion - 2022

- **Funding:**
  - Funding is insufficient for cost of capital development under a nominal delivery option
  - Tolling and P3 delivery appear to provide adequate funding
  - Phased opening of tolled tunnels increases financial robustness

- **P3 Benefits:**
  - Over 110 risk factors allocated
  - Could accelerate completion by 4 years
  - Represents a potentially positive “value for money”
Sepulveda Pass Transit Corridor

- Transit connection between the San Fernando Valley and Westside
- Preparing private sector Request for Information/Qualifications to focus environmental
- **Measure R: $1.0 billion (2008$$)**
Project Delivery Determination

Preliminary Engineering

Design/Bid/Build

- Final Design
  - Construction Contracts

Design/Build

- Federal Streamlining
- Construction Cost Only
- Life-Cycle Costing

LACMTA Financed

Public-Private Partnership

DB Contracts

DBF, DBFM, DBFOM
Next Steps

- Conduct industry review and outreach
- Work with design teams to facilitate development of project delivery
- Coordinate with USDOT and administrators to encourage project streamlining options i.e., “SEP-15” (FHWA) and “Penta-P” (FTA)
- Coordinate with state agencies involved in SB 4 review
- Develop procurement and concession planning processes and materials
- Complete business plans by early fall 2011