SEPULVEDA PASS CORRIDOR

PUBLIC PRIVATE PARTNERSHIP DELIVERY

PRE-DEVELOPMENT AGREEMENT “PDA”
Sepulveda Pass Mobility Issues

- Most congested highway segment in the U.S.
  - 295,000 vehicles per day (2010)
  - 430,000 vehicles per day (2030)

- Severe transit limitations
  - Metro Rapid peak hour trip averages 10 mph both directions (1 hour +)

- Peak demand between US 101 and I-10
  - 45% of trips enter and exit in this segment
Current Status

- Sepulveda Pass Corridor is included in Measure R expenditure plan and LRTP but with 2039 delivery date and insufficient funding

- June 2012 Planning & Programming Committee Report/Presentation – Systems Planning Study interim findings, including a P3 option
P3 and PDA Approach

- P3 is a project delivery and financing system utilizing private financing to minimize or avoid public funding
- May allow project delivery without changing LRTP funding priorities
- A “Pre-Development Agreement” (PDA) allows a private partner to co-invest in project planning and design, technical studies and environmental clearance
- Accelerates project delivery
Initial P3 Review

- Project assumed: US-101 to I-10
- 4 to 5 total traffic lanes plus premium transit service on 2 tracks in tunnel(s) constructed with tunnel boring machines
  - Approximately 10 mile corridor
  - Allows for future extension to LAX and North to Sylmar
- $10B+/- capital cost assumed
- Dynamic pricing structure for tolls and transit fares
- Transit service using automated rail
PDA Approach

- Competitive procurement to select private partner
- Phase 1: private partner works collaboratively to achieve project feasibility
  - Accelerates project delivery through concurrent environmental clearance
  - Grants right of first negotiation for Phase 2 implementation agreement
- Phase 2: project implementation
  - Captures value engineering and private sector innovations in design, construction, finance and life cycle cost efficiencies
  - Maximizes capture of non-tax revenues to fund project costs
  - Phase 2 negotiations have the benefit of price reasonableness analysis
Project Characteristics that Fit Best with PDA

- Large-scale, technically complex project
- Project not completed defined
- Environmental analysis in early stage
- Financial feasibility not yet determined, but good revenue potential
- Attractive to prospective private partners
Examples of U.S. transportation projects that have utilized PDA approach

- Texas DOT – SH 130, Segments 5 and 6
- Virginia DOT – I-95/395 HOT lanes
- North Carolina Turnpike Authority – Mid-Currituck Bridge
- Washington State DOT – Tacoma Narrows Bridge
- Oregon DOT – Sunshine Corridor Improvements, Newberg-Dundee Transportation Improvements, I-205 South Corridor
Steps for PDA approach

- MTA needs to have a base level project description to provide to potential proposers

- This may require:
  - Development/refinement of preliminary project definition concepts
  - Estimate of potential user fee revenues (e.g., toll and transit)
  - Estimate of preliminary capital and O&M costs
  - Development of a business case
  - Final definition of procurement process necessary to undertake a PDA
Next Steps

- Solicit industry input on scope of PDA / P3 agreement
- Define preliminary project definition concepts
- Conduct stated preference survey of I-405 corridor users to calibrate toll and transit fare model coefficients
- Refine revenue and financial models to calculate cash-flow and net present value
- Analyze tunnel portal locations and direct access ramps to assess potential localized traffic, noise, visual impacts, and air quality concerns
- Continue coordination with East San Fernando Valley Transit Corridor Study, Westside Mobility Study, and Airport Metro Connector Study to optimize transit connections
- Undertake development of procurement and contract materials
- Commence procurement for private partner through a PDA approach