

# Acceleration of Measure R Highway Projects



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## LA Metro – Acceleration of Measure R Highway Projects

The Los Angeles County Metropolitan Transportation Authority (Metro) Board of Directors, recently initiated a program to explore the use of Public-Private Partnerships (PPPs) to accelerate delivery of highway projects included in Measure R and which are not fully financed through traditional funding sources. The overall purpose of the PPP highway program initiative is to establish a permanent, programmatic approach to identifying, assessing and implementing projects utilizing private sector participation, with the overall goal of accelerating Metro's delivery of highway projects in Los Angeles County.

The 30-10 Initiative was recently introduced to accelerate Measure R transit projects in Los Angeles County. At the same time, the Board adopted a policy to combine long term countywide sales tax revenue from Measure R, approved by voters in 2008, with alternative project delivery and financing methods for highway projects. Such methods, include Design-Build-Finance (DBF) or Design-Build-Operate-Maintain (DBOM), and potential user fees, including tolls or other user fees, to accelerate the delivery of selected projects through PPPs.

### Definition of Public-Private Partnership Model

A PPP is a mutually beneficial collaboration between a public agency and a private entity on an infrastructure or related project. Based on a formalized understanding of the partnership relationship as developed in a negotiated agreement, the partners agree to work together to achieve clearly defined, specific results over a defined period of time.

PPPs are typically initiated by government agencies and involve contracting with a private partner(s) to renovate, construct, operate, maintain, and/or manage facilities or systems that provide a public service. They are created to obtain additional private resources (often financing, services or equipment) essential to achieving project objectives, when advantageous in spreading risk and when useful in accelerating project completion.

Typically, the private party generally invests its own capital to design and develop the properties while the public agency retains ownership of the project. Both partners share in inherent risks and in the net income the project generates.

PPPs differ from conventional service contracting because the private partner invests in the project and the public partner is able to reap project benefits utilizing a reduced taxpayer investment.

In November 2007, Metro began development of a Framework and Work Plan for using partnerships with the private sector to accelerate completion of major transit and

highway projects. The Board adopted a PPP Framework in June 2008 and a Work Plan in September 2008.

Authority for Metro to engage in highway-related PPPs comes from Senate Bill (SB) 4 signed into law by Governor Schwarzenegger on February 20, 2009. SB 4 created a powerful new tool for California to stimulate infrastructure development and address serious funding constraints that have been delaying important transportation projects.

### Benefits of Utilizing PPP Procurement

- > Accelerating project delivery
- > Reducing costs through accelerated procurement, contracting and construction
- > Developing projects integrated with existing transit and highway infrastructure
- > Allocating developmental, financial, construction and operational risks effectively
- > Transference of certain project development and implementation risks to private partners while leveraging limited public resources

### Highway projects selected for initial strategic assessment

I-710 South Corridor—This project involves improvement of 18 miles of the Long Beach Freeway from the Ports of Los Angeles and Long Beach to the north, and includes potential provision for exclusive freight and goods movement facilities.

SR 710 North Extension—This project includes construction of an extension to the existing Long Beach Freeway to I-210, and incorporates a proposed tunnel for a significant portion of its alignment.

High Desert Corridor—This project involves construction of a new 50-mile highway through both Los Angeles and San Bernardino Counties. The project extends eastward from SR 14 to I-15.

# Accelerating Measure R Highway Projects



## Benefits of Accelerating Highway Projects In Measure R

Accelerating construction of highway projects will result in substantial cost savings by limiting the effect of inflation while taking full advantage of design-build, and/or competitive construction bids.

Accelerating highway projects will create tens of thousands of jobs, beginning with the design and construction phases and continuing through future operation and maintenance activities, which will improve the local economy.

The ultimate benefit of accelerating highway projects is reduced traffic congestion, thousands of hours of saved travel time and improved air quality for Los Angeles County for decades to come.

Many of the highway projects to be undertaken have the capability to generate a substantial new revenue source in Los Angeles County through the prospect of general and targeted tolls and/or user fees. Such user fees can be part of PPPs for development of new highways, extensions to existing facilities, freight and goods movement services and high occupancy toll (“HOT”) lanes.

- 3A** I-5 HOV from SR-134 to SR-170
- 3B** I-5 Widening and HOV
- 3C** I-5/Carmenita Road Interchange
- 3D** I-5/SR-14 HOV Direct Connector
- 3E** I-405, I-110, I-105 and SR-91 Ramp and Interchange Operational Improvements
- 3F** I-5 HOV Lanes from SR-14 to Parker Road and Truck Lanes from SR-14 to Kern County Line
- 3G** I-710 Corridor Project EIR/EIS
- 3H** SR-138 Capacity Enhancements
- 3I** High Desert Corridor Project
- 3J** I-605 Corridor “Hot Spot” Interchanges
- 3K** Arroyo Verdugo Operational Improvements
- 3L** Las Virgenes –Malibu Operational Improvements
- 3M** SR-710 North Extension
- 5C** BNSF Grade Separations
- 5D** Alameda Corridor East Grade Separations Phase II

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