

Metro Board Approved Policy

Fiscal Responsibility Policy for Measure R T&HPC

Adopted: May 26, 2011

Historical Perspective

The full name of this policy is Fiscal Responsibility Policy for Measure R Transit and Highway Project Contingencies.

At the January 2011 Board Meeting, Directors O'Connor, Molina and Dubois made an amending motion to Item No. 21 (Unified Cost Management Process and Policy for Measure R Transit Projects and Strategy to Implement Projects Consistent with both the Long Range Transportation Plan [LRTP] and 3011 0 Initiative). The amending motion asked staff to recommend a "fiscal responsibility policy" for the use of Capital Project Contingency (Transit) and Capital Project Contingency (Highway) amounts, lines 18 and 39, respectively, of the Measure R Expenditure Plan (Attachment A to the Measure R Ordinance) that Los Angeles County voters approved in November 2008.



Metro

Fiscal Responsibility Policy for Measure R Capital Project Contingency Funds

Introduction

The purpose of the Policy is to establish guidelines for the use of the Measure R Capital Project Contingency (Transit) and Measure R Capital Project Contingency (Highway) funds. The goal of the Policy is to ensure that all Measure R capital projects can be completed as scheduled in the Long Range Transportation Plan.

Definition of Measure R Capital Project Contingency Funds

Measure R Capital Project Contingency funds are found in Exhibit A to this policy, the Measure R Expenditure Plan. The Expenditure Plan was referenced in and attached to the Measure R Ordinance (as Attachment A to the Ordinance). The specific transit and highway project contingencies are found on line 18 for the Transit Subfund and line 39 for the Highway Subfund of the Measure R Expenditure Plan.

The forecasted Measure R revenue identified in the "New Sales Tax – Total" column for the Transit Subfund amounts to \$3,276 million and is described as:

"Capital Project Contingency (Transit) - Escalation Allowance for lines 8-17 to be based on year of construction".

The forecasted Measure R revenue identified in the "New Sales Tax – Total" column for the Highway Subfund amounts to \$2,576 million and is described as:

"Capital Project Contingency (Highway) - Escalation Allowance for lines 31-38 to be based on year of construction".

For both the Transit Subfund and the Highway Subfund, the references to "lines 8-17" and "lines 31-38" in the descriptions above are to projects for which a cost estimate was listed in "Current 2008 \$" in the Expenditure Plan. Other projects are instead listed in "Escalated \$" on lines 3 through 6 in the Transit Subfund and on lines 22 through 29 in Highway Subfund. Please refer to Exhibit A for the specific project descriptions.

Use of Measure R Capital Project Contingency Funds

In accordance with the Ordinance and the Expenditure Plan, Capital Project Contingency (Transit) and Capital Project Contingency (Highway) amounts are available for the following purposes:

- Additional funding for capital projects identified in Attachment A;
- Debt service, excluding payments for principal;
- To offset the costs of inflation;
- For any other purpose, as approved by the LACMTA Board; and as
- An escalation allowance to be based on year of construction for the projects with cost estimates in current 2008 dollars.

The uses of the Transit Subfund and the Highway Subfund contingencies are described in the Measure R Ordinance.

Permitted Uses of Transit Subfund Contingency

“Metro shall allocate no less than the amount of Net Revenues identified in Attachment A as ‘New Sales Tax – Total’ for the project identified in Attachment A as ‘Capital Project Contingency (Transit)’. Funds allocated to ‘Capital Project Contingency (Transit)’ shall be expended as needed to provide additional funding for Capital Projects identified in Attachment A as ‘Transit Projects.’ Metro may expend such funds for debt service, excluding payments for principal, to offset the costs of inflation, or for any other purpose. Metro shall not expend an amount of Net Revenues from Capital Project Contingency (Transit) that is greater than the amount permitted in paragraph (d)(2) for any Capital Project.” (Section 7(d)(3) of the Ordinance)

Permitted Uses of Highway Subfund Contingency

“Metro shall allocate no less than the amount of Net Revenues identified in Attachment A as ‘New Sales Tax – Total’ for the project identified in Attachment A as ‘Capital Project Contingency (Highway)’. Funds allocated to ‘Capital Project Contingency (Highway)’ shall be expended as needed to provide additional funding for Capital Projects identified in Attachment A as ‘Highway Projects.’ Metro may expend such funds for debt service, excluding payments for principal, to offset the costs of inflation, or for any other purpose. Metro shall not expend an amount of Net Revenues from Capital Project Contingency (Highway) that is greater than the amount permitted in paragraph (e)(2) for any Capital Project.” (Section 7(e)(3) of the Ordinance)

Discussion of Permitted Uses

Attachment A to the Measure R Ordinance includes an Expenditure Plan detailing the transit and highway capital projects that Measure R would fund with cost estimates, sources of funding and expected construction completion dates. The capital projects were divided into two different types: (1) projects with cost estimates in escalated dollars and (2) projects with cost estimates in current 2008 dollars. As stated in Expenditure Plan, the Capital Project Contingency (Transit) and Capital Project Contingency (Highway) amounts were intended to provide an “escalation allowance to be based on year of construction” for the projects with cost estimates in current 2008 dollars (Transit Capital Projects lines 8-17 and Highway Capital Projects lines 31-38).

The references in the Measure R Ordinance itself are more flexible than the Expenditure Plan in that they permit debt service (excluding payments for principal) and any other purpose. The “any other purpose” reference should be read to mean any other purpose consistent with delivering the Transit Subfund or Highway Subfund projects in the manner and schedule promised to the voters. Subsequent to the passage of Measure R, the LACMTA Board has adopted policies that provide further guidance for the use of contingency funds.

Unified Cost Management Process and Policy for Measure R Projects

The Unified Cost Management Process and Policy for Measure R Projects (as adopted by the LACMTA Board in January 2011) capped Measure R project funding at the amount identified in Attachment A as “New Sales Tax – Total” for each Measure R Project, as follows:

“For Measure R funds, the planned funding resources (including any prior Measure R expenditures) shall not exceed the amount shown in the ‘New Sales Tax Total’ column of the Measure R expenditure plan.” (Unified Cost Management Process and Policy for Measure R Projects, page 1)

If Measure R contingency funds are used to provide additional funding for a project, above the amount listed in the “New Sales Tax Total” column, specific cost management processes and LACMTA Board approvals are required. In particular, certain steps must be taken to control and minimize Measure R project costs, prior to the use of Capital Project Contingency amounts to provide additional funding.

“If increases in cost estimates occur, the LACMTA Board must approve a plan of action to address the issue prior to taking any action necessary to permit the project to move to the next milestone. Increases in cost estimates will be measured against the 2009 Long Range Transportation Plan as adjusted by subsequent actions on cost estimates taken by the LACMTA Board. Shortfalls will first be addressed at the project level prior to evaluation for any additional resources using these methods in this order:

- 1) Value Engineering and or scope reductions;
- 2) New local agency funding resources;
- 3) Shorter segmentation;
- 4) Other cost reductions within the same transit or highway corridor;
- 5) Other cost reductions within the same sub-region; and finally,
- 6) Countywide transit cost reductions or other funds will be sought using pre-established priorities.” (Unified Cost Management Process and Policy for Measure R Projects, page 1)

The Measure R Ordinance and the Unified Cost Management Process and Policy for Measure R projects provide adequate protections for use of the Contingency funds, except for the use of the Contingency funding for debt service. Also, previous policy actions do not provide for the impact of a lower sales tax forecast. These issues are addressed in the ensuing paragraphs.

Payment of Debt Service from Capital Project Contingency Amounts

The Measure R Ordinance makes Capital Project Contingency (Transit) and Capital Project Contingency (Highway) funds available to satisfy debt service requirements, excluding payments for principal, for any debt obligation (including, but not limited to, bonds, notes, commercial paper, and loans from the Federal Government) secured by Measure R sales tax revenues and issued to finance any Measure R project or capital program listed in the Expenditure Plan. Through the 2009 LRTP, debt obligations have been found to be necessary to provide the funding needed to deliver escalated Measure R projects by their expected completion dates.

2009 Long Range Transportation Plan

The Measure R bonds issued in November 2010 are consistent with the 2009 Long Range Transportation Plan (LRTP). The staff report leading to the adoption of the LRTP assumed that the Capital Project Contingency (Transit) amount would be used, in part, to pay debt service and provided that transit capital projects in the second and third decade are made whole with alternate funds to offset the costs of inflation. Specifically, the discussion in the October 2009 LRTP staff report stated:

“The LRTP assumes a 50% contribution of Federal New Starts for the first segment of the Westside Subway Extension and the Regional Connector. Planned borrowing against Measure R going forward will enable us to achieve the 50% New Starts funding level assumption. Since these planned borrowings impact the availability of Capital Project Contingency funds from Measure R, the escalation rates for projects in the second and third decade are made whole with alternate funds.” (2009 Long Range Transportation Plan for Los Angeles County October 2009 Board Report, page 5)

Going forward, when debt service requirements (excluding principal) are proposed to be paid from Capital Project Contingency (Transit) and Capital Project Contingency

(Highway) funds, staff shall include the estimated amount and the impact on the remaining contingency funds in the board report seeking authorization for the debt obligation.

Debt Service Expenses for Measure R Projects with Savings

Measure R capital projects with savings at project close-out must first apply such savings to reimbursing the Contingency funds for any debt service (excluding principal) that were used for the project. This reimbursement would occur before allocating any such savings to a substitute project in the same sub-region per the Measure R ordinance. When such savings exist, this will reduce the impact of Measure R projects on the Contingency funds by eliminating all or part of the need for sub-regional equity funds.

Existing Measure R Bonds

Of the \$1.64 billion in Measure R bond proceeds assumed to be necessary in the April 2010 financial update to the LRTP, \$750 million has already been raised. Net debt service requirements (excluding principal) for the bonds that have been issued will total \$474 million through fiscal year (FY) 2039. Annually, these obligations gradually decrease from \$27.4 million in FY 2012 to \$1.5 million in FY 2039. The debt service requirements (excluding principal) for these bonds are paid by the Measure R bond trustee, who receives the Measure R tax receipts directly from the State Board of Equalization and divides the receipts into two portions: 15% local return and the remaining 85%. The debt service requirements (excluding principal) are paid off-the-top of the 85% portion before the balance is transferred to the LACMTA.

Allocation of Debt Service Requirements

Debt service requirements (excluding principal) must be allocated to the appropriate Measure R Subfund (highway or transit) based on the proportion of proceeds used by projects within each subfund. For the Transit Subfund, debt service requirements must additionally be allocated between Transit Capital 35%, Metrolink 3% and Metro Rail 2% as appropriate. This policy will further require that within each subfund debt service requirements (excluding principal) will be tracked by project line item so that any Measure R savings generated by escalated projects can be used to reimburse the contingency funds and any debt service requirements (excluding principal) that are attributable to project acceleration will be allocated as Measure R project expenditures, not as Measure R contingency expenditures.

LACMTA staff shall keep records of the capital expenditures by project as debt proceeds are expended. Debt service requirements (excluding principal) related to any unexpended proceeds shall be allocated proportionally among the four capital programs: Transit Capital 35%, Metrolink 3%, Metro Rail 2% and Highway 20%. Once all proceeds have been expended for a particular debt obligation, a proportion shall be established for that obligation that shows the percentage of the proceeds that were

used for transit vs. highway and additionally the percentage of the proceeds that were used for each Measure R capital project. The transit vs. highway proportion will be used to determine how the debt service requirements (excluding principal) will be allocated between the Capital Project Contingency (Transit) and Capital Project Contingency (Highway) funds. Each year, the transit vs. highway proportion will be applied to the annual debt service requirements (excluding principal) to determine how much will be paid from each contingency fund. Additionally, Measure R transit and highway projects that are accelerated relative to their Long Range Transportation Plan schedule must include that portion of debt service (excluding principal) that was necessary to support cash flow needs in advance of the LRTP-planned cash flow needs. Specifically, for project accelerations that overlap with the Long Range Transportation Plan on a cash flow basis, only that portion of the debt service (excluding principal) that is attributable to the need for excess funds relative to the LRTP financial model from April of 2010 need be allocated to the Measure R project line as opposed to the contingency line.

Estimates of these amounts will be included in LACMTA's annual budget and in the Long Range Transportation Plan financial model. Records will be kept of the debt service requirements (excluding principal) paid each year by subfund and project using these proportions. Prior to the use of all of the debt proceeds and calculation of the final proportion, LACMTA staff shall make an estimate of the transit vs. highway proportion to pay debt service requirements (excluding principal) when due. Once all proceeds have been expended and the final transit vs. highway proportion has been established, LACMTA staff will recommend reconciling transfers between the contingency funds and four capital programs, if necessary, to ensure that the appropriate contingency funds and/ or project line items were used to pay debt service requirements (excluding principal).

Escalated Measure R Projects

Records kept by LACMTA staff will specifically track bond proceeds used for Measure R capital projects. Once these capital projects are complete and their life of project budgets are closed, a calculation shall be made of any Measure R savings from the project. When Measure R savings exist, these savings shall be used to repay the contingency funds for debt service requirements (excluding principal) before allocating the savings to a substitute project in the same sub-region per the Measure R ordinance.

This will reduce the impact of Measure R projects on the Contingency funds as much as possible without reducing the amount of Measure R funding necessary to deliver the projects. LACMTA staff will apply the percentage of the proceeds that were used for the project to the total debt service requirements (excluding principal) for any debt obligation that provided funding to the project. The amount to be repaid will be the full amount of debt service requirements (excluding principal) allocated to the project to the extent that Measure R savings are available. If Measure R savings exceed the debt service requirements (excluding principal) allocated to the project, the excess savings

shall be allocated to a substitute project in the same sub-region as described in the Measure R ordinance.

All other debt service requirements (excluding principal) shall be assigned to the Contingency amounts.

The question of sales tax forecast revisions and how they might impact the contingency amounts is addressed in the following paragraphs.

Measure R Sales Tax Forecast Revisions

Since the Measure R sales tax projections were generated in 2008, there has been a worldwide economic downturn that has caused a significant decline in sales tax revenues and future growth. In April 2010, the LRTP financial forecast was updated to include this decline in sales tax revenue. In total, the Measure R forecast of \$40 billion was reduced by 10% to approximately \$36 billion.

The Measure R Ordinance does not address a process for revising the estimates in the Measure R Expenditure Plan (Attachment A). Per section 8(i)(3), any proposed amendments to the expenditure plan are required to be reviewed by the Proposition R Independent Taxpayers Oversight Committee of Metro (the "Committee") and per section 11(a) would require approval by a vote of not less than two-thirds (2/3) of the LACMTA Board. In addition, section 11(b) indicates that LACMTA cannot amend Attachment A to reduce the Net Revenues allocated to the sum of the Transit Capital Subfund and the Highway Capital Subfund. This policy does not make any changes to the Expenditure Plan.

Measure R Guarantee

The 2010 financial update to the LRTP assumed that all Measure R capital projects will receive at least their current 2008 dollar amount as identified in the "New Sales Tax – Total" column for each project listed in Attachment A and as described in the Ordinance. The 2010 financial update provides that escalation rates for projects in the second and third decade are made whole with funds other than the Measure R contingency funds.

Cap Measure R Debt Service (Excluding Principal) to LRTP Levels

Measure R debt service (excluding principal) to be repaid from the contingency funds may not exceed the levels forecasted to be necessary in the Long Range Transportation Plan. The Long Range Transportation Plan itself was adopted using an overly optimistic sales tax forecast prior to our understanding of the impact of the worldwide economic recession. For this reason, the Measure R debt service policy cap will be measured against the LRTP financial model published in April 2009.

**Proposed One-Half Cent Sales Tax for Transportation: Expenditure Plan
30 Years, Fiscal Year (FY) 2010 - 2039**

EXHIBIT A

As Adopted by the Los Angeles County Metropolitan Transportation Authority Board of Directors July 24, 2008
(\$ in millions)

for reference only - not priority order	Subfund	Potential Project in Alphabetical Order by Category (project definition depends on final environmental process)	Cost Estimate	New Sales Tax (Assembly Bill 2321)			Other Funds			Funds Available Beginning	Expected Completion
				Minimum	Additional	Total	Federal Funding	State Funding	Local Funding (Rail is 3% except as noted)		
1		Transit Projects: New Rail and/or Bus Rapid Transit Capital Projects. Could include rail improvements or exclusive bus rapid transit improvements in designated corridors.									
2			Escalated \$								
3		Eastside Light Rail Access (Gold Line)	\$ 30	\$ 30	\$ -	\$ 30	\$ -	\$ -	\$ -	FY 2010	FY 2013
4		Exposition Boulevard Light Rail Transit	\$ 1,632 ^a	\$ 925	\$ -	\$ 925	\$ -	\$ 353	\$ 354	FY 2010-12	FY 2013-15
5		Metro and Municipal Regional Clean Fuel Bus Capital Facilities and Rolling Stock (Metro's share to be used for clean fuel buses)	\$ 150	\$ 150	\$ -	\$ 150	\$ -	\$ -	\$ -	FY 2010	FY 2039
6		Regional Connector (links local rail lines)	\$ 1,320	\$ 160	\$ -	\$ 160	\$ 708	\$ 186	\$ 266 ^b	FY 2014-16	FY 2023-25
7			Current 2008 \$								
8	Transit Capital Projects	Crenshaw Transit Corridor - project acceleration	\$ 1,470	\$ 235.5	\$ 971.5	\$ 1,207	To be determined		\$ 263 ^c	FY 2010-12	FY 2016-18
9		Gold Line Eastside Extension	\$ 1,310	\$ -	\$ 1,271	\$ 1,271		\$ 39	FY 2022-24	FY 2033-35	
10		Gold Line Foothill Light Rail Transit Extension	\$ 758	\$ 735	\$ -	\$ 735		\$ 23	FY 2010-12	FY 2015-17	
11		Green Line Extension to Los Angeles International Airport	\$ 200	\$ -	\$ 200	\$ 200		TBD ^d	FY 2010-12	FY 2015-28 ^d	
12		Green Line Extension: Redondo Beach Station to South Bay Corridor	\$ 280	\$ -	\$ 272	\$ 272		\$ 8	FY 2028-30	FY 2033-35	
13		San Fernando Valley I-405 Corridor Connection (match to total project cost)	TBD	\$ -	\$ 1,000	\$ 1,000		\$ 31	FY 2030-32	FY 2038-39	
14		San Fernando Valley North-South Rapidways (Canoga Corridor) - project acceleration	\$ 188	\$ 32 ^e	\$ 150	\$ 182		\$ 6	FY 2010-12	FY 2014-16	
15		San Fernando Valley East North-South Rapidways - project acceleration	\$ 70	\$ 68.5 ^e	\$ -	\$ 68.5		\$ 2	FY 2013-15	FY 2016-18	
16		West Santa Ana Branch Corridor (match to total project cost)	TBD	\$ -	\$ 240	\$ 240		\$ 7	FY 2015-17*	FY 2025-27*	
17		Westside Subway Extension - to be opened in segments	\$ 4,200 ^f	\$ 900	\$ 3,174	\$ 4,074		\$ 126	FY 2013-15	FY 2034-36	
18		Capital Project Contingency (Transit)-Escalation Allowance for lines 8-17 to be based on year of construction	\$ 7,331	\$ 173	\$ 3,103	\$ 3,276	\$ 2,200	\$ 1,015	\$ 840 ^g	FY 2010	FY 2039
19		Total New Rail and/or Bus Rapid Transit Capital Projects	\$ 18,939 ^h	\$ 3,408.5	\$ 10,381.5	\$ 13,790	\$ 2,908	\$ 1,554	\$ 1,965	FY 2010	FY 2039

**Proposed One-Half Cent Sales Tax for Transportation: Expenditure Plan
30 Years, Fiscal Year (FY) 2010 - 2039**

EXHIBIT A

As Adopted by the Los Angeles County Metropolitan Transportation Authority Board of Directors July 24, 2008

(\$ in millions)

for reference only - not priority order	Subfund	Potential Project in Alphabetical Order by Category (project definition depends on final environmental process)	Cost Estimate	New Sales Tax (Assembly Bill 2321)			Other Funds			Funds Available Beginning	Expected Completion
				Minimum	Additional	Total	Federal Funding	State Funding	Local Funding (Rail is 3% except as noted)		
20		Highway Projects: Capital Projects - Carpool Lanes, Highways, Goods Movement, Grade Separations, and Soundwalls									
21			Escalated \$								
22		Alameda Corridor East Grade Separations Phase II	\$ 1,123	\$ 200	\$ 200	\$ 400	\$ 200	\$ 336	\$ 187 ⁱ	As funds become available	
23		BNSF Grade Separations in Gateway Cities	\$ 35	\$ -	\$ 35	\$ 35	\$ -	\$ -	\$ -	As funds become available	
24		Countywide Soundwall Construction (Metro regional list and Monterey Park/SR-60)	\$ 250	\$ 250	\$ -	\$ 250	\$ -	\$ -	\$ -	FY 2010	FY 2039
25		High Desert Corridor (environmental)	\$ 33	\$ -	\$ 33	\$ 33	\$ -	\$ -	\$ -	As funds become available	
26		Interstate 5 / St. Route 14 Capacity Enhancement	\$ 161	\$ 90.8	\$ -	\$ 90.8	\$ 15	\$ 41	\$ 14 ^j	FY 2010	FY 2013-15
27		Interstate 5 Capacity Enhancement from I-605 to Orange County Line	\$ 1,240	\$ 264.8	\$ -	\$ 264.8	\$ 78	\$ 834	\$ 63 ^j	FY 2010	FY 2016-17
28		I-5 Capacity Enhancement from SR-134 to SR-170	\$ 610	\$ 271.5	\$ -	\$ 271.5	\$ 50	\$ 264	\$ 24 ^j	FY 2010	FY 2013
29		I-5 Carmenita Road Interchange Improvement	\$ 389	\$ 138	\$ -	\$ 138	\$ 97	\$ 154	\$ - ^j	FY 2010	FY 2015
30			Current 2008 \$								
31	Highway Capital Projects	Highway Operational Improvements in Arroyo Verdugo subregion	\$ 170	\$ -	\$ 170	\$ 170	To be determined			As funds become available	
32		Highway Operational Improvements in Las Virgenes/Malibu subregion	\$ 175	\$ -	\$ 175	\$ 175					
33		Interstate 405, I-110, I-105, and SR-91 Ramp and Interchange Improvements (South Bay)	\$ 906	\$ -	\$ 906	\$ 906					
34		Interstate 5 North Capacity Enhancements from SR- 14 to Kern County Line (Truck Lanes)	\$ 2,800	\$ -	\$ 410	\$ 410					
35		Interstate 605 Corridor "Hot Spot" Interchanges	\$ 2,410	\$ -	\$ 590	\$ 590					
36		Interstate 710 North Gap Closure (tunnel)	\$ 3,730	\$ -	\$ 780	\$ 780					
37		Interstate 710 South and/or Early Action Projects	\$ 5,460	\$ -	\$ 590	\$ 590					
38		State Route 138 Capacity Enhancements	\$ 270	\$ -	\$ 200	\$ 200					
39		Capital Project Contingency (Highway)-Escalation Allowance for lines 31-38 to be based on year of construction	\$ 2,575	\$ -	\$ 2,575.9	\$ 2,576					
40			Total Capital Projects Highway: Carpool Lanes, Highways, Goods Movements, Grade Separations, and Soundwalls	\$ 22,337	\$ 1,215.1	\$ 6,664.9					

**Proposed One-Half Cent Sales Tax for Transportation: Expenditure Plan
30 Years, Fiscal Year (FY) 2010 - 2039**

EXHIBIT A

As Adopted by the Los Angeles County Metropolitan Transportation Authority Board of Directors July 24, 2008
(\$ in millions)

for reference only - not priority order	Subfund	Operating and Capital Programs	Percent of New Sales Tax Net Revenues	New Sales Tax (Assembly Bill 2321)			Other Funds			Funds Available Beginning	Expected Completion
				Minimum	Additional	Total Escalated	Federal Funding	State Funding	Local Funding (Rail is 3% except as noted)		
41	Ops	Bus Operations (Countywide Bus Service Operations, Maintenance, and Expansion. Suspend a scheduled July 1, 2009 Metro fare increase for one year and freeze all Metro Student, Senior, Disabled, and Medicare fares through June 30, 2013 by instead using Met	20%	\$ -	\$ 7,880	\$ 7,880 ^k	Not Applicable		FY 2010	FY 2039	
42	Ops	Rail Operations (New Transit Project Operations and Maintenance)	5%	\$ -	\$ 1,970	\$ 1,970 ^k			FY 2010	FY 2039	
43	Local Return	Major street resurfacing, rehabilitation and reconstruction; pothole repair; left turn signals; bikeways; pedestrian improvements; streetscapes; signal synchronization; and transit.	15% ^l	\$ 250	\$ 5,660	\$ 5,910 ^k			FY 2010	FY 2039	
44	Tran. Cap.	Metro Rail Capital Projects - System Improvements, Rail Yards, and Rail Cars	2%	\$ -	\$ 788	\$ 788 ^k			FY 2010	FY 2039	
45	Tran. Cap.	Metrolink Capital Improvement Projects within Los Angeles County (Operations, Maintenance, and Expansion)	3%	\$ 70	\$ 1,112	\$ 1,182 ^k			FY 2010	FY 2039	
46		Subtotal Transit and Highway Capital Projects	\$ 41,276^m	\$ 4,623.6	\$ 17,046	\$ 21,670	\$ 2,908	\$ 1,554	\$ 2,253	FY 2010	FY 2039
47		Subtotal page 4		\$ 320.0	\$ 17,410	\$ 17,730					
48		1.5% for Administration	N/A	\$ 10	\$ 590	\$ 600				FY 2010	FY 2039
49		Total		\$ 4,953.6	\$ 35,046	\$ 40,000	\$ 2,908	\$ 1,554	\$ 2,253	FY 2010	FY 2039

Notes:

- The Exposition Blvd Light Rail Transit project includes the following funds: Prop 1B Transit Modernization funds (\$250 M), State Transportation Improvement Program funds (\$103 M), Metro Propositions A and C funds (\$354 M).
- Systemwide ridership forecasts indicate need for a Regional Connector downtown. This expenditure plan assumes that Metro Long Range Transportation Plan funds freed-up from the Exposition Phase II project by passage of this sales tax will be redirected to the Regional Connector project by the Metro Board.
- Local funding for the Crenshaw Transit Corridor assumes a 3% local contribution (\$44 M) and a Metro Long Range Transportation Plan contribution (\$219 M).
- Local funding target and project schedule to be determined due to potential LAX contribution. First segment is included in the Crenshaw project.
- The San Fernando Valley North-South Rapidways minimum of \$100 M is divided between the East and Canoga segments.
- Unescalated cost estimate to Westwood.
- Assumes a 3% local contribution to the Escalation Allowance (\$225 M) and a Metro Long Range Transportation Plan contribution for project scheduling risk (\$615 M).
- Total new rail and/or bus rapid transit capital projects cost estimate subject to change when cost estimates are developed for the San Fernando Valley I-405 Corridor Connection (line 13) and the West Santa Ana Branch Corridor (line 16).
- The precise amounts of Federal and local funding for the Alameda Corridor East Grade Separations Phase II project are subject to change.
- For projects funded from other sources on or before December 31, 2008, the funds freed-up by passage of this sales tax shall remain in the subregion in which the project is located for projects or programs of regional significance (per AB 2321).
- Amounts are estimates. Actual amounts will be based on percentage of actual sales tax receipts net of administration.
- Local Return to the incorporated cities within Los Angeles County and to Los Angeles County for the unincorporated area of the County on a per capita basis per annual California Department of Finance population data.
- The total project cost estimate for the transit and highway capital projects of \$41.2 B includes \$12.9 B in as yet unidentified federal, state, local, and public-private partnership funds for highway projects.

Legend: Ops = Operations; Tran. Cap. = Transit Capital; SR = State Route; I = Interstate

* The West Santa Ana Branch matching funds would be accelerated by utilizing Long Range Transportation Plan resources freed-up by the use of new sales tax funds on the Interstate 5 Capacity Enhancement from I-605 to Orange County Line project (line 27).