



MTA BOARD OF DIRECTORS MEETING
DECEMBER 4, 2003

Los Angeles County
Metropolitan
Transportation
Authority

**SUBJECT: FINANCING PROPOSAL FOR DEFERRED
LOS ANGELES COUNTY STATE TRANSPORTATION
IMPROVEMENT PROGRAM PROJECTS**

ACTION: RECEIVE AND FILE

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RECOMMENDATION

Receive and file report on financing proposal for deferred Los Angeles County State Transportation Improvement Program Projects and take such related action as the Board deems appropriate.

ISSUE

The MTA Board of Directors has requested that we update them on the previously approved proposal to finance 17 deferred Los Angeles County State Transportation Improvement Program (STIP) projects with Grant Anticipation Revenue Vehicle (GARVEE) bonds and an AB 3090 process through the State of California. Projects to be funded with GARVEE bond financing are as shown in Attachment A, and projects to be funded with Proposition C revenue advances and the State's AB 3090 process are as shown in Attachment B.

Recently drafted guidelines from the California Transportation Commission (CTC) have caused us to make some adjustments to the GARVEE financing portion of the proposal so as to garner more favorable acceptance from the CTC. The previously approved AB 3090/Proposition C funding advance portion of the proposal remains unchanged from the original action brought to the MTA Board of Directors and are now included on the consent calendar for approval at the CTC's December 11, 2003 meeting.

POLICY IMPLICATIONS

As shown in Attachment A, the first five projects would go forward for GARVEE bond financing; the next four projects would be deferred to the 2004 STIP process; and the last eight projects would be funded with federal funds that would be freed up from increasing the size of the GARVEE bond-funded portion of the

The adjustments to the Los Angeles County GARVEE proposal will mean that four projects that Caltrans (not the MTA) programmed in the STIP through the Interregional Transportation Improvement Program (ITIP) process will no longer be included in the GARVEE bond finance package. These four projects include Route 5 Western Avenue Interchange in Glendale; Route 134 Hollywood Way Interchange in Burbank; Route 134 Grade Separations on San Fernando Road; and Route 105 North Bound Sepulveda Boulevard off-ramp widening.

Without GARVEE bond funding, the four ITIP projects will be deferred for up to four years through the 2004 STIP process. As Caltrans and the CTC made the original discretionary decision to fund these projects, we believed that it was up to the State to decide whether GARVEE financing was appropriate. Faced with this argument, Caltrans has decided against moving forward with these four projects at this time.

BACKGROUND

On October 20, 2003 the MTA Board of Directors approved a two-tiered priority list of deferred Los Angeles County STIP projects for the CTC to consider for GARVEE bond financing. On October 30, 2003, the CTC held three hearings: the first addressed a statewide GARVEE bond policy to guide the CTC in allocating GARVEE bond financing; the second addressed the specific Los Angeles County GARVEE bond proposal; and the third addressed the Los Angeles County Proposition C advance funding proposal. After the first two CTC hearings, it was clear that the Los Angeles County GARVEE bond proposal would need to change in two respects, as follows:

- The minimum size of the projects proposed for bond financing would have to be increased; and,
- The overall size of the bond-financing proposal would have to be reduced.

The third hearing simply placed the AB 3090/Proposition C advance funding proposal on the consent calendar of the next CTC meeting.

FINANCIAL IMPACT

To accomplish GARVEE financing proposal changes, we have removed \$15.4 million in non-bond funds from the Route 5 Carpool Lane project from Route 118 to Route 14, and we have redistributed those funds to partially cover eight other projects, as follows:

Sponsor	Project Description	RIP (\$000s)
Los Angeles	Ccintinela Avenue Widen	\$ 2,607
Vernon	Atlantic/Bandini Intersection Improvements	\$ 2,437
Caltrans	Route 1 Hughes Terrace—Fiji Way, Widen	\$ 6,691
Caltrans	Route 1 Hughes Terrace—Sepulveda, Widen	\$ 3,078
Caltrans	Route 10 Carpool Lane, fiber-optic relocation	\$ 175
Caltrans	Route 138 Longview Rd-146 th St E Widening	\$ 5,755
Caltrans	Route 210 Carpool Lane Mitigation	\$ 1,720
Caltrans	Route 210 San Dimas Canyon-Towne Ave Landscape	\$ 1,500
	Total	\$23,963

Because the \$15.4 million is not enough to cover the entire \$24.0 million needed for the eight projects above, we have identified \$8.5 million in Regional Surface Transportation Program (RSTP) funds that also can be provided. The additional RSTP funds can come from reprogramming Call for Projects funding from projects that are not now ready-to-go.

Eliminating the four ITIP projects described previously in this report and reprogramming funding from the Route 5 Carpool Lane project as described above results in the number of bond financed projects being reduced from 17 to 5, as well as the size of the bond proposal being reduced from \$188.2 million to \$119.9 million. These changes will make the proposal much more attractive to the CTC, and they also will fund immediately 13 of the 17 projects for which we set out to find financing.

Again, the Proposition C funding advances in Attachment B needed for AB 3090 authorization have not changed. The CTC has placed this part of the MTA proposal on the consent calendar for its December 11, 2003 meeting.

NEXT STEPS

The CTC will adopt a policy for GARVEE bond proposals at its next meeting on December 11, 2003. The latest draft of the policy, as shown in Attachment C, is much more favorable to Los Angeles County than earlier drafts. When the new policy draft is coupled with the changes to our GARVEE proposal described herein, the prospects for CTC approval of the proposal are greatly improved. Only the Route 90 Access Improvements project shown in Attachment A is now at risk under the new CTC draft policy. A detailed map of the Route 90 project is shown in Attachment D. We are working with the CTC members in an attempt to retain the GARVEE financing approach for the Route 90 project, and we will return to the MTA Board of Directors with an alternate plan in February 2003 if we are unsuccessful.

With the CTC expected to approve the AB 3090/Proposition C funding advance part of the proposal on December 11, 2003, as part of its consent calendar, it is imperative that all Los Angeles County project sponsors be mindful of the fact that they will have one year to award construction contracts. If contracts are not awarded within one year, the county share repayment would lapse until the next county share period -- a four-year funding delay.

On November 26, 2003 the Governor announced to a Special Session of the State Legislature further budget reductions and transfers of transportation funds of approximately \$530 million in fiscal year and \$403 million in FY 2005 from the Caltrans budget. If these actions are indicative of a trend, then severe revenue reductions to the State Transportation Improvement Program (STIP) will occur. Reductions in the STIP would most likely delay the MTA GARVEE bond proposal for at least one year. MTA staff will update the Board on recent developments at the December meeting as more information emerges from the Special Session of the State Legislature and the Office of the Governor.

ATTACHMENT(S)

Attachment A – Los Angeles County Summary of STIP Projects Programmed for Allocation in FY 03-04 (GARVEE Bond)

Attachment B – Los Angeles County Summary of STIP Projects Programmed for Allocation in FY 03-04 (AB 3090)

Attachment C – Draft Policy on GARVEE Bonding

Attachment D – Route 90 Access Improvements Map

Prepared by: David Yale, Director of Regional Programming
Programming & Policy Analysis



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Countywide Planning and Development



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**Priority List for GARVEE Bond Eligible
Los Angeles County STIP Projects
(\$000)**

Sponsor	Project Description	Ready to Bid Date	GARVEE/STIP		Other Funds		Total
			IIP	RIP	Local	Federal	
Caltrans	Route 5 Carpool Lanes, From Rt 118-Rt 14	Apr-03	0	23,850	4,770	6,000	34,620
Caltrans	Route 14 Carpool Lanes, Pearblossom Hwy - Ave P-8	Jan-04	0	30,725	5,752	4,357	40,834
Caltrans	Route 90 Playa Vista Access	Jan-04	0	11,418	2,200	4,909	18,527
Caltrans	Route 405 Auxiliary Lane from Rt 10-Waterford	Jan-04	6,828	21,624	4,748	11,923	45,123
Caltrans	Route 405/101 Connector, Gap Closure	Aug-03	8,640	16,771	8,200	4,000	37,611
	Sub - Total For GARVEE		15,468	104,388	25,670	31,189	176,715
Caltrans	Route 5 Western Avenue Interch, Glendale	Jun-04	4,300	0	0	314	4,614
Caltrans	Route 105 NB Sepulveda Bl off-ramp widening	Jan-04	9,480	0	2,225	2,756	14,461
Caltrans	Route 134 Hollywood Way Interchanges, Burbank	Jun-04	3,500	0	0	160	3,660
Glendale	Route 134 Grade Separation on San Fernando Road	Oct-03	16,375	0	0	17,825	29,000
	Sub - Total for IIP		33,655	0	2,223	15,900	51,778
Caltrans	Route 1 Hughes Terrace-Fiji Way, widening	Jan-04	0	6,691	768	1,169	8,628
Caltrans	Route 1 Hughes Terrace-Sepulveda, widening	Jan-04	0	3,078	353	1,319	4,750
Caltrans	Route 10 Carpool lane, fibre-optic relocation	Aug-03	0	175	20	0	195
Caltrans	Route 138 Longview Rd-146th St E widening	Dec-03	0	5,755	660	3,188	9,603
Caltrans	Route 210 Carpool Lane Mitigation	Oct-03	0	1,720	197	0	1,917
Caltrans	Route 210 San Dimas Canyon-Towne Avenue Landscape	Oct-03	0	1,500	172	0	1,672
Los Angeles	Centinela Avenue Widen	Oct-03	0	2,607	1,379	0	3,986
Vernon	Atlantic/Bandini Intersection Improvements	Jan-03	0	2,437	3,703	4,579	10,719
	Sub - Total for RSTP		0	23,963	7,252	10,255	41,470
	GRAND TOTAL		49,123	128,351	35,145	57,344	269,963
	GARVEE BOND %*		27.7%	72.3%			
	GARVEE BOND TOTAL		119,856				

STIP = State Transportation Improvement Program

IIP = Interregional Improvement Program (Caltrans)

RIP = Regional Improvement Program (MTA)

Local = Proposition C 25% Funds or City Funds

*GARVEE Bond Debt service is split between the MTA and Caltrans based upon the RIP/IIP %, respectively.

Green Projects: New Propose Projects to proceed to GARVEE Bond financing

Red Projects: IIP Project, status to be determined by Caltrans

Blue Projects: RIP Project to be funded with RSTP

**PROPOSED AB 3090 LOS ANGELES COUNTY STATE TRANSPORTATION IMPROVEMENT PROGRAM PROJECTS
PROGRAMMED FOR ALLOCATION IN FY 03 - 04 (1)**

(000)

Con Yr	Prog Agency	Rte	PPNO	Project	Ready to Bid Date	Total	Program Year		Component	
							Prior	FY 04	R/W	Const
03	RIP Agoura Hills	loc	2875	Central traffic signal system	Jan-04	724	724	0	0	724
04	RIP Caltrans	101	567P	LA St-Center St, SB improvements (02 STIP)	Dec-03	21,399	9,048	12,351	0	21,399
03	RIP Downey	loc	2870	Lakewood Bl signal interconnect (ext 6-01)	Sep-03	1,147	1,147	0	0	1,147
02	RIP LA County	loc	2381	Gateway Cities intersecs (98S-75)(ext 6-02)	Jan-04	825	825	0	0	825
04	RIP Los Angeles	loc	3096	Commercial St, Alameda-Center, widen	Dec-03	1,200	0	1,200	0	1,200
02	RIP Los Angeles	loc	2861	LA St realignment at Alameda St (ext 6-01)	Sep-03	1,369	1,369	0	0	1,369
04	RIP Redondo Beach	loc	3126	PCH/Catalina Av intersection improvements (02S-11)	Dec-03	1,047	0	1,047	0	1,047
02	RIP Santa Clarita	rail	2901	Newhall Metrolink, expand parking (ext 6-02)	Sep-03	100	100	0	0	100
02	RIP Santa Clarita	loc	2379	Rehab, Replace and Widening RR bridges (ext 5-02)	May-04	1,999	1,999	0	0	1,999
04	RIP SCRRA (2)	rail	3201	Rolling stock mtnce facility, San Bernardino (02S-11)	Feb-04	3,976	0	3,976	0	3,976
04	RIP SGVCOG	gsep	2318	Alameda Corr East grade seps (SO)(TCR #54.1)	Oct-03	11,074	1,766	9,308	1,766	9,308
02	RIP South Gate	loc	2362	Firestone Bl improvements (ext 5-02)	Jan-04	664	664	0	0	664
TOTAL						45,524	17,642	27,882	1,766	43,758
(1)	Including prior year projects not yet Allocated									
(2)	MTA will advance \$3.976 million and SCRRA will advance \$3.128 million from their own resources.									

Draft Policy on GARVEE Bonding

- Project Selection. The California Transportation Commission will select projects for accelerated construction through the use of Grant Anticipation (GARVEE) bonding. The selection will be made through the programming process for the State Transportation Improvement Program (STIP) and the State Highway Operation and Protection Program (SHOPP). The Commission will select projects that are major improvements to corridors and gateways for interregional travel and goods movement. Major improvements may include projects that increase capacity, reduce travel times, or provide long-life rehabilitation of key bridges or roadways.
- Debt limit. The Commission will limit annual GARVEE debt service to 15 percent of qualifying Federal revenues. This limit will be calculated on the basis described in Section 14553.4 of the Government Code (i.e., 15 percent of the total amount of Federal transportation funds deposited in the State Highway Account for any consecutive 12 month period within the preceding 24 months).

Excerpt from: 2004 Draft STIP Guidelines Policies and Procedures Specific to the 2004 STIP

- Selection of projects for GARVEE bonding. The Commission may select STIP projects proposed in either an RTIP or the ITIP for accelerated construction through GARVEE bonding. With the agreement of the agency that proposed the project, the Commission may designate a project for GARVEE bonding even if the original RTIP or ITIP did not specifically propose GARVEE bonding. The Commission may also select projects programmed in the SHOPP for accelerated construction through GARVEE bonding.
 - o Project criteria for GARVEE bonding. The Commission will select projects for GARVEE bonding that are major improvements to corridors and gateways for interregional travel and goods movement, especially projects that are too large to be programmed within current county and interregional shares or the SHOPP on a pay-as-you-go basis. The Commission's expectation is that, generally, these will be projects that require bond proceeds exceeding \$25 million. Major improvements may include projects that increase capacity, reduce travel time, or provide long-life rehabilitation of key bridges or roadways.
 - o Nomination of projects for GARVEE bonding. In its RTIP, a regional agency may propose a project for GARVEE bonding or may provide alternative funding proposals, depending on whether a particular project is selected for bonding. In any case, a decision of the Commission not to program a project for GARVEE bonding does not constitute a rejection of the RTIP. In the ITIP, the Department may propose projects for GARVEE bonding or provide alternative funding proposals.

ATTACHMENT C

- o Expectations for 2004 STIP. The Commission will approve its first bond sale in January 2004. The Commission anticipates that it will authorize additional bond sales whenever it has allocated a sufficiently large amount of bond proceeds to warrant a sale, probably no more frequently than once each year. Each bond will be structured for debt service payments over a term of no more than 12 years. For the 2004 STIP and SHOPP, the Commission intends to consider GARVEE bonding up to an annual debt service limit of 10 percent of Federal revenues (2/3 of its long-term policy limit). This would include projects scheduled for delivery at any time during the five-year STIP period (through FY 2008-09).
- o Non-Federal share. GARVEE bonds cover only the Federally-funded portion of a project's cost (generally 88½ percent). GARVEE bonding in California is structured so that the State's future Federal transportation apportionments cover all debt service payments. This requires that the entire non-Federal portion of project cost be provided up front on a pay-as-you-go basis. Because of the State's recent cash flow shortage, the availability of local non-STIP funds to cover the non-Federal match has been a critical element in approving projects for inclusion in the January 2004 bond sale. However, the ability of a local agency to contribute non-STIP funding will not be a major criterion in the future selection of projects for GARVEE bonding. The non-Federal portion of project costs will be programmed within current STIP and SHOPP capacity.

