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EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE
MARCH 15, 2007

PLANNING AND PROGRAMMING COMMITTEE
MARCH 14, 2007

**SUBJECT: 2006 LOS ANGELES COUNTY TRANSPORTATION
IMPROVEMENT PROGRAM AUGMENTATION**

ACTION: AUTHORIZE PROGRAMMING AND RELATED ACTIONS

RECOMMENDATION

- A. Authorize programming of \$25.0 million from 2006 State Transportation Improvement Program Augmentation funds to address a cost increase to the Interstate (I)-10 Carpool Lane from I-605 to Puente Avenue phase (see Attachment A, Part 1);
- B. Authorize programming of up to \$452.4 million in 2006 State Transportation Improvement Program Augmentation funds for Los Angeles County transportation capital improvements as shown in Attachment A of this report;
- C. Authorize programming of \$284.5 million from future available sources for the Interstate 10 Carpool Lane from Puente Avenue to Route 57 project (see Attachment B), which would complement \$80.5 million in programming for the project included in part B of this recommendation and allow for a total programming amount of \$365.0 million for the project; and
- D. Authorize the Chief Executive Officer or his designee to negotiate and execute funding contracts or agreements as needed with Los Angeles County jurisdictions, agencies or other entities to provide funds programmed as authorized.

ISSUE

With the passage of the \$19.9 billion, Proposition 1B state transportation infrastructure bonds on November 7, 2006, the California Transportation Commission (CTC) has the opportunity to program an additional \$2.0 billion in state funds through a 2006 State Transportation Improvement Program (STIP) Augmentation process. Through the same process, the CTC also has the opportunity to attempt to make available about \$600 million in statewide Public Transportation Account (PTA) funds that were not fully programmed in the original 2006 STIP process. Metro now has its own opportunity to propose programming of

Los Angeles County's share of these state funds to Los Angeles County transportation capital improvements.

POLICY IMPLICATIONS

On December 14, 2006, the CTC acted to accelerate the availability of 2006 STIP Augmentation funds provided through a category of the Proposition 1B state transportation infrastructure bonds. This accelerated 2006 STIP Augmentation process is unique because it is being developed mid-cycle between the existing 2006 and 2008 STIP processes. Due to this mid-cycle augmentation, we have had to accelerate our own programming processes to meet a CTC April 2, 2007 deadline for the 2006 STIP Augmentation.

Under the existing STIP formulas set in law, Regional Transportation Planning Agencies (RTPAs), such as Metro, propose programming for 75% of STIP funds and Caltrans proposes programming for the remaining 25% of STIP funds. The CTC-adopted 2006 STIP Augmentation schedule and fund estimate includes up to \$477.4 million for Los Angeles County. The \$477.4 million total potential target for Los Angeles County consists of the following components:

- \$238.2 million in flexible funds (highway and fixed-guideway eligible);
- \$106.5 million in Public Transportation Account (PTA) funds (transit capital eligible); and
- Up to \$132.8 million in additional transit capital eligible PTA funds.

It is important to note that Los Angeles County must successfully compete for the additional \$132.8 million in transit capital-eligible PTA funds, which is also shown as the last part of the 2006 STIP Augmentation programming proposal in Attachment A, Part 3. The CTC-led statewide competition for advances is only held if another county or counties reserves their funds for a later STIP cycle, or if an insufficient number of transit eligible projects are submitted statewide for the PTA funds. Under CTC rules, the \$132.8 million in advanced funding, if provided, would be considered an interest-free loan of future Los Angeles County shares of STIP funds. In later STIP cycles, any funds advanced would be deducted from the Los Angeles County share.

Furthermore, the Governor's State Budget Proposal for fiscal year (FY) 2008 and beyond jeopardizes about \$600 million in available PTA funds statewide by permanently redirecting them to school bus and debt service uses that the General Fund normally pays. Through the 2006 STIP Augmentation process, the CTC is attempting to make available this \$600 million in PTA funds that were not fully programmed in the original 2006 STIP process.

Negotiations with the State Legislature are ongoing about the ultimate disposition of the PTA funds over time, so it is entirely possible that the CTC's attempt to make all or part of these funds available could be unsuccessful. Therefore, to actually obtain the maximum amount of \$477.4 million described previously as targeted for Los Angeles County, the State Legislature must change the Governor's initial FY 2008 Budget recommendations and appropriate enough statewide PTA funding for the four years remaining in the 2006 STIP. The Legislature's actions would help to support both the \$106.5 million and the \$132.8 million PTA components for Los Angeles County as listed above.

Rationale for 2006 Los Angeles County TIP Augmentation Project Selection

The 2006 Los Angeles County TIP Augmentation project selections are based primarily on prior actions of the Board of Directors, including actions taken related to the Metro 2001 Long Range Transportation Plan (LRTP) and the Metro 2003 Short Range Transportation Plan (SRTP) for Los Angeles County. The projects selected for 2006 Los Angeles County TIP Augmentation are organized in three parts based on funding availability and eligibility. New projects and those projects with special circumstances are highlighted in the following narrative.

Part 1 Projects: \$238.2 million

Attachment A, Part 1 includes recommended programming for cost increases from high priority transportation projects that the Board of Directors previously approved at their December 2006 meeting. Recommended programming includes \$5 million for preliminary engineering and technical studies needed for the Route-710 Tunnel project and \$5 million for planning studies needed for the Interstate-710 South Improvements project. Our recommendation also includes \$5.4 million to be used for our planning, programming and monitoring activities associated with managing and administering STIP funds.

Interstate-10 Carpool Lanes from Route-605 to Puente, Puente to Citrus, and Citrus to Route-57

On February 28, 2007, the CTC adopted the \$4.5 billion Corridor Mobility Improvement Program. With that action, the CTC funded the next highest priority highway projects from the LRTP, except for the Interstate-10 projects. In addition, Caltrans has notified Metro that the Interstate-10 Carpool Lanes from Route-605 to Puente phase has experienced costs increases due to right-of-way and construction materials and that the project needs an additional \$25 million to complete this segment. Therefore, as the next highway priority project, we recommend that the Board program the necessary phases of the Interstate 10 Carpool Lane projects from Route 605 to Route 57 in this STIP process (see Attachment A, Part 1) and commit to programming the remaining funds from future available sources (see Attachment B). With this action, Caltrans will be able to deliver the Interstate 10 phases on the schedules shown in the portion of the Proposition 1B Corridor Mobility program application that the CTC chose not to fund.

US-101 Van Nuys Boulevard Off-Ramps

The recommended programming of \$1.0 million for the US-101 Van-Nuys Boulevard Off-Ramps project would fully fund the previously Board-approved project that was deferred due to insufficient state Interregional Transportation Improvement Program (ITIP) funds from the previous STIP programming cycle. The \$1.0 million contribution from Los Angeles County would help leverage \$9.0 million in ITIP funds and Congressman Sherman's federal earmark to fully fund the project.

Interstate-710 South Improvements Planning Studies

Caltrans has indicated that additional funding is needed for short-term planning and environmental needs for the Interstate-710 South Improvements project. Therefore,

Caltrans will request \$5 million in ITIP funds, contingent upon Los Angeles County matching this funding. We recommend that \$5 million be programmed to provide this match. With this funding, our recommended programming will be significantly leveraged.

Route 710 Tunnel Preliminary Engineering and Technical Studies

At their December 7, 2006 meeting, the Board received the Route 710 Tunnel Technical Feasibility Study. The Board directed us to work closely with Caltrans to promptly initiate the next steps and to support Caltrans' efforts to obtain \$5 million in ITIP funds. Caltrans has indicated that in order to provide adequate funding for the next steps, they will request \$5 million in ITIP funds, contingent upon Los Angeles County matching this funding. We recommend that \$5 million also be programmed to supply this match.

Planning, Programming and Monitoring Activities

Under state law and STIP guidelines, Metro may program up to five percent (5%) of the Los Angeles County STIP share for its planning, programming and monitoring activities associated with managing and administering STIP funds. We are recommending that a total of \$5.4 million be programmed to continue such activities as they may relate to STIP-funded highway and transit projects, which may include but not be limited solely to:

- Project planning, including the development of needed project study reports or major investment studies;
- Program development, including the preparation of the County and Regional TIPs and the programming and studies needed to deliver them; and
- Monitoring the implementation of STIP projects, including ensuring project delivery, timely use of funds, and compliance with state law and CTC guidelines.

Part 2 Projects: \$106.5 million

Attachment A, Part 2 includes recommended programming for transit capital projects that will be able to utilize the transit-restrictive Public Transportation Account (PTA) funds. We are recommending including approximately \$72.1 million for the systemwide light rail vehicle procurement as identified in the LRTP, \$11.4 million for selected Transit Capital category projects from the 2007 Call for Projects process and \$14 million for Metrolink's Sealed Corridor Improvements for the Antelope Valley Line. We also are recommending that \$9.0 million in PTA funding be programmed for our planning, programming and monitoring activities associated with managing and administering STIP funds for transit projects.

Planning, Programming and Monitoring Activities - Transit

Again, under state law and STIP guidelines, Metro may program up to 5% of the Los Angeles County STIP share for its planning, programming and monitoring activities associated with managing and administering STIP funds. We are recommending that a total of \$9.0 million be programmed to continue such activities as they may relate to STIP-

funded transit projects and as described in the Part 1 Projects narrative for Planning, Programming and Monitoring activities. The recommended programming seeks to utilize available PTA funding for transit projects and activities.

Metrolink Antelope Valley Line Sealed Corridor Improvements

The 2001 LRTP included funding for high priority Metrolink capital improvement projects. By Board policy, Metrolink no longer applies for capital improvement funding needs through the Call for Projects process. The Board programs these capital funding needs through separate actions related to an overall LRTP capital funding commitment for Metrolink. The Antelope Valley Line Sealed Corridor Improvements project is part of a set of Tier 1 high priority projects identified in the 2007 Southern California Regional Rail Authority (SCRRA) Strategic Plan. The recommended programming of \$14 million for Sealed Corridor Improvements is needed to improve safety and security for the commuter rail service. The improvements would limit and control vehicle and pedestrian access to the Antelope Valley Line's right-of-way. The project would encompass the area between Union Station and the Sylmar/San Fernando Station, which is one of the most densely developed corridors without grade-separated tracks.

The SCRRA, which operates the Metrolink service on the Antelope Valley Line, has identified \$14 million in matching funds for Sealed Corridor Improvements throughout the San Fernando Valley area. With this funding, our recommended programming will be significantly leveraged.

2007 Countywide Call for Projects

Metro's Technical Advisory Committee (TAC) requested that Metro program some of Proposition 1B state funding to local agency projects. To attempt to accommodate this request, we accelerated the screening process for projects in the Transit Capital category using Metro's Call for Projects performance criteria. We concluded with confidence that the highest performing Transit Capital projects would be ideally suited to utilize \$11.4 million of PTA funds and that those projects should be included in the 2006 STIP Augmentation. The Transit Capital projects not included in this program will be included as part of Metro's overall Call for Projects process.

Part 3: \$132.8 million

Attachment A, Part 3 includes our recommended programming of \$132.8 million in transit capital-eligible PTA funds that Metro could try to secure for Los Angeles County, if the CTC is able to make available additional funding from a higher target for the 2006 STIP Augmentation Fund Estimate. We recommend programming any additional available PTA funds to the design and construction of the Exposition LRT Phase II Project (\$84.0 million), systemwide light rail vehicle procurement (\$46.6 million, and as mentioned under Part 1) and the environmental clearance for the Crenshaw Corridor Transit Project (\$2.2 million). Both the transit corridor projects and the light rail vehicle procurement are high priority transit capital projects from the LRTP.

OPTIONS

The Board of Directors may elect to defer all or part of the recommended programming of up to \$477.4 million in 2006 STIP Augmentation funds or the \$284.5 million for the Interstate 10 Carpool Lane project; however, we do not recommend deferring all or any part of this action. The programming of up to \$477.4 million and the \$284.5 million for the Interstate 10 Carpool Lane project needs to be authorized now as part of the 2006 Los Angeles County TIP Augmentation for the following principal reasons:

- 1) The funds include “one-time-only” infrastructure bond funds that will not be available again;
- 2) Needed Los Angeles County transportation capital improvement projects will be delayed if the funds are not programmed; and
- 3) The CTC April 2, 2007 deadline for the 2006 State TIP Augmentation is fast approaching.

FINANCIAL IMPACT

Approving our recommendation will allow Los Angeles County to keep its 2006 STIP Augmentation Los Angeles County share secure and available for use now on Los Angeles County projects. CTC guidelines permit other counties and regions statewide to program any deferred Los Angeles County share as an advance of their own future shares. Los Angeles County then would have to wait for a future STIP cycle to be repaid. Also, pursuing the additional \$132.8 million, PTA component of the recommended programming could result in an interest-free advance of future Los Angeles County shares of STIP funds. This would be considered “interest-free” because the advance of STIP funds, if approved, would not require a larger deduction from the Los Angeles County share of future STIPs, but just a dollar-for-dollar reduction.

The recommended programming action also benefits all of the larger projects considered that are “transportation control measure (TCM)” projects that are closely tied to federal air quality conformity regulations. Failure to implement these TCM projects in a timely manner could result in a delay in the receipt of federal funds for Los Angeles County.

Moreover, the recommended programming would help to ensure that ready-to-go Los Angeles County projects are moved forward and avoid inflation-related construction cost increases that would further reduce the capital programming capacity for Los Angeles County. Also, the recommended programming takes advantage of available STIP funds instead of alternate local sources, particularly those bonded local resources on which we would have to pay interest costs.

BACKGROUND

State and federal laws require that the U.S. Department of Transportation (USDOT), CTC, the Southern California Association of Governments (SCAG), and Metro to periodically conduct multi-modal transportation planning and programming processes. These processes lead to the adoption of a Federal TIP (USDOT), a State TIP (CTC), a Regional TIP (SCAG),

2006 Los Angeles County Transportation Improvement Program Augmentation

and a Los Angeles County TIP (Metro). Approving our recommendation would help to implement important aspects of Metro's statutory transportation planning and programming responsibilities for Los Angeles County. The recommendation would implement priorities that the Board of Directors established for transportation funds that are now available for programming.

NEXT STEPS

If the Board of Directors approves our recommendation, the 2006 Los Angeles County Transportation Improvement Program (TIP) Augmentation will be implemented according to the following accelerated schedule:

April 2, 2007	Final 2006 LA County TIP Augmentation submittal due to the CTC
April 18, 2007	SCAG Approves Regional TIP Amendment and transmits to Caltrans
April 25, 2007	CTC conducts South County State TIP Hearings in Los Angeles
May 17, 2007	CTC Staff Releases 2006 State TIP Recommendations
May 25, 2007	Caltrans approves Regional TIP and transmits to USDOT
June 7, 2007	CTC adopts the 2006 State TIP
June 2007	USDOT Approves Federal/State TIP Amendment

Throughout this schedule, we will provide the Board with timely updates as to progress made in successfully implementing the approved programming.

ATTACHMENTS

- A. Los Angeles County 2006 STIP Augmentation Proposal
- B. Future Programming Commitment to Implement Construction Phase of Interstate 10 Carpool Lanes

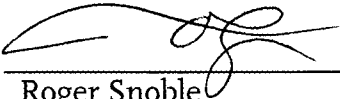
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LOS ANGELES COUNTY 2006 STIP AUGMENTATION PROPOSAL
(\$000)

Agency	Rte	Project	Programming Total	Project Totals by Fiscal Year *		
				FY 08	FY 09	FY 10
Part 1 Projects						
Caltrans	5	Interstate 5 Carpool Lanes, Rt 134-Rt 170	116,260	116,260	-	-
Caltrans	10	Interstate 10 Carpool Lanes, from Route 605 to Puente	25,000	25,000	-	-
Caltrans	10	Interstate 10 Carpool Lanes, from Puente to Citrus ***	47,000	34,500	-	12,500
Caltrans	10	Interstate 10 Carpool Lanes, from Citrus to Route 57***	33,500	24,000	-	9,500
Caltrans	101	Van Nuys Blvd Off Ramps	1,000	-	1,000	-
Caltrans	710	Interstate 710 Early Action Project in Long Beach**	5,000	5,000	-	-
Caltrans	710	Route 710 Tunnel Preliminary Engineering and Technical Studies**	5,000	5,000	-	-
METRO		Planning, Programming, and Monitoring	5,404	4,404	1,000	-
		Subtotal - Part 1	238,164	214,164	1,000	22,000
Part 2 Projects						
METRO	rail	Light Rail Vehicles	72,079	7,557	62,367	2,155
METRO		Planning, Programming, and Monitoring - Transit	9,000	-	3,000	3,000
SCRRA	rail	Sealed Corridor - Antelope Valley Line	14,000	14,000	-	-
2007 Call for Projects Accelerated Scoring						
Baldwin Park		Baldwin Park Metrolink Transit Center	4,187	4,187	-	-
Santa Fe Spring		Norwalk/Santa Fe Spring Transit Center Improvement	1,480	1,480	-	-
Monterey Park		CNG Bus Replacement	780	780	-	-
Glendale		CNG Buses for Glendale Bee Line	1,015	1,015	-	-
City of Los Angeles		DASH Downtown Fleet Capacity Increases	3,920	3,920	-	-
		Sub Total - 2007 Call for Projects Accelerated Scoring	11,382	11,382	0	0
		Subtotal - Part 2	106,461	32,939	65,367	3,000
Part 3 Projects						
METRO	rail	Exposition Light Rail Transit Corridor Ph. II	83,997	8,500	11,900	49,200
METRO	rail	Light Rail Vehicles	46,581	-	-	46,449
METRO	bus/rail	Crenshaw Corridor Transportation Improvement	2,200	-	2,200	-
		Subtotal - Part 3	132,778	8,500	14,100	95,649
TOTAL PROGRAMMING - Parts 1, 2, & 3			477,403	255,603	80,467	101,804
						39,529

* Individual FY total amounts are estimated and are subject to revisions without changing overall programming totals for projects as approved.

** Subject to matching State Interregional Transportation Improvement Program (ITIP) funds for this project.

*** Programmed amount is for Plans, Specifications and Estimates (PS&E); Right-of-Way; Right-of-Way Support; and Construction Support.

ATTACHMENT B

Future Programming Commitment to Implement Construction Phase of Interstate 10 Carpool Lanes
(\$000)

Agency	Rte	Project	Programming Total	Project Totals by Fiscal Year *			
				FY 08	FY 09	FY 10	FY 11
Caltrans	10	Interstate 10 Carpool Lanes, from Puente to Citrus	126,500	-	-	-	126,500
Caltrans	10	Interstate 10 Carpool Lanes, from Citrus to Route 57	158,000	-	-	-	158,000
		Subtotal - Interstate 10 Projects	284,500	0	0	0	284,500

* Individual FY total amounts are estimated and are subject to revisions without changing overall programming totals for projects as approved.