



Metro

Metropolitan Transportation Authority

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**PLANNING AND PROGRAMMING COMMITTEE
NOVEMBER 14, 2007**

**SUBJECT: 2008 LOS ANGELES COUNTY TRANSPORTATION
IMPROVEMENT PROGRAM**

**ACTION: APPROVE PROGRAMMING FOR 2008 LOS ANGELES COUNTY
TRANSPORTATION IMPROVEMENT PROGRAM TO INCLUDE
2008 STATE TRANSPORTATION IMPROVEMENT PROGRAM-FUNDED
PORTION AND PROPOSITION 1B TRANSIT MODERNIZATION
PROGRAM-FUNDED PORTION**

RECOMMENDATION

- A. Approve programming of up to \$591.2 million for the 2008 State Transportation Improvement Program (TIP) portion of the Los Angeles County TIP (see Attachment A) in two tiers, as follows:
1. Tier 1, at \$57.4 million, if the California Transportation Commission (CTC) target through FY 2013 is adopted and funded; and,
 2. Tier 2, at \$533.8 million, if the CTC maximum target through FY 2016 is adopted and funded through the State TIP process before FY 2013;
- B. Approve programming of up to \$940 million of Proposition 1B Public Transportation Modernization Improvement, and Service Enhancement Account (Transit Modernization) bond funds (see Attachment B); and,
- C. Adopt a resolution that the Southern California Association of Governments requires to certify Metro's financial commitment to the 2008 Los Angeles County Transportation Improvement Program (see Attachment C).

ISSUE

Metro must propose a total of \$1.53 billion in state funding promptly for programming to meet state and federal deadlines and avoid project delays. Specifically, the Board of Directors must act by November 30, 2007 to enable us to submit the 2008 Los Angeles County TIP to the California Transportation Commission (CTC) and meet state and federal deadlines.

POLICY IMPLICATIONS

Approving our recommendation will 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. The 2008 State TIP and Transit Modernization funds build on Board actions from the 2001 Long Range Transportation Plan (LRTP) and the 2003 Short Range Transportation Plan (SRTP) for Los Angeles County by incorporating additional funds that the State of California and the CTC have made or may make available.

OPTIONS

The Board of Directors could elect to defer the recommended programming of \$1.53 billion in state transportation funds to a later time. However, we do not recommend deferring this action because the \$1.53 billion needs to be proposed for programming now as part of the 2008 State TIP for four principal reasons:

- 1) If no programming request for Los Angeles County is submitted, substantial state funding could be deferred;
- 2) Ready-to-go projects will be delayed if the funds are not programmed promptly;
- 3) The CTC's deadline for submitting programming requests for the 2008 State TIP is February 19, 2008; and
- 4) Caltrans' draft Proposition 1B Transit Modernization Guidelines call for project-specific information in an approved program of projects by November 30, 2007.

If financing plans that involve the \$1.53 billion in recommended programming are not approved, Los Angeles County ready-to-go projects could be delayed to fiscal year (FY) 2013 and beyond. As of this writing, Caltrans has not completed its Proposition 1B Transit Modernization Guidelines, so we do not know precisely how the Transit Modernization program will be administered. We are participating in the Guidelines development process and will return to the Board, if assumptions made using the draft Guidelines were incorrect.

If the Board chooses to defer programming of the 2008 State TIP Los Angeles County share, CTC guidelines permit other counties and regions statewide to program the Los Angeles County portion now. Conversely, if Los Angeles County requests its full complement of \$591.2 million in funding through FY 2016, the CTC could use funds deferred by other counties to grant our request before the end of the 2008 State TIP in FY 2013. Depending upon the action of the CTC, Los Angeles County would either have to wait until a future State TIP cycle to be repaid for deferred programming or would enjoy the benefits of faster state funding for accelerated programming. Our recommendation seeks to secure state funds as fast as possible by submitting for the full complement of funding through FY 2016. As Los Angeles County successfully sought such an advance in the 2006 State TIP Augmentation earlier this year, the CTC may not make available any significant advance funding for Los Angeles County in the 2008 State TIP cycle.

In addition, most of the projects involved are Transportation Control Measures (TCMs) that are closely tied to federal air quality conformity regulations. Failure to implement these TCM projects in a timely manner could delay our receiving of federal funds. Delaying these ready-to-go projects may also expose Metro and Los Angeles County to construction cost increases that would further reduce our capital programming capacity.

FINANCIAL IMPACT

Approving the \$1.53 billion in recommended programming will help to move projects forward and avoid construction cost increases. This has a positive impact on the agency's ability to accelerate projects. According to the cash flow in Attachment B, local Proposition C sales tax funds could become available for other projects, if all other factors remain as assumed. These sources would be reserved for other projects in future years. It is important to accelerate our programming, so as to reduce debt service cost at a rate of 5.5% for up to \$940 million or save us from losing opportunity costs for funds already in the pooled County investment fund.

BACKGROUND

2008 State TIP Fund Estimate

According to the Draft 2008 State TIP Fund Estimate that CTC staff presented to the regional transportation planning agencies on October 18, 2007, Metro may request programming for up to \$591.2 million in State TIP funds through 2016 for Los Angeles County. As the \$591.2 million cap represents the State TIP funds anticipated to be available for Los Angeles County through FY 2016, we may not actually succeed in securing the funds before FY 2013, the last year of the 2008 State TIP. However, for strategic purposes, we are recommending that the Board of Directors approve programming of up to the \$591.2 million cap to apply to those projects as shown in Attachment A. All projects in Attachment A have been fully confirmed through 2001 LRTP and 2003 SRTP processes for Los Angeles County.

Caltrans presented a draft statewide figure of \$1.16 billion for the 2008 State TIP Fund Estimate using the CTC-adopted assumptions, including the impact of SB 717 (Perata). SB 717 reduced the amount of Public Transportation Account (PTA) funds available to the State TIP by a Caltrans-estimated \$85 million per year (\$425 million through FY 2013). This Metro-supported legislation redirects the funds to the State Transit Assistance (STA) formula instead, thereby increasing the percentage share that Los Angeles County will now receive by as much as 12% over the State TIP formula. These additional funds will be programmed through a later process.

The current STIP formula restricts PTA funds to transit capital uses and favors those counties with rural state highway miles. SB 717 instead distributes the funds through a State Transit Assistance (STA) formula that allows both transit operating and capital uses and favors transit operators, such as Metro.

Proposition 1B Transit Modernization Program

California voters approved Proposition 1B (Prop 1B) in the November 2006 general election. Prop 1B enacts the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 to authorize \$19.925 billion of state general obligation bonds for specified purposes, including state transportation improvement program augmentation and transit improvements.

The \$3.6 billion, Prop 1B Transit Modernization Program will be available statewide, and the State Controller will allocate bond funds using an existing STA formula. These Transit Modernization bond funds are not STA funds. Transit Modernization bond funds will be

available for capital projects such as rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or for rolling stock procurement, rehabilitation or replacement.

As the Legislature must appropriate funds annually, we do not yet know what the precise timing of the funding will be, except that \$600 million was appropriated for FY 2008. The Transit Modernization bond funds will be available, as appropriated by the Legislature, to the State Controller's Office to allocate according to Public Utilities Code formula distributions: 50% allocated using the STA formula in Section 99314 (operator revenue formula) and 50% using the STA formula in Section 99313 (population formula). We have asked County Counsel to review the applicable law and provide legal advice concerning the allocation of the bond funds. County Counsel has confirmed our understanding that the computations to be used to allocate bond funds are based on STA allocations as made by the State Controller. We anticipate that Metro will be allocated approximately \$468 million from the operator revenue formula and \$497 million from the population formula. We have estimated that the State eventually could subtract a combined amount of \$25 million from these figures for their own administrative and financing costs.

Caltrans is developing guidelines and project requirements for this Transit Modernization program. Eligible projects must be capital projects that are ready-to-go, will result in an operable segment or project, and otherwise be fully funded. The proposed deadline for the first of two FY 2008 project nomination cycles is November 30, 2007. We will submit applications for future Transit Modernization Program cycles as appropriate.

Attachment B shows projects for which we intend on submitting applications with Board approval of our recommended Transit Modernization programming. The transit capital projects shown in Attachment B either have been fully confirmed through 2001 LRTP and 2003 SRTP processes for Los Angeles County, or they will be brought to the Board for further consideration through the Metro Budget process. The "Miscellaneous Transit Projects" identified in Attachment B will be those projects that we will be bringing back to the Board for further consideration through the Metro Budget process (e.g., such projects as the Pomona/Atlantic Parking Structure, the 7th/Metro Egress Project, the Ramirez Flyover, Division 21 Improvements, Division 20 Car Wash and Cleaning Platform, and Washington Satellite Rail Yard). The "Reserve for Transit Projects" identified in Attachment B will be used to provide additional funding to cover cost growth experienced by any of the projects listed in Attachment B or any other eligible Board-approved project.

Culver City Aerial Station and Structure

Of particular note is our recommendation to program \$50 million to the Culver City Aerial Station and Structure as part of our recommended Transit Modernization programming of \$218.4 million for Phase I of the Exposition Light Rail Transit (Expo LRT) Project, as shown in Attachment B. Of the \$218.4 million in recommended programming, \$168.4 million would be used to address cost growth and contingency needs of the Phase I project. The \$50 million in recommended programming would be used to accelerate the Culver City Aerial Station and Structure as part of Phase I of the Expo LRT Project. The work planned for this Culver City Station would include the design and construction of a grade separation and aerial station to address significant traffic concerns with an at-grade crossing of Venice/Washington in Culver City. The work would save on construction costs for a temporary at-grade station at Washington/National, which would then have to be removed once an aerial station is constructed.

As originally planned, the Culver City Station would have been designed and constructed during Phase II of the Expo LRT project. However, we are recommending that the Culver City Station be designed and constructed as part of Phase I of the Expo LRT project to take advantage strategically of the availability of Prop 1B funding and the readiness of the work to be undertaken relative to other Los Angeles County projects in the Long Range Transportation Plan. We expect that preliminary engineering could be completed in FY 2008, with a design-build contract awarded in mid-FY 2009 and construction completed in FY 2010.

NEXT STEPS

If the Board of Directors approves our recommendation, the 2008 Los Angeles County STIP and Transit Modernization Program will be implemented according to the following schedule:

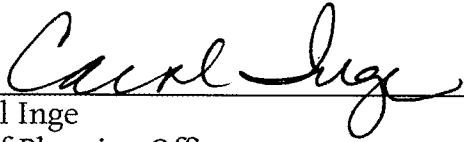
| | |
|-------------------|---|
| November 30, 2007 | Metro and Others Submit TM Project Requests to Caltrans |
| January 1, 2008 | Caltrans Releases Adopted TM List to State Controller |
| January 2008 | State Controller's Office Allocates TM Funds |
| February 19, 2008 | Metro Submits 2008 Los Angeles County TIP to CTC |
| March 12, 2008 | South State TIP Hearings in Los Angeles |
| May 9, 2008 | CTC Releases Staff Recommendations |
| May 29, 2008 | CTC Adopts 2008 State TIP |

In implementing the 2008 Los Angeles County STIP and Transit Modernization Program, we will strategically assign state funds to Board-approved projects. This flexibility will enable us to maximize the amount and timing of funding available for Metro and Los Angeles County.

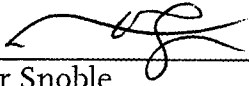
ATTACHMENT(S)

- A. 2008 Los Angeles County State Transportation Improvement Program (STIP)
- B. Transit Modernization Project List
- C. Resolution Certifying That the Los Angeles County Metropolitan Transportation Authority Has Resources to Fund Projects in FFY 2008-09 – 2013-14 Transportation Improvement Program

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LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
2008 Regional Improvement Program
 (\$000)

| Agency | Rte | PPNO | Project | Total | Project Totals by Fiscal Year ** | | | | | Project Totals by Component | | | | | | | | |
|----------|--------------|------|---|----------------|----------------------------------|--------------|----------------|----------------|--------------|-----------------------------|----------------|----------------|----------|----------|----------|----------|----------|----------|
| | | | | | FY 09 | FY 10 | FY 11 | FY 12 | FY 13 | R/W | Const | E & P | PS&E | R/W Sup | Con Sup | | | |
| | | | Tier I | | | | | | | | | | | | | | | |
| Caltrans | 5 | 2008 | Interstate 5 Carpool Lanes, OCL - Rt 605 * | 33,037 | - | - | 33,037 | | | | | | 33,037 | - | - | - | - | - |
| METRO | | 9001 | Planning, Programming, and Monitoring | 24,263 | 3,000 | 3,000 | 3,000 | 7,500 | 7,763 | | | | 24,263 | - | - | - | - | - |
| | | | Subtotal - State Highway Account (SHA) | 57,300 | 3,000 | 3,000 | 36,037 | 7,500 | 7,763 | 0 | 0 | 57,300 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | Tier II | | | | | | | | | | | | | | | |
| Caltrans | 5 | 2008 | Interstate 5 Carpool Lanes, OCL - Rt 605 * | 120,938 | - | - | 120,938 | | | | | | 120,938 | - | - | - | - | - |
| Caltrans | 10 | 309N | Interstate 10 Carpool Lanes, from Puente to Citrus | 108,000 | - | - | 108,000 | | | | | | 108,000 | - | - | - | - | - |
| Caltrans | 10 | 310B | Interstate 10 Carpool Lanes, from Citrus to Route 57 | 105,000 | - | - | 105,000 | | | | | | 105,000 | - | - | - | - | - |
| | | | Subtotal - Tier II State Highway Account (SHA) | 333,938 | 0 | 0 | 333,938 | 0 | 0 | 0 | 0 | 333,938 | 0 | 0 | 0 | 0 | 0 | 0 |
| METRO | bus/ rail | 4027 | Crenshaw Corridor Transportation Improvement | 200,000 | - | - | - | 200,000 | | | | | 200,000 | - | - | - | - | - |
| | | | Subtotal - Tier II Public Transportation Account (PTA) | 200,000 | 0 | 0 | 0 | 200,000 | 0 | 0 | 0 | 200,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | Total Programming Request for Tier II | 533,938 | 0 | 0 | 333,938 | 200,000 | 0 | 0 | 533,938 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | TOTAL PROGRAMMING TARGET | 591,238 | 3,000 | 3,000 | 369,975 | 207,500 | 7,763 | 0 | 591,238 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

* Additional programming for these projects is consistent with the Corridor Mobility Improvement Account (CMIA) project scope, costs, schedule, and benefit Baseline Data.

** NOTE - Annual programmed amounts for projects are estimated and may be revised depending upon individual project needs and State funding availability, without changing total programmed amounts for projects.

2008 Los Angeles County Transportation Improvement Program

PROPOSITION 1B TRANSIT MODERNIZATION FUNDS

FY 2008 thru FY 2010 and Beyond
(\$' 000s)

| Project Description | Total | FY 08** | FY 09** | FY 10** & Beyond |
|---|----------------|----------------|----------------|---------------------|
| Bus Procurement (Matching Funds) | 70,000 | 50,000 | 20,000 | - |
| Crenshaw Corridor | 115,000 | - | - | 115,000 |
| Expo LRT Project - Phase I * | 218,400 | 73,500 | 65,000 | 79,900 |
| Expo LRT to Santa Monica Project - Phase II * | 250,000 | - | 24,500 | 225,500 |
| Miscellaneous Transit Projects (TBD through Metro Budget Process) | 116,600 | 27,500 | 53,500 | 35,600 |
| San Fernando Valley North/South Corridor | 70,000 | - | 25,000 | 45,000 |
| Union Bus Division Construction | 85,000 | 5,000 | 36,000 | 44,000 |
| Wilshire Bus Rapid Transit Project | 15,000 | 5,000 | 10,000 | - |
| Grand Total | 940,000 | 161,000 | 234,000 | 545,000 |

* The Expo Phase I funding may enable the Exposition Construction Authority to accelerate the grade separated Culver City station for \$50 million, subject to approval by the CTC, Caltrans, and the FTA. CTC approval is required because they are the principal source of funding for Expo Phase I. Caltrans must approve all uses of Proposition 1B Transit Modernization funds and FTA approval is required because Metro will be seeking to preserve the ability to utilize these expenditures as a match to a proposed New Starts Full Funding Grant Agreement for Expo II.

** NOTE - Annual programmed amounts for projects are estimated and may be revised depending upon individual project needs and State funding availability, without changing total programmed amounts for projects.



RESOLUTION CERTIFYING THAT THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY HAS RESOURCES TO FUND PROJECTS IN FFY 2008-09 – 2013-14 TRANSPORTATION IMPROVEMENT PROGRAM AND AFFIRMS ITS COMMITMENT TO IMPLEMENT ALL PROJECTS IN THE PROGRAM

WHEREAS, Los Angeles County is located within the metropolitan planning boundaries of the Southern California Association of Governments (SCAG); and

WHEREAS, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) requires SCAG to adopt a regional transportation improvement program for the metropolitan planning area; and

WHEREAS, SAFETEA-LU also requires that the regional transportation improvement program include a financial plan that demonstrates how the transportation improvement program can be implemented; and

WHEREAS, the Los Angeles County Metropolitan Transportation Authority (Metro) is the agency responsible for short-range capital and service planning and programming for the Los Angeles County area within SCAG; and

WHEREAS, as the responsible agency for short-range transportation planning, Metro is responsible for the development of the Los Angeles County Transportation Improvement Program (TIP), including all projects utilizing federal and state highway and transit funds; and

WHEREAS, Metro must determine, on an annual basis, the total amount of funds that could be available for transportation projects within its boundaries; and

WHEREAS, Metro has adopted the Federal Fiscal Year (FFY) 2008-09 – 2013-14 Los Angeles County TIP with funding for FFY 2008-09 and 2009-10 available and committed, and reasonably committed for FFY 2010-11 through 2013-14.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Los Angeles County Metropolitan Transportation Authority that it affirms its continuing commitment to the projects in the FFY 2008-09 – 2013-14 Los Angeles County TIP; and

BE IT FURTHER RESOLVED, that the FFY 2008-09 – 2013-14 Los Angeles County TIP Financial Plan identifies the resources that are available and committed

in the first two years and reasonably available to carry out the program in the last four years, and certifies that:

1. The Regional Improvement Program projects in the FFY2008-09 – 2013-14 Los Angeles County TIP are consistent with the proposed 2008 State Transportation Improvement Program scheduled to be approved by the California Transportation Commission in April 2008;
2. Los Angeles County has the funding capacity in its county Surface Transportation Program (STP) and Congestion Mitigation and Air Quality Improvement Program (CMAQ) allocations to fund all of the projects in the FFY 2008-09 – 2013-14 Los Angeles County TIP; and
3. The local match for projects funded with federal STP and CMAQ program funds is identified in the RTIP.
4. All Federal Transit Administration-funded projects are programmed within SAFETEA-LU Guaranteed Funding levels.

CERTIFICATION

The undersigned, duly qualified and serving as Secretary of the Los Angeles County Metropolitan Transportation Authority, certifies that the forgoing is a true and correct representation of a Resolution adopted at a legally convened meeting of the Board of Directors of the Los Angeles County Metropolitan Transportation Authority held on _____.

MICHELE JACKSON
Metro Board Secretary

DATED:

(SEAL)