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6

**MEASURE R PROJECT DELIVERY COMMITTEE  
FEBRUARY 18, 2009**

**SUBJECT: RAIL DIVISION POTENTIAL STORAGE SITE ASSESSMENT REPORT**

**ACTION: RECEIVE AND FILE CONSOLIDATED RAIL YARD ANALYSIS**

**RECOMMENDATION**

Receive and file the attached response to the Board motion adopted at the December 4, 2008 meeting related to potential sites for developing light rail facilities and increasing the storage capacity for light rail vehicles.

**ISSUE**

On November 19, 2008 the Chief Executive Officer (CEO) presented a "receive and file" board report to the Planning and Programming Committee related to new light rail yard facilities. In that report, we identified a number of potentially viable candidate locations for new light rail yard facilities. In response to that report, the Board approved a motion (Attachment A) directing the CEO to answer several detailed questions and to provide recommendations regarding acquiring yard properties. Specifically the motion asked for responses to the following items:

1. Identify projected Measure R revenues available to acquire real property for rail yard and maintenance facility development, on both a cash flow and bond (debt) basis.

*Response:* Measure R provides for 2% of annual receipts to be set aside for Metro Rail Capital including System Improvements, Rail Yards, and Rail Cars which we estimate will total approximately \$790 million over the life of Measure R (Attachment B). We have not determined yet how much of this funding would be available for rail yard development versus the cars and system wide improvements. Attachment B shows a cash flow breakdown of what might be available with the full \$790 million and secondly with an assumption that one-third of the funding would go towards rail yards. If one-third is available for rail yards, the total would be approximately \$263 million over the next 30 years. If the Measure R monies are bonded, the money would be available much earlier, but would yield a reduced amount. A future revenue stream totaling \$263 million would yield approximately \$110 million in today's dollars. In addition to the 2% Measure R funding category, the cost estimates for many of the light rail projects funded in Measure R also contain allowances for rail yard acquisition and construction.

2. Provide preliminary cost estimates for the nine sites identified in the "Consolidated Rail Yard Site Yard Analysis Report".

*Response:* The cost of industrial land and buildings range from an estimated low of approximately \$5 per square foot to over \$233 per square foot based on a survey of properties in the Los Angeles area. This does not include any cost of potential environmental mitigations or cleanup.

3. Assess the availability of the nine sites identified in the "Consolidated Rail Yard Site Yard Analysis Report" and estimate of the best case, probable, and worst case schedule to acquire each property.

*Response:* None of these sites are actively listed for sale. This does not necessarily mean the property owner would not make the site available. Staff estimates that the time frame to acquire any of the sites would be two to three years.

The following conditions would constitute the best Best Case Acquisition Scenario:

- (a) Property Owner and Metro quickly agree to terms and price of sale;
- (b) Site has little or no environmental contamination;
- (c) Relocation of existing businesses or tenants accomplished without delaying start of rail yard site development; and
- (d) No unforeseen delays in obtaining environmental clearances.

In a worst case scenario, acquisition could take significantly longer than two years, particularly if the following issues were encountered:

- (a) Non-cooperative property owner;
- (b) Relocation delayed due to lack of suitable relocation sites or the cost of suitable relocation facilities strains development budget and delays development time frame;
- (c) Cost and time to remediate site conditions exceeds development time frame; and
- (d) Community opposition delays project and increases cost beyond budget.

4. Recommend whether or not it would be advantageous for us to acquire one or more of the properties in the near term?

*Response:* Yes, it would be advantageous for us (or the appropriate construction authority) to acquire light rail yard facilities in the near term. A desirable scenario would be to acquire property for rail car storage and light maintenance yard sites along the Exposition Light Rail Line Phase II, the Gold Line Foothill Extension and the Crenshaw Corridor transit project as well as a central yard for heavy maintenance and general system wide storage.

The yards for each individual line would provide overnight storage with reduced dead-head time. A centralized yard site would provide "heavy maintenance" in

addition to daily service and cleaning of light rail cars. Currently, our only single heavy maintenance facility is located along the southern end of the Blue line and is limited in capacity.

A. Which properties should we acquire?

*Response:* Attachment C highlights the characteristics of all nine sites as well as what lines would be served at each location. Based on the answer to question #4, we would recommend the acquisition of a property along the Foothill Extension, the Exposition Line Phase II, the Crenshaw Corridor and one location in the Central Los Angeles area.

B. What would be the proposed schedule to acquire the properties?

*Response:* It would be advantageous to start actions needed to acquire these properties as soon as possible, based on the Measure R anticipated time frames for light rail projects. A detailed schedule to acquire the properties will need to be developed as more information is determined regarding near term revenues and cash flows, the long range plan update, development of individual project funding plans and other information.

C. Provide an analysis of how much of the current and future rail yard demand would be accommodated by acquiring and developing the recommended properties.

*Response:* As reported in the November 2008 Board Report, we anticipate a need for an additional 145 spaces by 2016 over what we have today and a total additional 269 spaces over what we have today by the year 2030. With the scenario suggested above, we would expect to accommodate these numbers of vehicles. More time, however, is needed to prepare a full operations plan, a phase-in program and what services can be located at what locations to optimize operational efficiencies.

D. Provide a preliminary funding plan to acquire the proposed properties.

*Response:* More time is needed to develop this funding plan.

5. If none of the properties are recommended for acquisition, identify an alternative strategy to meet the current and future rail yard demand.

*Response:* We would recommend pursuing some of the properties.

## **BACKGROUND**

On June 19, 2008, we presented a Rail Division Capacity Assessment Report (Report) to the Operations Committee that detailed the state of existing light rail storage and maintenance facilities and the need to expand existing capacity to support the increase in new light rail vehicles. That assessment identified several preliminary activities that would help ensure development of the maintenance and storage capacity that is needed to support our light rail system. On November 19, 2008 we presented a preliminary review of 48 locations in the

county adjacent to a light rail or planned light rail facility with nine of the sites highlighted as most promising for our light rail use. Several of the potential sites are being reviewed as part of the planning and environmental studies for the Exposition Light Rail Transit Phase II and Crenshaw corridor projects.

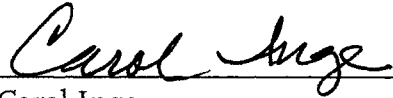
**NEXT STEPS**

We will coordinate with the Exposition and Gold Line Foothill Construction Authorities regarding provision of yards for those projects. We will begin active discussions with the appropriate landowners to determine availability and potential terms and conditions for acquisition. We will continue to analyze the preferred sites to develop a potential acquisition schedule, funding plan, and phasing if appropriate. We will periodically return to the Board with updates, progress reports and recommendations for action.

**ATTACHMENT(S)**

- A. Board Motion
- B. Table 1: Estimated Measure R Cashflow Forecast for Systems Improvements to Rail Yard Facilities and Rail Cars
- C. Table 2: Property General Characteristics

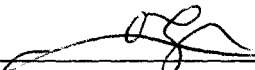
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**MOTION**

**November 19, 2008**

MOTION: Planning & Programming Committee  
Item 11 - Rail Yard Capacity and Demand

As MTA plans for the continued expansion of light rail operations in the region, new maintenance and storage facilities will be required.

The Pasadena Gold Line Midway Yard (Division 21) was originally intended as a temporary facility and will be used for East Side Gold Line operations as well. The East Side Gold Line is scheduled to begin operations in June 2009, but no dedicated yard is included as part of the project. Exposition Line (Phase I) is scheduled to begin operations in FY 2010, but this project is experiencing difficulty in securing a dedicated yard as well.

MTA staff indicates that without additional rail yard capacity, operational efficiency (and operating expenses) will be impacted. This will be further exacerbated when Exposition (Phase II), possibly Crenshaw (depending on the final Board decision), the Regional Connector, and other light rail lines funded by Measure R come on line.

MTA staff has also indicated that a consolidated rail yard will provide economies of scale and improve the overall operation efficiency of the rail system.

Up to 2% of Measure R funds could be used for new rail yards and maintenance facilities. In addition, real estate prices have dropped and there may be an opportunity to acquire one or more parcels to meet current and future rail yard needs at an attractive price.

WE THEREFORE MOVE that the MTA Board of Directors direct the CEO to report back during the January 2009 Board cycle on the following:

1. Identify projected Measure R revenues available to acquire real property for rail yard and maintenance facility development, on both a cash flow and bond (debt) basis
2. Provide preliminary cost estimates for the nine sites identified in the "Consolidated Rail Yard Site Yard Analysis Report" (p. 9, Table 5)

3. Assess the availability of the nine sites identified in the "Consolidated Rail Yard Site Yard Analysis Report" (p. 9, Table 5) and estimate of the best case, probable, and worst case schedule to acquire each property.

4. Recommend whether or not it would be advantageous for the MTA to acquire one or more of the properties in the near term, and if yes:

A. Which properties should MTA acquire?

B. What would be the proposed schedule to acquire the properties?

C. Analysis of how much of the current and future rail yard demand would be accommodated by acquiring and developing the recommended properties.

D. Preliminary funding plan to acquire the proposed properties.

5. If none of the properties are recommended for acquisition, identify an alternative strategy to meet the current and future rail yard demand.

<b>Table 1: Estimated Measure R Cashflow Forecast for Metro Rail Capital: Systems Improvements, Rail Yards and Rail Cars</b>							
<b>Years</b>	<b>FY10-14</b>	<b>FY15-19</b>	<b>FY20-25</b>	<b>FY26-30</b>	<b>FY31-35</b>	<b>FY36-40</b>	<b>Plan Total</b>
<b>Full Funding</b>	\$72.5M	\$95.7M	\$143.9M	\$146.7M	\$172.5M	\$158.7M	<b>\$790.2M</b>
<b>1/3 Funding</b>	\$24.14M	\$31.87M	\$47.92M	\$48.85M	\$57.44M	\$52.85M	<b>\$263.14M</b>



Table 2: Property General Characteristics

Light Rail Transit Lines	Potential Yard Site	Site Area (acres)	Site Storage Capacity (# of vehicles)	Storage Need (# of vehicles in 2030)	Type of Facility
All	Alhambra/N. Mission/1-5	148	592	390 (total LRT Fleet)	Heavy Maintenance
	Blue Line Division 11 Adjacent	24.78	99		Storage*
Blue	Blue Line Division 11 Expansion	17.1	68	92	Storage*
	S. Santa Fe/E. Washington	25.9	104		Storage*
Expo 1 & 2	Olympic/Stewart/Centinel	9.17	37	77	Storage*
	Irwindale	21	84		Light to Medium*
Gold Line (Pasadena & Eastside)	Irwindale	24.1	96.4	100	Light to Medium*
	Rosecrans/Sepulveda/PCH	32.12	128	61	Storage*
Green/Crenshaw					
Crenshaw	Osage/83rd/Harbor Subdivision RR	9.44	38	60	Storage*

\* Assumes construction of a centrally located Full Service Maintenance Facility. If a central facility is not built, then one or more End of the Line yards will require construction of a Full Service Maintenance Facility.

