

Public-Private Partnership Program

May 2015 Transit Coalition Update



Los Angeles County Metropolitan
Transportation Authority

Mark Linsenmayer
Director

Presentation Agenda

- Overview of Metro
- Public-Private Partnerships (P3) Defined
- Potential Project Pipeline
 - Sepulveda Pass
 - High Desert Multipurpose Corridor
 - I-710 South
 - SR-710 North
- Unsolicited Proposals
- Metro P3 Management and Organization
- Ballot Measure
- Disclaimer

For Los Angeles County, Metro is...



The Regional Planner

- Long Range Plan
- Capital Plan
- Corridor Plans/Environmental Clearance



The Regional Builder/Funder

- Rail and Bus
- Highway
- Major Roads



The Regional Operator

- Metro Buses: 2,228 vehicles covering 1,433 square miles and 183 routes
- Metro Rail: 88 miles, 6 lines, 80 stations
- Bus Ridership Week Day: 1,058,021



Public-Private Partnership (P3) Definition

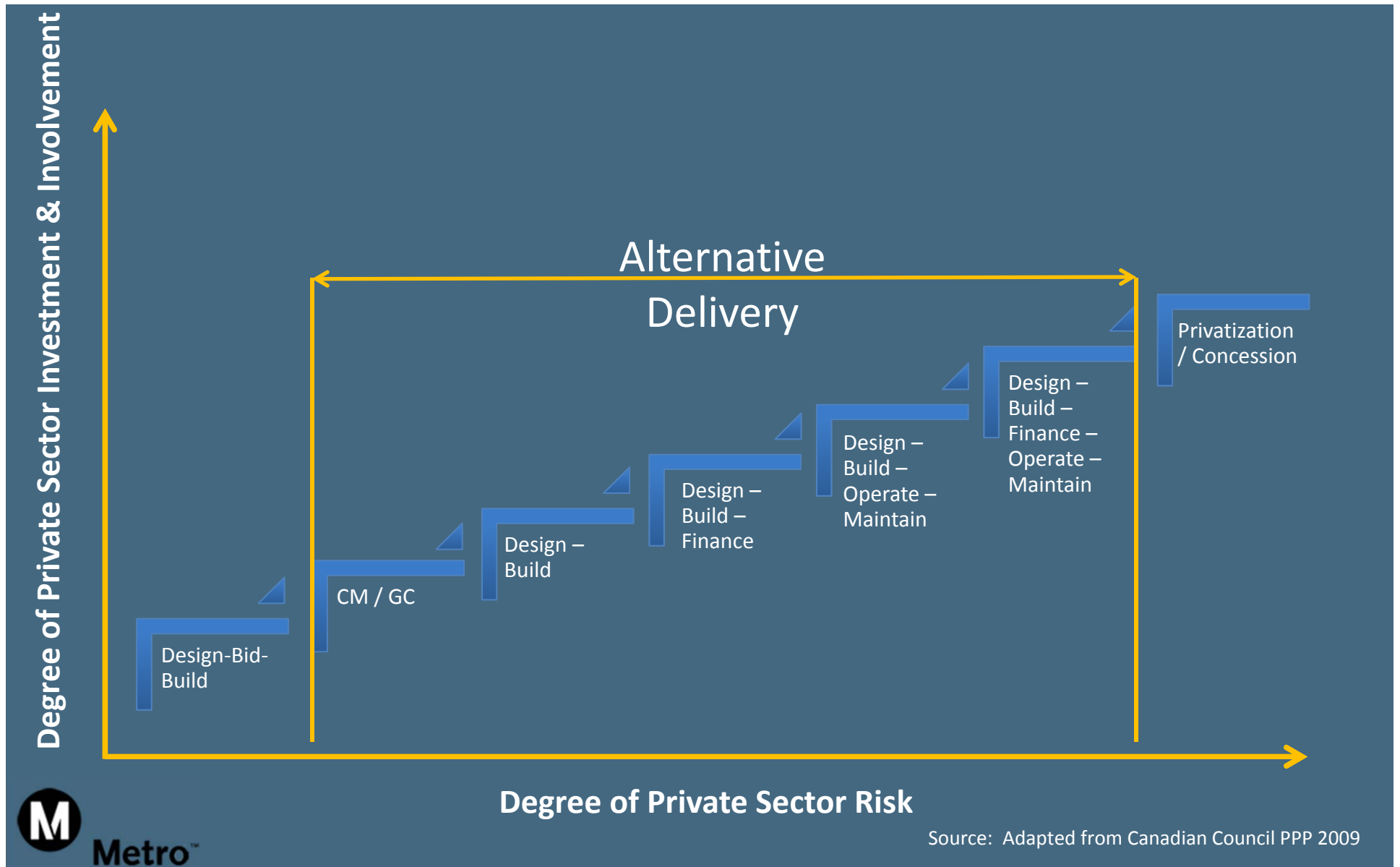
According to the National Council for Public-Private Partnerships, a P3 is defined as:

“A contractual agreement between a public agency (federal, state or local) and a private sector entity. Through this agreement, the skills and assets of each sector (public and private) are shared in delivering a service or facility for the use of the general public. In addition to the sharing of resources, each party shares in the risks and rewards potential in the delivery of the service and/or facility.”

At Metro there are two versions of P3 we commonly discuss:

- Traditional (limited risk transfer, e.g. Joint Development)
- Performance-Based -- DBFOM

Alternative Delivery Models



Public-Private Partnership Program: Potential Projects

Original Countywide project scan started with 81 potential projects, narrowed down to 14, further refined to six (6).

Four mega projects at Metro identified for potential P3 delivery:

- Sepulveda Pass Transit Corridor
- High Desert Multipurpose Corridor
- I-710 South
- SR-710 North

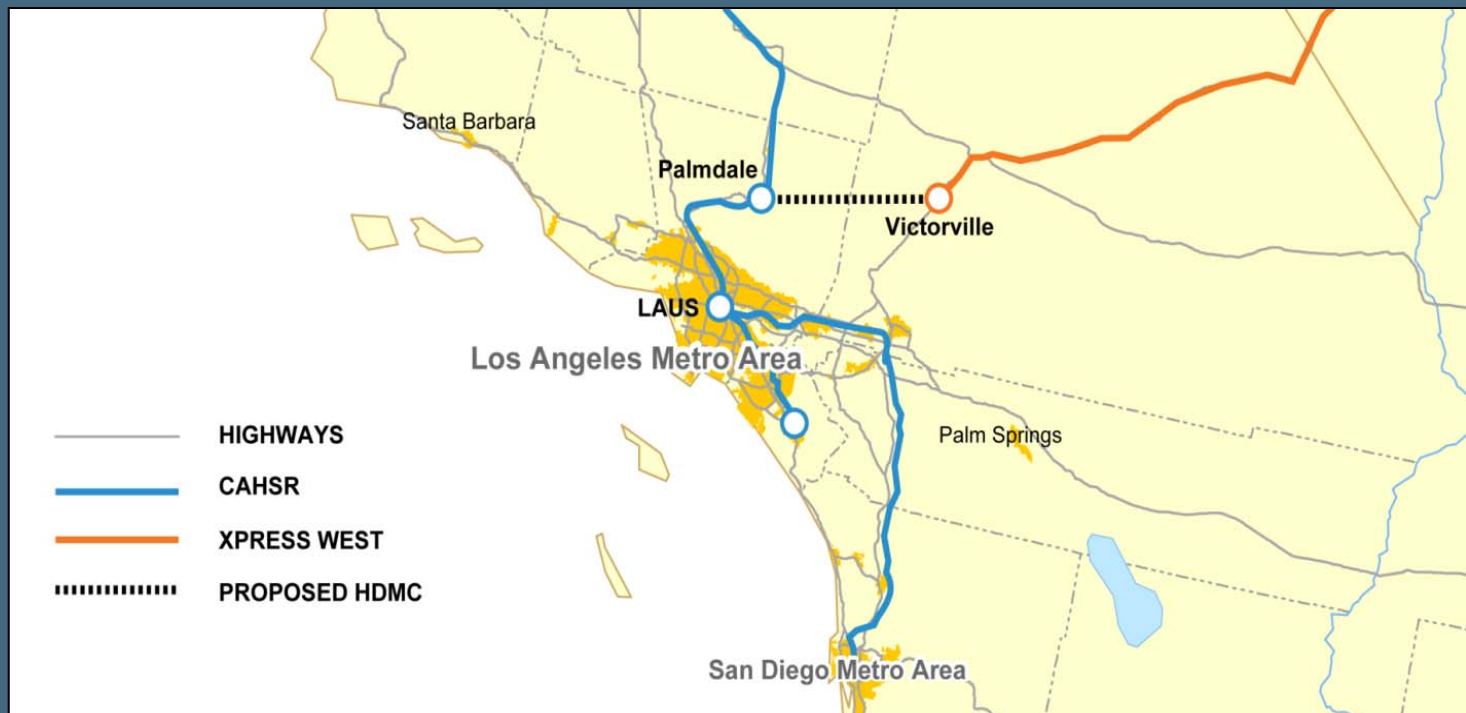
P3 Program: Sepulveda Pass Study Corridor

- Funding available: \$1.5 Billion (FY 2030-38 in LRTP)
- Project cost estimate range: \$2-\$33 Billion (YOE \$)
 - Maximum feasible cost with new taxes +/- \$8 B (YOE)
- Possibilities include:
 - At Grade Managed Lanes with BRT
 - Toll Highway Tunnel with BRT
 - Rail Tunnel
 - Toll Highway Tunnel with Rail
- Project can be done in phases/segments:
 - Initial segment is 9-11 miles
 - Full segment is 21-30 miles
- Studies to date are inconclusive:
 - Cost exceeds available funding
 - Shortfalls are too large to attract P3 developers
 - Realistic financial plan underway to determine the size of the budget gap and phasing alternatives (to be completed in Summer 2015)



P3 Program: High Desert Multipurpose Corridor (HDMC)

- Funding available: less than \$2 Million remaining after \$31 Million spent on draft EIR
- Project cost estimate: \$4.0 - 8.9 Billion (YOE \$ 2016-2024)
- Public Hearings for draft EIR completed in November 2014
- Goal to build new multi-modal link between State Route (SR)-14 in Los Angeles County and SR-18 in San Bernardino County
- Strategic Financial Plan is underway and scheduled to be completed by May 2015



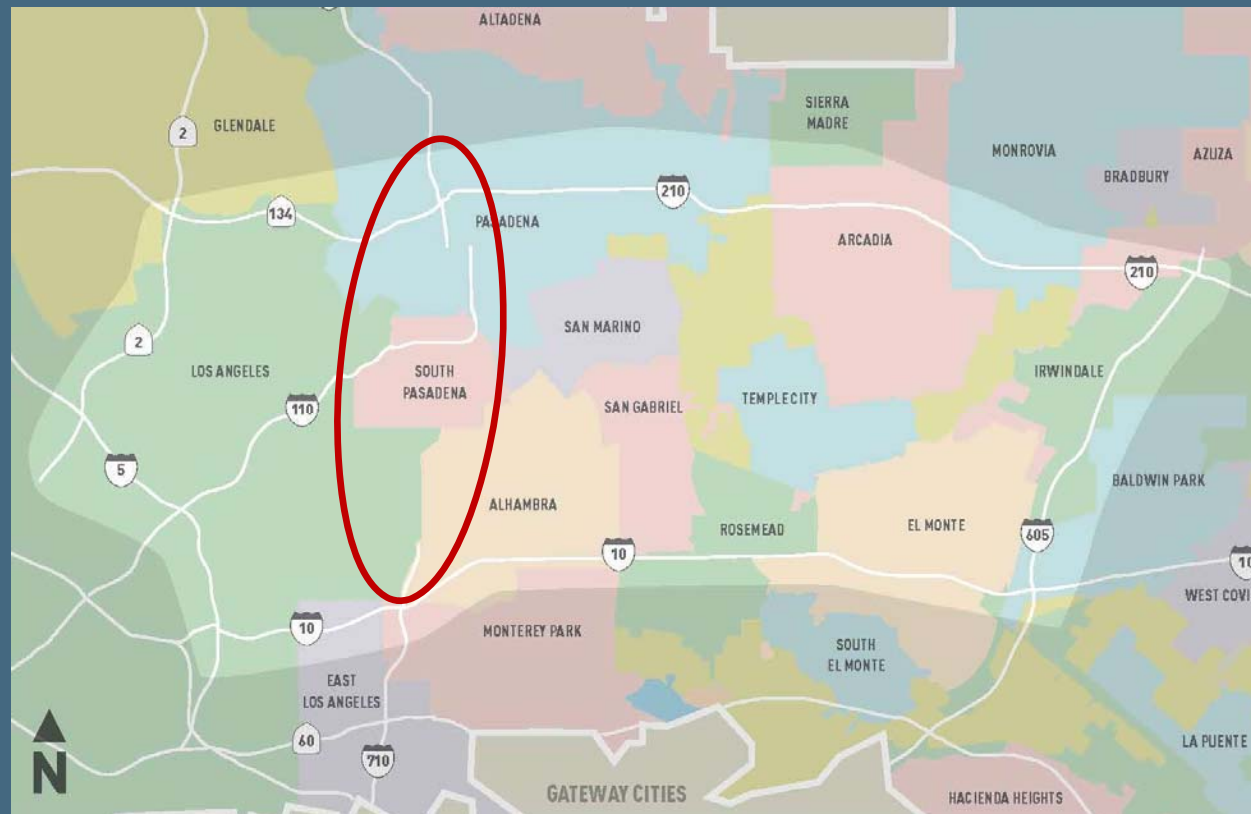
P3 Program: I-710 South

- Funding available: \$682.5 million (FY 2013-38 in LRTP)
- Project cost estimate: \$5.3 – 9.0 Billion (YOE \$ 2015-2021)
- Possibilities include:
 - No Build
 - TSM, widening, geometrics, signal timing, etc.
 - Four lane freight corridor
- 18 miles of the I-710 between the Ports of Long Beach & Los Angeles, and Pomona Freeway (SR-60)
- Studies to date are inconclusive
- Draft EIR/EIS prompted further evaluation:
 - Traffic patterns are different than identified
 - Physical constraints on design for access points to 710
 - “No Build” alternative
 - Financial Strategy Study Proposed – RFP to be released in fourth quarter of FY 2015




P3 Program: SR-710 North Gap Closure

- Funding available: \$1.66 Billion (FY 2013-36 in LRTP)
- Project cost estimate: \$3.25 Billion (2011 \$ - updated cost estimates required)
- Draft EIR circulated in March 2015
- Goal to build new multi-modal link between Interstate 10 and Interstate 210
- Financial Plan is yet to be fully identified; financial strategy RFP to be released in FY16



Unsolicited Proposal Procedures

- Creates a path for receiving unsolicited proposals on large, performance-based projects that can benefit from innovative delivery
- Procedures for accepting and reviewing unsolicited proposals were adopted earlier this year



Metro

Attachment A

Unsolicited Proposal Template

Proposal Title:

Name of the Company:
Business Address:
City/State/Zip Code:
Point of Contact (POC):
POC Phone Number:
POC Email Address:

Proposer shall complete this template to provide brief summary responses. Proposer may provide additional supporting information on an attachment.

Section I - Describe Metro business need to be served

Section II - Describe current situation and associated deficiencies/gaps

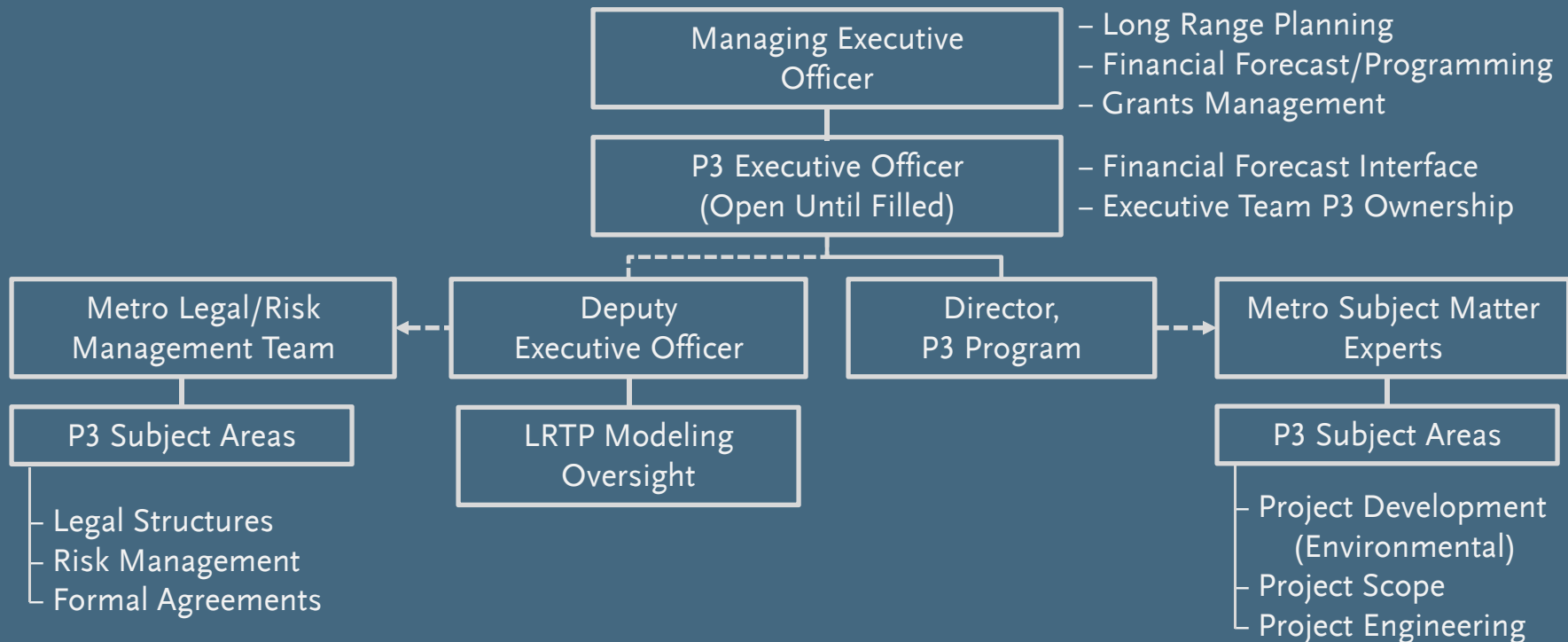
Section III - Describe Proposed Solution what makes the solution innovative and/or unique consistent with Metro's mission and values

Section IV - Describe Value Created in terms of cost reductions, revenue, cycle time reductions, ridership, service quality, customer experience or other impacts

Revision Dated 01/27/15

Next Steps for P3 Management

- Objectives
 - Align Metro P3 program with Metro's Long Range Transportation Planning and Programming functions
 - Broaden ownership of P3 process and ideas to improve results
- P3 organization seeks to foster Executive Team ownership by optimizing expertise:
 - Project development and environmental functions managed by planning staff
 - Insurance issues managed by Risk Management staff
 - Procurements managed by procurement staff
 - Etc.



Ballot Measure – P3 Program Future

- To Move the P3 Program forward additional funding needs to be identified
- State and Federal assistance will likely be limited
- To advance projects currently identified in the Metro LRTP as potential opportunities for P3 delivery, the program will need revenue from a 2016 Ballot Measure to help mitigate sizeable capital funding gaps

P3 Assumptions

- P3s is not a funding tool
 - P3 is a financing tool that does not bring new money to a project
 - Private equity from the P3 developer costs more than public funding
 - The public funds for all future project repayment is tolls or taxes
- P3s can provide long-term life-cycle cost benefits
 - The assumption is that private developers can be incentivized to do preventative maintenance rather than corrective maintenance
 - A careful design-build contract structure can offer equal life cycle value
 - Paying an annual maintenance fee to a developer does not ensure increased value above agency maintenance
- Split incentive between jurisdictions
 - P3s work best in jurisdictions that have limited access to capital or prefer off-balance sheet financing
 - If self-help counties choose design-build delivery, then maintenance costs revert back to Caltrans after construction
 - If self-help counties are the funding source for P3s, they carry operations and maintenance costs otherwise handled by Caltrans