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**PLANNING AND PROGRAMMING COMMITTEE**

**September 15, 2004**

**SUBJECT: SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS'  
2004 REGIONAL TRANSPORTATION IMPROVEMENT PROGRAM**

**ACTION: ACCELERATE FUNDING LOS ANGELES COUNTY  
TRANSPORTATION IMPROVEMENTS THROUGH BORROWING**

**RECOMMENDATIONS**

- A. Approve acceleration of deferred transportation programs using \$171.1 million in Proposition C 25% cash and \$1,143.1 million in planned Proposition C 25% borrowing to restore schedules approved by the MTA Board of Directors, advance mobility in Los Angeles County, and help Southern California meet air quality conformity requirements of the Federal Clean Air Act. With this action, the MTA will strategically utilize planned borrowing to advance the committed Los Angeles County Transportation Improvement Program (TIP) in its entirety and amend that program to include the following \$1,314.2 million in additional project funding:
1. I-5 Carpool Lane from Route 134 to Route 170 \$254.2 million;
  2. Exposition Light Rail Transit Extension to Culver City \$240.9 million;
  3. I-5 Carpool Lane from Route 91 to Route 605 \$541.4 million;
  4. Alameda Corridor East (Advance 17% from Phase II to Phase I) \$ 85.0 million; and
  5. Deferred Call for Projects (includes I-5/Rte. 14 Direct Conn.) \$192.7 million.
- B. Defer new programming in FY 2010 and FY 2011 by suspending the 2005 Call for Projects, but work to secure funding for a possible 2007 Call for Projects for FY 2010 and FY 2011.

**ISSUE**

The Southern California Association of Governments (SCAG) has identified six major Los Angeles County projects in the Draft 2004 Regional Transportation Improvement Program (RTIP) that are defined as “delayed” when compared to their schedules in the 2004 Regional Transportation Plan (RTP), as shown in Attachment A. According to SCAG, if the financial obstacles for the timely implementation of these projects are not overcome, the Federal Highway Administration (FHWA) may delay or deny the adoption of the 2004 RTIP. Consequently, no new “non-exempt” transportation system capacity enhancement projects may obtain federal funds, permits, or environmental clearances (see Attachment B).

However, “exempt” transportation projects (e.g., non-capacity enhancing maintenance and capital improvements) may continue to receive federal funds, permits, and environmental clearances after an initial period of delay.

## **FINANCIAL IMPACT**

The MTA Board’s commitment of \$1,314.2 million in planned borrowing and cash would be conditional. Proposition C 25% bond proceeds would be provided only as a last resort over the next ten-year period. This approach requires strict cash flow management plans to clearly identify project funding needs and the first use of available state and federal funding in annual programming and budget processes. Only when cash flow needs cannot be met with state and federal funds could Proposition C 25% bond proceed funds be used instead as the fund of last resort. In this manner, the MTA can minimize the borrowing that actually would occur and would ultimately support a larger anticipated program of transportation improvement projects than might otherwise be assumed to be possible.

### **Anticipated Bond Financing**

When MTA borrows against Proposition C 25%, repayment must occur from future receipts of local sales tax revenues using the transit related highway component of Proposition C. Historically, MTA plans have assumed that bond funds will be needed in the year actually shown in the TIP, even though the TIP is often based on an encumbrance, rather than cash flow, basis and actual cash demands have legitimate delays due to transportation project delivery issues. The MTA also has found that state and federal funds often can be substituted for the bond proceeds, further reducing the actual cash demands. Due to these conditions, the MTA historically has conducted smaller bond sales than originally anticipated or deferred planned bond sales altogether.

In fact, Proposition C 25% Highway Debt Policy allows 60% of annual revenue to be committed to debt service, but only 20% actually is so committed due the conditions described above. Consequently, the MTA has capacity to issue approximately \$1,143.1 million or more over the next ten years without exceeding the Debt Policy.

The MTA will monitor projects and their cash flow requirements during the annual budget process and integrate the necessary borrowing with other MTA programs involving Proposition C 25%. Only the minimum amount of borrowing necessary to accomplish the implementation of the TIP will be presented to the MTA Board for final approval.

### **Project Costs**

The projects recommended for acceleration and the deferred Call for Projects listing (see also Attachment C) have undergone cost adjustments and scope over the last year. The costs in the following chart have been updated to reflect the latest information.

Description	Project Cost (\$ mil.)	Programmed/Planned Amount (\$ mil.)	Acceleration Needed /Advance (\$ mil.)
I-5 Carpool Lanes from Rte. 134 to Rte. 170	\$300.3	\$ 46.1	\$254.2
Exposition Light Rail Project to Culver City <sup>1</sup>	\$489.7	\$248.8	\$240.9
I-5 Carpool Lanes from Rte. 91 to Rte. 605	\$610.0	\$ 68.6	\$541.4
Alameda Corridor East (MTA Commitment 17% of Cost) <sup>2</sup>	\$155.0	\$ 70.0	\$ 85.0 Advance
Deferred Call for Projects (Including I-5/Rte. 14 Direct Connector)	\$270.7	\$ 78.0	\$192.7

<sup>1</sup> Costs are reduced from \$552.1 million due to construction acceleration to FY 2010 from FY 2013 and using primarily local funding.

<sup>2</sup> Original project costs of \$950 million were revised to \$912 million, 17% of which is \$155 million. This advancement would complete MTA commitment to Phases I & II.

### **I-5 Carpool Lanes from Route 134 to Route 170**

This project is currently estimated to cost \$300 million. The Ready-to-List (RTL) date as estimated by the State of California Department of Transportation (Caltrans) is January 2007, with a projected completion in April 2010. Design is programmed for \$46.148 million, with Proposition C, STIP and federal funds.

### **Exposition Light Rail Project to Culver City**

This project is being advanced to the FY 2010 timeframe with a new locally funded alternative from FY 2013, as reflected in the recently submitted Section 5309 New Starts annual filing. While the first priority remains funding this project using Federal Section 5309 New Starts and State Traffic Congestion Relief Program (TCRP) funds, an alternative source is local Proposition C 25% funds.

A locally funded alternative is being introduced to expedite construction and ensure compliance of the RTIP with air quality standards by opening the line during FY 2010. This new funding option provides for local funding replacing Federal New Starts, plus a local contribution of 10% of the project costs.

### **I-5 Carpool Lanes from Route 91 to Route 605**

This project is now estimated to cost \$610 million. This is an increase of \$232 million due to escalating costs of steel, concrete and real estate acquisitions. In the past year alone, 24% of the increase has been attributed to real estate acquisition costs for the 500 parcels involved with the project.

### **Alameda Corridor East (ACE)**

The \$912 million Alameda Corridor East project improves 70 route miles along the freight main lines in the San Gabriel Valley between East Los Angeles and Pomona to accommodate the increase in train traffic resulting from the completion of the Alameda Corridor project

in 2002. Phase I of the ACE project includes safety improvements and 10 grade separations. Phase II includes 10 grade separations and a traffic signalization system. In 1999, the MTA Board committed to contribute a maximum of 17% of each phase up to a total of \$155 million. To compensate for the loss of its TCRP funds, the ACE project has requested that MTA's \$85 million Phase II share be advanced to Phase I. This funding advancement completes the MTA funding obligation for Phases I and II of the project.

### **Deferred Call for Projects (including I-5/Route 14 Direct Connector)**

Deferred Call for Projects total \$192.7 million, which includes \$118.5 million in non-Caltrans projects and an estimated \$74.2 million for the I-5/Route 14 Direct Connector project. In February 2004, the MTA Board approved the programming of AB 3090 replacement projects of \$73.6 million to fund the ready-to-go deferred projects. Additionally, in July 2004, the MTA Board deobligated \$4.3 million of previously approved Call for Projects and Regional Transit Alternatives Analysis Program funding, also to be used to fund the deferred projects. This MTA Board action will fund the balance of deferred non-Caltrans and I-5/Route 14 Direct Connector projects.

### **POLICY IMPLICATIONS**

The authorization status of the current 2002 RTIP will expire on October 4, 2004. The Southern California Association of Governments, as the designated Metropolitan Planning Organization (MPO) for the region comprising the counties of Los Angeles, Riverside, Orange, San Bernardino, Imperial, and Ventura, released the Draft 2004 RTIP on June 18, 2004. If the FHWA and the Federal Transit Administration (FTA) do not approve the RTIP by **October 4, 2004**, the region will be out of conformity. A conformity lapse would automatically invalidate the conformity status of the 2002 RTIP.

At the FHWA's request, SCAG has asked the MTA (the regional transportation planning agency for the Los Angeles County) to explain how the air quality impacts of delayed Transportation Control Measures (TCM) projects will be mitigated. TCMs are transportation projects that improve air quality. SCAG also has emphasized that lack of funding alone is not an acceptable reason for TCM delays because of the maximum priority that these projects have secured, as indicated in the Conformity Rule of the U.S Environmental Protection Agency (EPA). Consequently, other obstacles to the timely implementation of TCM projects need to be identified, as well as strategies to overcome them.

### **Programming Impact**

Delaying the 2004 RTIP approval would suspend about \$300 million in federal funding for non-exempt transportation system capacity enhancement projects programmed in the 2004 RTIP for Los Angeles County, as shown in Attachment B. Depending upon the FHWA's action, SCAG may require the MTA to redirect \$200 million of non-exempt project funding from the list in Attachment B to accelerate the implementation of the six TCM projects listed in Attachment A. In the RTP and subsequent RTIP, the MPO must agree to deliver all TCMs on a specific schedule. If there is an unmitigated, substantive pattern of TCM delays, the FHWA, FTA, and EPA must withhold RTIP approvals, thereby suspending federal transportation funds for the SCAG region.

## OPTIONS

The MTA Board may be presented with difficult 2004 RTIP issues that SCAG and the FHWA may pose. We will be presenting SCAG with the following alternative strategies to avoid such issues for each of the six projects included in the 2004 Draft RTIP that SCAG has identified as being delayed compared to the 2004 RTP:

1. Route - 5 HOV Lanes FROM SR-118 to SR-14: Work with Caltrans and the California Transportation Commission (CTC) to remove remaining obstacles for the timely implementation of this fully funded project.
2. Route - 5 HOV Lanes FROM SR-170 to SR-118: Work with Caltrans and the CTC to be certain that this project is delivered as expeditiously as possible. This project is fully funded in the 2004 State TIP.
3. Route - 5 HOV Lanes FROM SR-134 to SR-170: Consider full funding to meet the 2010 project completion deadline.
4. Wilshire Boulevard Bus Rapid Transitway (Mid-City): Implement a previously approved phased implementation plan. Phase I of the project involving the construction of bus Division 10 expansion is fully funded and on schedule. Phase II of the project will be implemented soon thereafter. Also with this phased approach, the MTA will program funds to operate expanded Metro Rapid service with peak-period exclusive right-of-way access. These bus speed improvements and expanded Metro Rapid service will produce the same mobility and air quality benefits of the TIP-defined project in advance of the 2006 completion date identified in the federally approved 2004 RTP.
5. Crenshaw Bus Rapid Transit Corridor (PE Only): Consider that Bus Rapid Transit (BRT) already has been implemented along the Crenshaw corridor. The MTA also will proceed with programming funds to operate expanded Metro Rapid service with peak-period exclusive right-of-way access. These bus speed improvements and expanded Metro Rapid service will produce the same mobility and air quality benefits of the TIP-defined project in advance of the completion date identified in the federally approved 2004 RTP.
6. San Fernando Valley North- South BRT: Consider a phased implementation. Phase I, which includes Metro Rapid service along Sepulveda Boulevard and Reseda Boulevard, is 100% locally funded and will be completed before the deadline. Phase II, which is about 38% locally funded, includes bus speed improvements along Metro Rapid corridors and a park & ride facility. Phase III involves station accessibility and pedestrian enhancements. Phase IV involves the completion of a northbound bus only lane and other improvements, including the potential of a transitway along Canoga Railroad right-of-way. Delivery will be on schedule if Traffic Congestion Relief Program (TCRP) funding becomes available to complete the remaining portion of Phase II, as well as Phases III and IV. In addition, to ensure this project against a TCRP shortfall, the MTA will program \$18 million in local Proposition C funds on the initial phases of the project. These bus speed improvements and expanded

Metro Rapid service will produce the same mobility and air quality benefits of the TIP-defined project in advance of the 2009 completion date identified in the federally approved 2004 RTP.

## **BACKGROUND**

The Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21) requires that MPOs, such as SCAG, develop a Regional Transportation Plan (RTP) for a 20-year minimum period. Additionally, MPOs must develop a Regional Transportation Improvement Program (RTIP) to implement the RTP. According to the Clean Air Act, the RTIP and RTP must comply with the conformity requirements of the Transportation Conformity Rule of the U.S Environmental Protection Agency (EPA) in federal air quality non-attainment and maintenance areas, such as the South Coast Air Basin (SCAB). Among the conformity requirements is the timely implementation of Transportation Control Measure (TCM) projects in the applicable State Implementation Plan (SIP). Any delay in implementing these projects results in a “conformity lapse” determination. Accordingly, the conformity determination for a transportation plan or improvement program expires and there is no current conforming transportation RTP or RTIP.

### **State Budget Issues (Recovery Efforts)**

The MTA has been taking aggressive steps to mitigate the impacts of the state transportation funding shortfall issue on TCRP and General Funds. Over the past year and one-half, the MTA Board of Directors has received reports on the State General Fund deficit's impact on transportation projects in Los Angeles County. In response to these reports, the MTA Board has adopted project priority-setting criteria, approved a State Transportation Improvement Program (STIP) Amendment to allow several high priority regional projects to move forward with AB 3090 advancements and accepted an AB 3090 State Repayment schedule. In addition, the Board adopted a major financing plan to mitigate much of the impacts of rescheduling the Los Angeles County TIP that included State Grant Anticipation Revenue Vehicle (GARVEE) Bond Financing, reprogramming of 2002 STIP projects, and the approval of several ready-to-go projects for AB 3090 replacement project financing.

In April 2003, the MTA Board adopted project priority-setting criteria, which allowed Los Angeles County to be better prepared to respond to decisions made in Sacramento and address the severely constrained funding environment. Category 1, 2 and 3 projects were under construction, ready-to-go and have state/local funds matching significant federal funding already in place. These projects were fully funded. Category 4, 5, and 6 projects were in environmental clearance stages or earlier in the process of project readiness. These projects were deferred and totaled \$619.7 million, both Caltrans and Non-Caltrans.

To address these issues, in February 2003 the MTA Board approved a STIP Amendment and AB 3090 for three high priority projects -- *Low Emission Bus Acquisition, Metro Orange Line Bus Rapid Transit, and Metro Gold Line Eastside Light Rail Extension* -- to allow us to move forward. In April 2003, the Board approved moving forward with projects in Categories 1, 2, and 3, and Caltrans projects in priority 1 through 17.

In September 2003, the CTC could not allocate funding for one ready-to-go project -- *the Route 101 Center Street project*. The MTA Board approved an AB3090 STIP Amendment for a replacement project to fund the project immediately. Similarly, in February 2004, the Board authorized the removal of several projects from the STIP and approved an AB 3090 for several projects that were ready-to-go. AB 3090 projects included *Playa Vista Access, Alameda Corridor East, LA County Signal Projects, Southern California Regional Rail Authority project, and several Los Angeles City bridge projects*. Also in October 2003, the Board approved a GARVEE bond for three projects that were already in the STIP -- *Route 405 Southbound Carpool Lane from Waterford to Interstate 10, Route 5 Carpool Lanes from Route 14 to Route 118, and Route 405/101 Interchange Gap Closure Connector*.

In February 2004, the MTA Board adopted the Los Angeles County TIP, which includes programming for *Route 10 Carpool Lane project from Route 605 to Puente and I-5 Carmenita Interchange* to be used for construction, right-of-way and support costs. In July 2004, the Board approved the use of deobligated funds for the projects in Categories 4, 5, and 6 from the Call for Projects. The acceleration of *Route 14 Carpool Lanes from Pearblossom to Avenue P-8* also was authorized.

### NEXT STEPS

The time frame for the adoption of the 2004 RTIP is as follows:

- September 2, 2004: SCAG adopts the 2004 RTIP
- October 4, 2004: 2002 RTIP expires
- October 4, 2004: SCAG requests FHWA/FTA approval of the 2004 RTIP

The MTA Board needs to reach a consensus on the strategies to be followed to ensure the timely implementation of TCM projects and to avoid the possibility of a conformity lapse. Staff will keep the MTA Board apprised of further developments and will present the Board with recommendations to reach the consensus needed once SCAG and the FHWA act.

### ATTACHMENTS

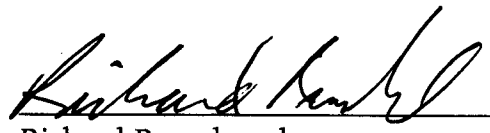
- A. TCM Projects with Timely Implementation Issues in the 2004 RTIP
- B. Non-Exempt Transportation Capacity Enhancing Projects at Risk of Delay if the 2004 RTIP Approval is Deferred.
- C. Call for Projects Deferrals

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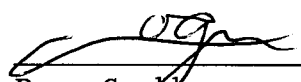
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