



Board Report

File #: 2017-0191, File Type: Project

Agenda Number: 24.

REVISED
PLANNING AND PROGRAMMING COMMITTEE
APRIL 19, 2017

SUBJECT: WESTSIDE PURPLE LINE SECTION 3 MEASURE R COMMITMENT**ACTION: APPROVE COMMITMENT OF ACCELERATED MEASURE R FUNDS TO WSPLE 3****RECOMMENDATION**

APPROVE the formal commitment of ~~\$905~~ \$899.9 million of accelerated **Measure R funds to Westside Purple Line Extension Section 3** (WSPLE3) to fulfill the Federal Transit Administration's financial rating requirements for Metro's New Starts project request of ~~\$1.175~~ \$1.3 billion.

ISSUE

This report includes the formal commitment of ~~\$905~~ \$899.9 million of accelerated Measure R funds to WSPLE 3 to fulfill the Federal Transit Administration (FTA) financial rating requirements for Metro's New Starts project request of ~~\$1.175~~ \$1.3 billion. To support the schedule outlined in the January 26, 2017 Board Report (File # 2016-0828) on WSPLE3 delivery, Metro is formally requesting FTA approval to enter engineering on this project. A commitment of the Measure R funds will greatly improve the likelihood of success in the financial capacity evaluation to be performed by FTA late this spring.

DISCUSSION

In February 2016, the Metro Board of Directors approved taking the necessary steps to advance the WSPLE3 project as part of a larger package including other Measure R projects. Coupled with that February 2016 action was a contract modification in the amount of \$28 million for advanced preliminary engineering and other design and support services for the WSPLE 3 project. In June 2016, the Metro Board of Directors approved the Measure M Expenditure Plan which proposed that the voters accelerate the WSPLE3 project from FY 2036 to as early as FY 2024 (as the first year of a three-year range for the opening date). Measure M and its Expenditure Plan were approved by the voters in November 2016. In January 2017, the Metro Board of Directors approved the amendment of Measure M into the Regional Transportation Plan and further approved certain design-build and contracting delivery approaches for the WSPLE 3 project.

Consistent with the now accelerated schedule for WSPLE3 project, Metro is seeking to formally advance the project into the New Starts program's engineering phase, a key step in the acceleration

plan. As of this writing, Metro staff will be submitting a required Financial Plan in support of the entry into engineering request in mid-April 2017. Entry into engineering approval by FTA requires, in part, that the Financial Plan show that Metro can construct, operate, and maintain the project in the context of all its other regional transportation system commitments, including the construction, operation, and maintenance of all other projects in the Regional Transportation Plan.

Metro's pre-Measure M Strategic Financial Plan had scheduled the Measure R funds consistent with opening WSPLE3 in FY 2036. In order to deliver WSPLE3 as early as FY 2024, Metro needs to meet the federal process requirements and timelines for the New Starts funding process. FTA's New Starts process requires a viable Financial Plan to enter engineering and acceptance of Metro's Financial Plan assumptions, including the recommended formal action by the Metro Board of Directors to commit Measure R funds earlier than previously indicated. This Measure R commitment is consistent with the Measure R funding profile identified in the Measure R Expenditure Plan for the "Westside Subway Extension." As a result of this commitment, no other Measure R projects will be delayed.

WSPLE3 has a mix of federal and local funds in Metro's financial model, including a New Starts project request of ~~\$1.175~~ \$1.3 billion; \$994 million of Measure M; and a Measure R commitment of ~~\$905~~ \$899.9 million. This report seeks to confirm the commitment of ~~\$905~~ \$899.9 million (including \$120.6 million for bond interest) of accelerated Measure R funds to WSPLE3. A full summary of the projects cash flow plan, including sources and uses for WSPLE 3, can be found in Attachment A.

DETERMINATION OF SAFETY IMPACT

The recommended actions will have no impact on the safety of our customers or employees.

FINANCIAL IMPACT

The FY17 budget includes the \$30.4 million commitment as outlined in Attachment A. Since this is a multiple year project, the project manager and the Chief Program Management Officer will be accountable for budgeting the required commitments in future years.

Impact to Budget

The source of accelerated funding is Measure R 35% which is not eligible for bus and rail operating expenditures.

ALTERNATIVES CONSIDERED

The Board could choose not to approve the commitment of Measure R funds for the WSPLE3 project. Staff does not recommend this alternative as the recommendation allows the project to be formally accepted into the engineering phase by FTA to meet its goal of opening to the public as early as 2024, in time for the potential 2024 Los Angeles Olympics. Any delay in approving this action results in further FTA application delays that would likely affect the construction timeline of this project and put the proposed opening date of 2024 in jeopardy.

NEXT STEPS

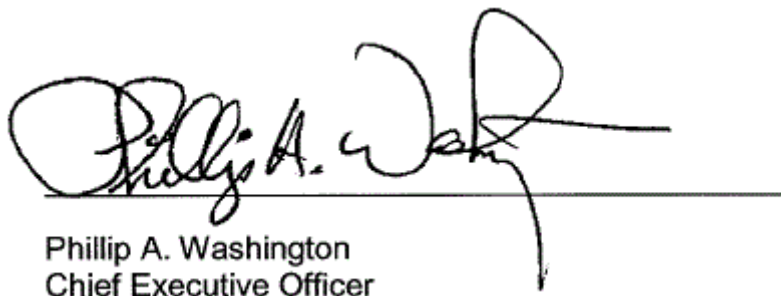
With Board approval, Planning staff will notify FTA of the Board's Measure R commitment for WSPLE3. Going forward, staff will complete work on the Financial Model in support of the LRTP update commencing in FY 2018, which will include this and other updates. Any future changes to FTA regulations or funding levels, including the New Starts budget affecting Metro projects, will be reported to the Board as information becomes available.

ATTACHMENTS

Attachment A - Financial plan for the WSPLE3 FTA submittal.

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Phillip A. Washington
Chief Executive Officer

Westside Purple Line Extension Section 3 Expenditure/Funding Plan (including bonding)

(\$ in millions)

<u>Uses</u>	<u>Total</u>	<u>Prior</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>	<u>FY 29</u>	<u>FY 30</u>	<u>FY 31</u>	<u>FY 32</u>	<u>FY 33</u>
Guideways	\$ 539.4			\$ 18.6	\$ 45.1	\$ 139.0	\$ 123.5	\$ 98.9	\$ 69.3	\$ 37.0	\$ 6.5	\$ 1.5							
Stations	\$ 575.0				\$ 18.4	\$ 105.6	\$ 55.8	\$ 79.2	\$ 99.6	\$ 127.3	\$ 87.8	\$ 1.3							
Sitework/Special Conditions	\$ 497.3		\$ 1.0	\$ 51.3	\$ 82.4	\$ 57.1	\$ 59.1	\$ 70.1	\$ 72.5	\$ 79.4	\$ 24.5								
Systems	\$ 130.1					\$ 18.2			\$ 8.9	\$ 64.7	\$ 38.3								
Right of Way	\$ 368.4		\$ 0.3	\$ 120.6	\$ 247.5														
Vehicles	\$ 35.3							\$ 35.3											
Professional Services	\$ 494.4	\$ 13.8	\$ 27.4	\$ 46.1	\$ 58.9	\$ 63.9	\$ 57.2	\$ 59.2	\$ 47.4	\$ 49.1	\$ 37.0	\$ 27.4	\$ 7.1						
Unallocated Contingency	\$ 273.1		\$ 2.7	\$ 5.0	\$ 31.6	\$ 32.7	\$ 33.8	\$ 35.0	\$ 36.2	\$ 37.5	\$ 43.3	\$ 7.5	\$ 7.7						
Subtotal Project Cost	\$ 2,913.0	\$ 13.8	\$ 31.4	\$ 241.6	\$ 483.9	\$ 416.6	\$ 329.4	\$ 377.7	\$ 334.0	\$ 394.9	\$ 237.3	\$ 37.7	\$ 14.8						
CGRRB Debt Service	\$ 993.6							\$ 25.6	\$ 25.6	\$ 42.4	\$ 100.0	\$ 100.0	\$ 100.0	\$ 100.0	\$ 100.0	\$ 100.0	\$ 100.0	\$ 100.0	\$ 100.0
Measure R bond interest	\$ 120.6					\$ 3.7	\$ 3.6	\$ 3.4	\$ 3.3	\$ 3.9	\$ 8.6	\$ 13.5	\$ 13.0	\$ 12.6	\$ 12.1	\$ 11.6	\$ 11.0	\$ 10.5	\$ 9.8
TOTAL USES	\$ 4,027.2	\$ 13.8	\$ 31.4	\$ 241.6	\$ 483.9	\$ 420.3	\$ 332.9	\$ 406.7	\$ 362.9	\$ 441.3	\$ 345.9	\$ 151.2	\$ 127.8	\$ 112.6	\$ 112.1	\$ 111.6	\$ 111.0	\$ 110.5	\$ 109.8
Sources																			
Federal Revenue																			
Section 5309 New Starts	\$ 1,300.0						\$ 100.0	\$ 100.0	\$ 100.0	\$ 100.0	\$ 100.0	\$ 100.0	\$ 100.0	\$ 100.0	\$ 100.0	\$ 100.0	\$ 100.0	\$ 100.0	\$ 100.0
Local Revenue																			
Measure R 35% - Transit Cap	\$ 779.3	\$ 4.0	\$ 31.4	\$ 50.3	\$ 218.3		\$ 2.0	\$ 71.8	\$ 26.3	\$ 132.4	\$ 190.3	\$ 37.7	\$ 14.8						
Measure R 35% for bond interest	\$ 120.6					\$ 3.7	\$ 3.6	\$ 3.4	\$ 3.3	\$ 3.9	\$ 8.6	\$ 13.5	\$ 13.0	\$ 12.6	\$ 12.1	\$ 11.6	\$ 11.0	\$ 10.5	\$ 9.8
Subtotal Measure R 35%	\$ 899.9	\$ 4.0	\$ 31.4	\$ 50.3	\$ 218.3	\$ 3.7	\$ 5.6	\$ 75.2	\$ 29.6	\$ 136.3	\$ 198.9	\$ 51.2	\$ 27.8	\$ 12.6	\$ 12.1	\$ 11.6	\$ 11.0	\$ 10.5	\$ 9.8
Local Agency Contributions	\$ 87.4									\$ 87.4									
Repay Cap Proj Loans Fund	\$ 9.8	\$ 9.8																	
Measure M 35% -Transit	\$ 994.3			\$ 191.3	\$ 265.6	\$ 372.8				\$ 117.6	\$ 47.0								
Grant Receipt Rev Bonds (CGRRB)	\$ 735.9					\$ 43.8	\$ 227.4	\$ 231.5	\$ 233.2										
TOTAL SOURCES	\$ 4,027.2	\$ 13.8	\$ 31.4	\$ 241.6	\$ 483.9	\$ 420.3	\$ 332.9	\$ 406.7	\$ 362.9	\$ 441.3	\$ 345.9	\$ 151.2	\$ 127.8	\$ 112.6	\$ 112.1	\$ 111.6	\$ 111.0	\$ 110.5	\$ 109.8