



Board Report

File #: 2017-0859, **File Type:** Project

Agenda Number: 17.

**PLANNING AND PROGRAMMING COMMITTEE
FEBRUARY 14, 2018**

SUBJECT: WEST SANTA ANA BRANCH TRANSIT CORRIDOR

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. EXPANDING the northern study options;
- B. RECEIVING AND FILING the:
 - 1. Update on Public Private Partnership procurement; and
 - 2. Status of Transit-Oriented Communities efforts.

ISSUE

In response to comments received during the scoping period and ongoing technical analysis, the project team has been exploring potential modifications to the northern alignment options and termini. Board action is needed to expand the northern study options in order to address the comments received and address ongoing technical analysis.

DISCUSSION

Background

The West Santa Ana Branch (WSAB) Transit Corridor Project is a proposed new 20-mile light rail transit line that would connect downtown Los Angeles (DTLA) to southeast Los Angeles County. The project has been identified in the Long Range Transportation Plan (LRTP) and is also contained in both the Measure R and Measure M Expenditure Plans. In the Measure M Expenditure Plan, the project is scheduled for groundbreaking in FY 2022, with identified opening dates in FY 2028 and FY 2041. Recently, WSAB has also been included in the proposed "Twenty-Eight by '28" initiative as an aspirational project schedule to be completed early in time for the 2028 Olympic Games in Los Angeles.

Project History

In February 2013, Southern California Association of Governments (SCAG) completed the Alternative Analysis (AA) Study for a 34-mile WSAB corridor from Los Angeles Union Station (LAUS) to the City of Santa Ana in Orange County. The Metro Board in January 2014 received the study's recommended two northern alignment alternatives for further consideration: 1) West Bank 3 along the west bank of the Los Angeles River, and 2) East Bank along the east bank of the Los Angeles River.

Based upon the West Bank 3 alternative, four new alignment options (Attachment A) were identified as part of Metro's Technical Refinement Study (TRS) completed in September 2015 and recommended for further analysis:

- 1) Pacific/Alameda
- 2) Pacific/Vignes
- 3) Alameda
- 4) Alameda/Vignes

In April 2017, the Board approved the four northern alignment options as part of the Northern Alignment Options Screening Report: 1) Pacific/Alameda, 2) Pacific/Vignes, 3) Alameda, and 4) Alameda/Vignes to be carried forward into environmental analysis. The Board also took action to drop from further consideration the East Bank and West Bank 3 northern alignment options previously recommended in the SCAG AA Study.

Scoping Process and Results

On June 6, 2017, Federal Transit Administration (FTA) and Metro formally initiated the Draft Environmental Impact Statement/Environmental Impact Report (EIS/EIR) phase with an extended public scoping comment period held from June 6, 2017 through August 4, 2017. Four public scoping meetings were held during that period in the cities of Bellflower, Los Angeles, Huntington Park and South Gate. At the conclusion of the public scoping period, over 1,100 comments were received.

Approximately 400 comments were submitted by Little Tokyo stakeholders. Comments received expressed strong opposition to some or all of the northern alignment options and were particularly opposed to an elevated alignment along Alameda Street with concerns about the visual impacts. Comments from the Little Tokyo community also relayed a history of ongoing construction impacts experienced by the community related to the Metro Gold Line Eastside Extension and the Regional Connector projects, and concern with the prospect of future construction impacts brought on by a WSAB alignment through their community with an identified potential future station at Alameda Street, west of 1st Street.

Metro also received scoping letters from several agencies. In their scoping letters, Metrolink, the Federal Railroad Administration (FRA) and High Speed Rail (HSR) expressed concerns regarding the northern alignment options. Specifically, their comments focused on encouraging Metro to seek alternatives that do not limit the potential for additional regional railroad capacity at LAUS.

Potential Downtown Los Angeles Termini

In response to comments received during the scoping period and ongoing technical analysis, the project team has been exploring potential modifications to the northern alignment options (Attachment B), including the following:

Union Station via Alameda Street

This alignment option extends between Union Station and the Washington Station along Alameda Street and the Metro Blue Line right-of-way (ROW). It would provide three potential stations: Union Station, Little Tokyo, and 7th/Alameda. At Union Station, we are exploring three potential options including: underground west of Union Station; underground west of Metro Gold Line platform; and at-grade east of Metro Gold Line platform (via Center Street as opposed to Vignes Street, which was proposed during the scoping period). This alignment option was developed during the TRS and modified based upon scoping comments and ongoing technical analysis.

Union Station via Arts District Transfer Station

This alignment option extends between Union Station and the Washington Station along the Metro Blue Line ROW via the potential Division 20 Arts District Station at 6th Street. This alignment would provide a connection to Union Station via a transfer to either the red or purple line at a new Division 20 Arts District/6th Street Station. This alignment option was developed based upon scoping comments and ongoing technical analysis.

Downtown Transit Core

This alignment option extends between the Downtown Station and the Washington Station along the Metro Blue Line ROW. The terminus location within the Pershing Square, 7th Street/Metro and Regional Connector area will be studied. This alignment option could provide two to three potential stations between Washington Station and the terminus depending on the alignment to be determined. This alignment option was developed based upon scoping comments and ongoing technical analysis.

Over the next several months, staff will be conducting technical analyses and soliciting input from internal Metro departments for the northern alignments. Staff will return to the Board in spring 2018 with the updated screening report and recommendations for the northern alignments to be carried forward in the Draft EIS/EIR. The project milestone schedule is contained in Attachment C.

Public Private Partnership (P3) Procurement

P3 is being explored as the delivery method for the WSAB. In close coordination with the environmental document, staff is developing the basis for procurement of a P3 to include technical, financial and legal components. To achieve the best business case for Metro, staff is applying and integrating each of these components to evaluate the optimal procurement type such as Design/Build, Design/Build/Finance or Design/Build/Finance/Operate and Maintain. Completion of the evaluation will produce a recommended P3 Strategy and a scope and a schedule that supports procurement of a P3 Contractor through the Request for Proposal (RFP) process. Attachment D provides background regarding benefits of P3 delivery and Attachment E provides a structure for development of the business case.

Transit-Oriented Communities Implementation Strategy

Metro, in partnership with the City of South Gate and the Eco-Rapid Transit Joint Powers Authority (JPA), was awarded a grant application from the Federal Transit Administration (FTA) for \$2 million from their Transit Oriented Development (TOD) Planning Pilot Program for the WSAB Transit Corridor TOD Strategic Implementation Plan (the Plan). The TOD grant will result in a Transit-oriented Communities vision and strategic implementation plan for the WSAB corridor.

Eco-Rapid Transit JPA submitted a letter to Metro requesting an amount of \$5 million to build upon work being carried out through the FTA grant that would help cities implement the Transit Oriented Communities (TOC) vision for the corridor through required policy and regulatory actions to be taken by local land use authorities. Additionally, the funds would support preparation of a programmatic Environmental Impact Report for the corridor to facilitate TOC implementation.

By pursuing TOC implementation work, it would greatly advance the likelihood of achieving TOC along the corridor. Additionally, by creating the land use policy and regulatory tools for WSAB, Metro will add value to its existing TOC toolkit with templates that assist local land use agencies countywide in complying with California land use law when partner agencies wish to achieve TOC. This streamlines the process for implementing and achieving TOC. Staff is continuing to develop the approach and scope of work to advance TOC implementation.

Outreach Activities

In anticipation of Board action regarding the northern alignments, staff has met with key project area stakeholders to update them on the results of the scope period, nature of comments received and staff's potential direction to respond to comments specific to the northern alignments.

In mid-January, Metro Local Government/External Affairs staff and the project outreach team began conducting key stakeholder briefings in Little Tokyo, the Arts District and DTLA to provide updates on the status of the project and discuss the new proposed northern alignment options. Briefings will continue along the project corridor this month, as well as continued coordination with Eco-Rapid Transit JPA and Gateway Cities Council of Governments, which included a presentation at their recent Board Meetings.

Community meetings will be held along the project corridor in March to provide updates and gather feedback from local residents, businesses and the general public. The outreach team will also continue participating in community-based events along the corridor to provide project information to interested stakeholders. When new scoping meetings are held after Board direction on the northern alignment options in spring 2018, one will be held in the DTLA area, with a second held in the southern segment of WSAB.

DETERMINATION OF SAFETY IMPACT

These actions will not have any impact on the safety of our customers and/or employees because this project is at the study phase and no capital or operational impacts results from this Board action.

FINANCIAL IMPACT

The FY 2017-18 budget includes \$3,256,640 in Cost Center 4370, Project 460201 (WSAB Transit Corridor) for professional services. Since these are multi-year contracts, the Cost Center Manager and Chief Planning Officer will be responsible for budgeting in future years.

Impact to Budget

The funding for this project is from Measure R 35%. As these funds are earmarked for the WSAB Transit Corridor project, they are not eligible for Metro bus and rail capital and operating expenditures.

ALTERNATIVES CONSIDERED

The Board could consider deferring further study on the expanded study area. This alternative is not recommended as this would impact the project's environmental clearance schedule and would not be responsive to comments received on the current alignments. This would also not be consistent with prior Board direction to advance the project.

NEXT STEPS

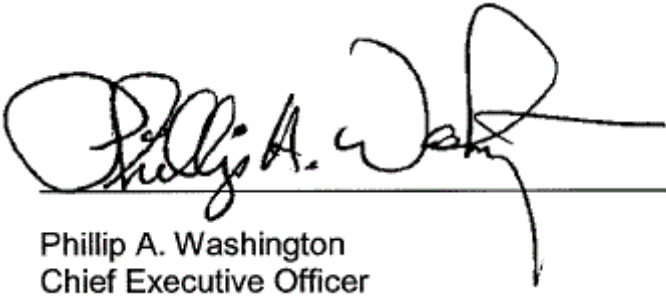
Upon Board approval, staff will conduct additional technical analysis including an updated screening evaluation process for the revised northern alignment options while continuing with the Draft EIS/EIR. Staff will return to the Board in spring 2018 with recommendations for carrying forward revised northern alignments into a rescoping process.

ATTACHMENTS

- Attachment A - Original Northern Alignment Options Map
- Attachment B - Proposed Additional Northern Alignment Study Options
- Attachment C - WSAB Milestone Schedule
- Attachment D - Factors Considered Related to P3 Delivery
- Attachment E - Development of the Business Case

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Phillip A. Washington
Chief Executive Officer

West Santa Ana Branch Transit Corridor

Original Northern Alignment Options



West Santa Ana Branch Transit Corridor

Proposed Additional Northern Alignment Study Options



ATTACHMENT C

WSAB Milestone Schedule

Board Action on Northern Alignment Study	February 2018
Market Sounding	Spring 2018
Board Action on Northern Alignment Options to Advance into Environmental Review	May 2018
Board P3 Workshop	Winter 2019
Release P3 RFQ	Spring 2019
Groundbreaking	FY2022

Factors Considered Related to P3 Delivery

Compared to traditional procurement and project delivery approaches, P3 can realize benefits as outlined below. All of these will be considered in identifying the optimum delivery method for this specific project – based on the best value to Metro.

P3's Provide Accountability: The concept of “pay for performance” is at the heart of the P3 delivery methodology. Performance standards are clearly defined and payment is linked to the Private Partner's ability to deliver against these standards. P3s will enable Metro to spread cost of infrastructure investment over the lifetime of the asset.

Reduce Risk: Risk allocation is at the heart of a project's value for money and follows the guiding principle that a risk should be transferred to the party best able to control or mitigate it at the lowest cost. P3's can reduce public sector risk by transferring those risks that are better managed by the Private Partner. Examples of such risks include: adherence to construction schedule, construction and site risks, quality management, utility works, and lifecycle and capital maintenance costs.

Improve service delivery: Metro will be able to better able to focus on core activities such as customer service, user experience, and system management, rather than non-core functions, such as the construction, and potentially operations and maintenance, if transferred to the Private Partner.

Efficient use of assets: Private Partners are motivated to adhere to the performance obligations of the Partnership Agreement (PA) resulting in higher levels of service, greater accessibility, and reduced costs for the public sector.

On-time & on-budget delivery: Payments are aligned to the delivery of project objectives.

Ensure assets are properly maintained: Well-designed P3s maintain infrastructure by transferring maintenance requirements to the Private Partner.

Fiscal planning: P3s result in contracts that set out fixed payments over the life of the contract allowing Metro to budget costs over multiple years in their fiscal plans.

Cost savings through quality and innovation: Shifting long-term operation & maintenance responsibilities to the Private Partner creates incentive to ensure long term construction and operations quality and innovation

Leveraging strengths: P3s require a full infrastructure solution to be developed and implemented with cost certainty over a long-term contract. This requires consortia to bring firms whose core businesses are in construction, finance, operations and maintenance to ensure that the asset is properly constructed and built to produce over the life of the contract.

ATTACHMENT E

Attachment E - Development of the West Santa Ana Branch Light Rail Transit (WSAB) Public Private Partnership (P3) Business Case

The process for the development of the WSAB P3 Business Case and thus the identification of the optimal procurement option for the WSAB Project is outlined below:

1. Shortlist the Procurement Options for the WSAB Project
2. WSAB P3 Procurement Strategy
3. Define the WSAB Project Scope and Prepare Cost Estimate
4. WSAB Value for Money (VfM) / Quantitative Analysis
5. Completed WSAB P3 Business Case

1 - Shortlist the Procurement Options for the WSAB Project

Deliverable - Market Sounding Report (Estimated Completion: June 2018)

The purpose of the Marketing Sounding is to ascertain the market's interest in different P3 delivery models and to qualitatively determine the extent to which specific delivery models will attract competition and gather information about the interest, opportunities and challenges associated with the Project. Conducting a Market Sounding provides an understanding of the WSAB's marketability; solicits feedback from the market on the Project's potential scope, contract structure, market constraints and possible financing options. The Market Sounding process validates financial and contract structure assumptions (e.g. term length, equity return rates, etc.) and prepares the market for the WSAB procurement. Metro can use bidder feedback from market soundings to inform and create the most marketable transaction possible.

Deliverable – Qualitative Analysis (Estimated Completion: June 2018)

The purpose of the qualitative analysis is to examine the benefits and risks of the WSAB Project that are not directly quantifiable. This section is important to Metro as it will account for the non-quantifiable benefits and risks (e.g., Timeliness/Project acceleration, Operational, Interfaces, Local participation, Labor considerations, etc.) of the various delivery approaches under consideration and takes into account how these procurement options align with the overall objectives of the WSAB Project. It is an important step for Metro to complete because it recommends the P3 models that respond the Project's qualitative requirements.

2 – WSAB Procurement Strategy

Deliverable (1) - Procurement Strategy (Estimated Completion: October 2018)

Procurement Strategy articulates Metro’s policy and process framework for establishing an accessible, fair and competitive environment to secure a Private Partner for the WSAB Project. Human and financial resources are identified along with a framework to oversee the procurement. Procurement strategy also defines roles and responsibilities of individual members of the Metro WSAB Project team and outlines the rationale for their inclusion and provides clarity on the project’s future direction and anticipated key milestones.

Deliverable (2) Implementation Plan (Estimated Completion: October 2018)

The Implementation Plan demonstrates the degree to which the WSAB project is “market ready” relative to Metro’s resourcing strategy. This step ascertains the status of relevant, environmental assessments, property conveyance, utilities, site approvals, design development and other non-procurement related processes. The Implementation Plan presents an integrated WSAB project schedule (e.g., GANTT chart) that outlines the critical path for successfully executing the WSAB Project. Approvals received to date are identified and a timeline to be followed to achieve any outstanding approvals. In addition, the Implementation plan addresses engagement of stakeholders throughout project execution and develops a transition plan for Metro through the post-transaction / contract administration period.

3 – WSAB Value for Money (VfM) / Quantitative Analysis

Deliverable (1) – Quantitative Analysis (Estimated Completion: Preliminary VfM - December 2018; Final VfM – February 2020)

Quantitative Analysis considers quantifiable factors pertaining to each shortlisted procurement option (i.e., Design-Build-Finance, Design-Build-Finance-Maintain, Design-Build-Finance-Operate-Maintain, etc.) and evaluates the total Net Present Value (NPV) of proposed procurement options. On the basis of reliable project cost information (e.g., 30% design completion, and a +/- 15% level of cost precision.) quantitative analysis compares respective costs and determines which procurement option provides the most Value for Money (VfM) for the WSAB Project. Metro staff and its External Advisors will be responsible for the following interim activities and deliverables including: Project Costing, Risk Analysis and Quantification, Project Financing Assumptions and Preliminary VfM analysis. The quantitative analysis including the VfM will be continually refreshed as we receive more precise costing data. These refreshes will occur up until the completion of the Final P3 Business Case in February 2020.

Important items to consider as part of the Quantitative Analysis:

- Base project costs for all procurement options on a life-of-project basis, i.e. hard and soft construction costs, facilities management costs, operations, maintenance and lifecycle costs
- Clear description of the risk allocation model and the quantitative benefits brought to Metro from the risk allocation model
- Understanding of project risks and thorough consideration of the risk transfer benefits and financial impacts
- Level and timing of Metro's capital injections during the construction (milestone payments) and at substantial completion
- Assumed financing plan under the P3 model, including the types, amounts and timing of different debt and equity instruments, along with associated fees
- Identify the procurement option that provides the greatest VfM in quantitative terms over the design, construction and operation/maintenance phases of the project

Deliverable (2) – Integrated Recommendation for the WSAB Project (Estimated Completion: January 2019)

Integrated Recommendation (IR) formulates a recommendation concerning the optimal procurement option for the WSAB Project. This step defines the optimal procurement option and includes a comprehensive discussion of the Quantitative and Qualitative Analyses with particular emphasis on factors that most influenced the procurement option decision.

Deliverable (3) – WSAB Project Funding and Affordability (Estimated Completion: February 2020)

The purpose of the WSAB Project Funding and Affordability analyses is to demonstrate the Metro's financial preparedness to undertake the WSAB Project. In this process, Metro will disclose all the sources of the funds for the WSAB Project and all the manners in which the WSAB Project funds will be used. This step is important for Metro because it will show Metro's financially capable of undertaking the long-term commitments associated with the WSAB P3 contract; the timeline for how funds will be utilized by the WSAB Project, including construction and operations and/or maintenance (O&M) over the concession period and lifecycle costs; and, where a funding gap is not fully eliminated through Measure M investment and the measures being put into place to address the funding gap.

4 - Define the WSAB Project and Prepare Cost Estimate:

Deliverable - Project Definition and Schematic Design Cost Estimate (Estimated Completion: October 2019 and February 2020)

The purpose of the Project Definition and Cost Estimate is to outline and justify the WSAB Project and validate its costs. Project definition identifies the scope of the proposed investment; outlines the rationale for the pursuit of the Project (i.e. needs assessment and investment objectives); demonstrates Metro's preparedness, knowledge and understanding of the Project; frames WSAB's suitability for a P3 procurement approach; and allows Metro to complete the credible and justifiable quantitative analysis for the WSAB Project (i.e., Milestone #3). The WSAB will be defined when the Board selects a Locally Preferred Alternative (October 2019). Metro's External Advisors will complete a Schematic Design Cost Estimate (30% design completion and a +/- 15% level of cost precision) for the Project. This estimate will validate the WSAB Project Costs and our quantitative analysis.

5 – Completed WSAB P3 Business Case

Deliverable – P3 WSAB Business Case (Estimated Completion: Preliminary Business Case - March 2019; Final Business Case - February 2020)

The culmination of all of the above deliverables will form the Final WSAB P3 Business Case. The purpose of the P3 Business Case is to identify and assess viable procurement options in order to recommend the option that best achieves the WSAB project objectives and outcomes and Value for Money (VfM). The P3 Business Case proposes a credible implementation plan for the WSAB Project.



West Santa Ana Branch Transit Corridor

Planning and Programming Committee

February 14, 2018



Metro

Item 2017-0859



Recommendations/Board Actions

Request the Board to:

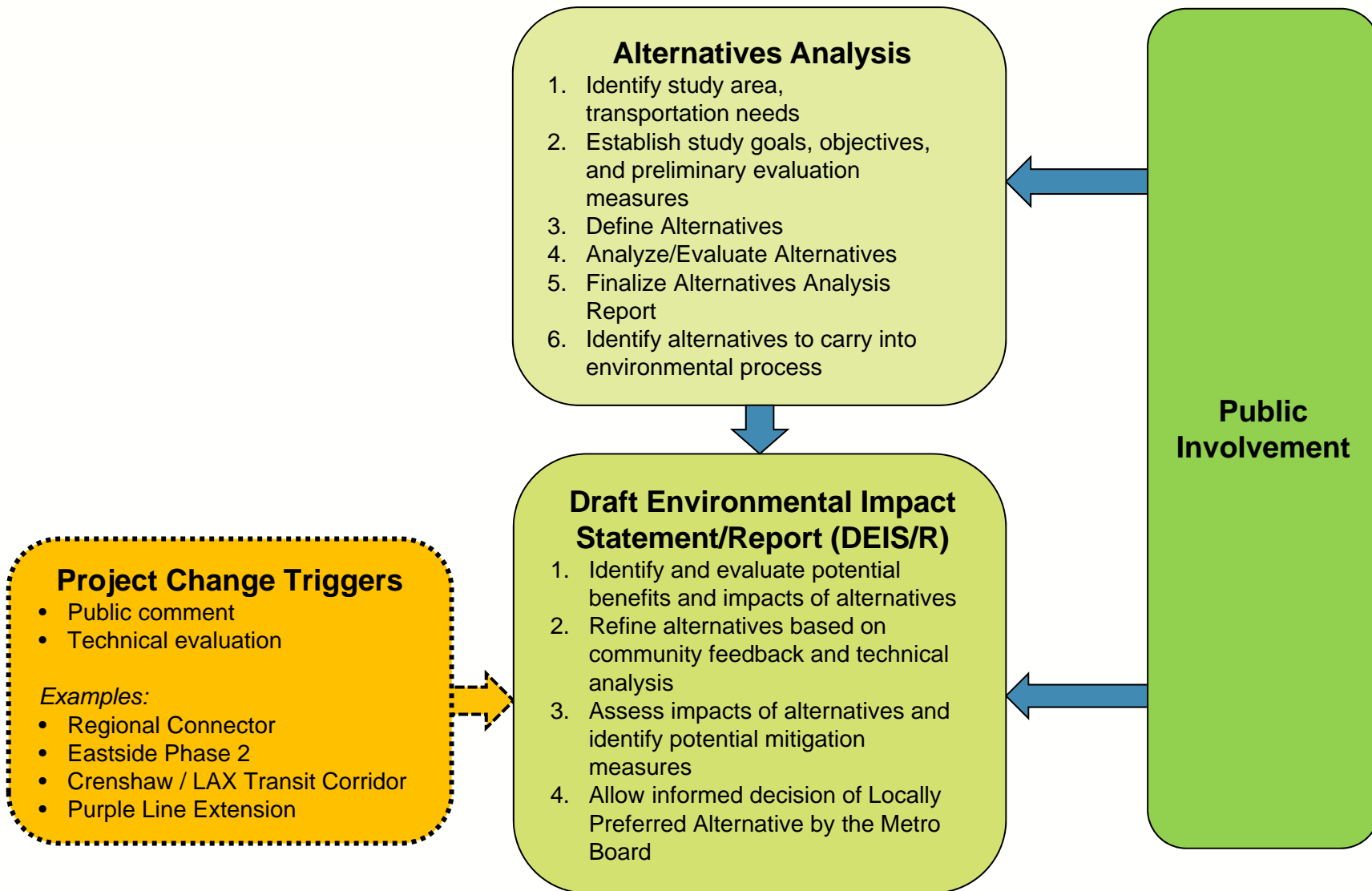
Authorize:

- Expand northern study options

Receive and File:

- Update on Public Private Partnership procurement
- Status of Transit-Oriented Communities efforts

Early Project Development Process





Project Goals

- > Provide mobility improvements
- > Support local and regional land use plans and policies
- > Minimize environmental impacts
- > Ensure cost effectiveness and financial feasibility
- > Promote equity

Northern Alignments: Concerns/Constraints

Little Tokyo

- Opposition to visual impacts of elevated alignment on Alameda Street
- Cumulative disruptions due to construction of multiple Metro projects

Arts District

- Opposition to at-grade or aerial alignment on Alameda Street

Industrial District

- Opposition to at-grade or aerial alignment on Alameda Street

High Speed Rail, Metrolink, Federal Railroad Administration

- Preference for alternatives that do not limit existing or planned capacity at Union Station for regional rail services

Re-scoping Northern Alignment Options

- Re-scoping and public meetings needed for expanded northern study options
 - FTA guidance
 - CEQA compliance



Metro



Environmental Scoping Alternatives

Northern Alignment Considerations

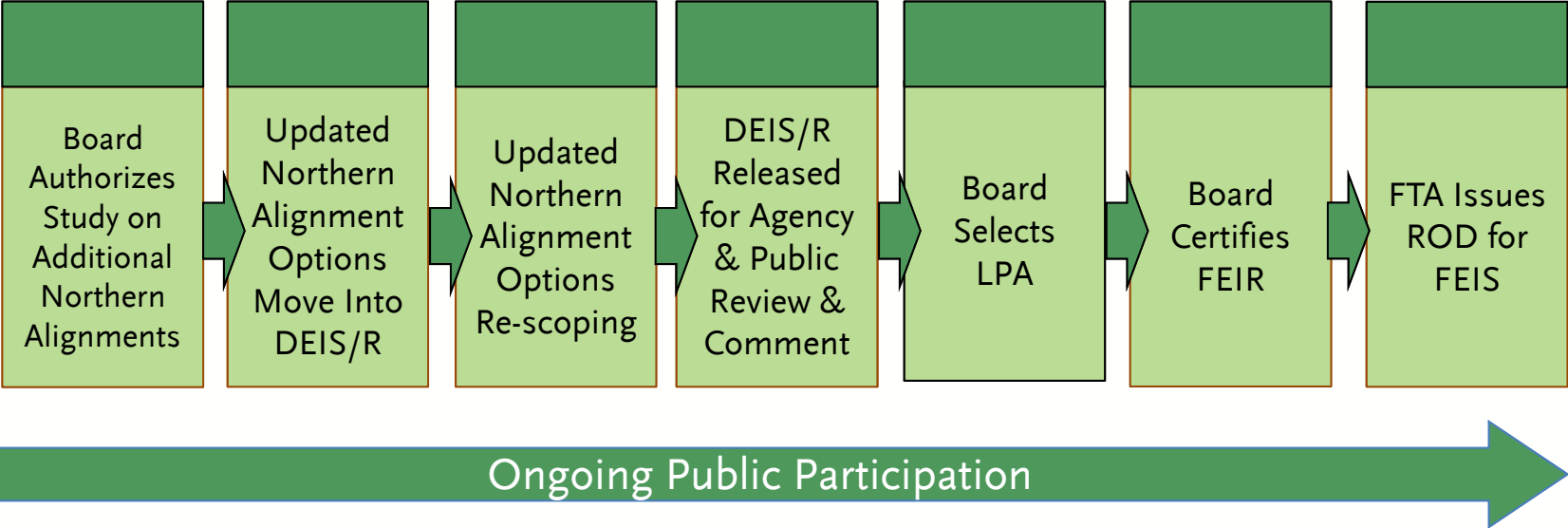
- Links southeast LA County communities to DTLA employment and cultural center
- Connections to Metro Rail and Regional Rail networks
- Ridership, travel time and customer experience
- Minimize impacts to existing neighborhoods
- Project feasibility, budget and schedule considerations





Proposed New Alignments for Refined Analysis

Updated Environmental Planning Process



* Timeline Subject to Change



Transit-Oriented Communities (TOC)

Corridor TOC Goals:

- Prepare a vision for TOC along the corridor
- Develop TOC implementation strategy
 - Land use planning
 - Economic development strategy
 - Active Transportation Plan

Next Steps:

- Complete the study by end of 2018
- Identify \$5 million in funding to carry out the implementation strategy





Next Steps

- **January – February:** Conduct Board staff and stakeholder briefings
- **February:** Board action to add new northern alignment alternatives
- **February – May:** Conduct an updated screening evaluation process for the revised northern alignment options
- **Late spring:** Board action on refined northern alignment options and to reinitiate environmental scoping



Thank you

