



Metro

Los Angeles County
Metropolitan Transportation Authority

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JULY 26, 2016

TO: BOARD OF DIRECTORS

THROUGH: PHILLIP A. WASHINGTON *PAW*
CHIEF EXECUTIVE OFFICER

FROM: NALINI AHUJA *Nalini Ahuja*
CHIEF FINANCIAL OFFICER

**SUBJECT: MEASURE R OVERSIGHT COMMITTEE MEETING PROCEEDINGS-
WESTSIDE PURPLE LINE EXTENSION SECTION 2 TIFIA LOAN**

ISSUE

In accordance with Section 8(i)4 of the Measure R Ordinance, the Measure R Independent Taxpayers Oversight Committee ("Oversight Committee") met on July 19, 2016 to consider finding that the benefits of a \$307 million Transportation Infrastructure Finance and Innovation Act ("TIFIA") loan to accelerate the Westside Purple Line Extension Section 2 Project (Westside Section 2) and avoid future cost escalation, exceed issuance and interest costs. This report provides a summary of the Oversight Committee's proceedings.

DISCUSSION

Staff presented to the Oversight Committee an analysis showing that the benefits of a TIFIA loan financing to accelerate project delivery and avoid future cost escalation, exceed interest and issuance costs for the \$2.41 billion Westside Section 2 project. LACMTA submitted a Letter of Interest in December 2014 for the Westside Section 2 project, and made an initial credit presentation to TIFIA in April 2016. Loan documents could be ready for execution as early as September 2016, allowing us to potentially lock in a currently attractive loan rate.

The Oversight Committee adopted a Resolution (Attachment A) finding that the benefits of a TIFIA loan secured with Measure R revenues to accelerate the Westside Section 2 Project and to avoid future cost escalation exceed issuance and interest costs. The finding was approved by the Oversight Committee with a unanimous vote.

NEXT STEPS

Staff will seek Board authorization to execute the TIFIA loan agreement at the August 25, 2016 Board Meeting.

ATTACHMENT

A. Measure R Oversight Committee Resolution - \$307 Million TIFIA Loan

Finding of Benefit Resolution

RESOLUTION PURSUANT TO MEASURE R ORDINANCE FINDING THAT THE BENEFITS OF A TIFIA LOAN UP TO \$307 MILLION EXCEED ISSUANCE AND INTEREST COSTS

WHEREAS, the Measure R Ordinance provides sales tax revenues for the construction of 12 transit capital projects over 30 years; and

WHEREAS, accelerated construction would avoid inflationary cost growth; and

WHEREAS, the federal Transportation Infrastructure Finance and Innovation Act (TIFIA) provides loans for qualified transportation projects of regional and national significance; and

WHEREAS, LACMTA is seeking a \$307 million TIFIA loan for the Westside Purple Line Extension Section 2 Project; and

WHEREAS, LACMTA retains the right to use traditional tax-exempt borrowing for the Westside Purple Line Extension Section 2 Project in lieu of the TIFIA loan, if doing so would be more advantageous; and


WHEREAS, the Measure R transit capital projects are estimated to generate more than 77 million additional annual transit boardings; 568,458 fewer pounds of reactive organic gases, nitrous oxides, carbon monoxide and particulate matter; 207,942,017 less vehicle miles traveled annually; and 10,294,159 fewer gallons of gasoline consumed annually; and

WHEREAS, the Los Angeles Economic Development Corporation estimates that the Measure R transit construction program has generated 49,850 annual full-time and part-time jobs since 2010; and is expected to generate 124,030 annual full-time and part-time jobs during the remaining construction program.

NOW, THEREFORE, the Proposition R Independent Taxpayers Oversight Committee of Metro finds that the economic, environmental and transit benefits of the \$307 million TIFIA loan, which would accelerate project delivery and avoid inflationary cost growth, exceed issuance and interest costs.

Adopted this 19th day of July, 2016

Signed:


Michele Jackson
LACMTA Board Secretary