



August 16, 2002

Metropolitan
Transportation
Authority

One Gateway Plaza
Los Angeles, CA
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TO: BOARD OF DIRECTORS

THROUGH: ROGER SNOBLE
CHIEF EXECUTIVE OFFICER

FROM: JAMES L. de la LOZA, EXECUTIVE OFFICER
COUNTYWIDE PLANNING AND DEVELOPMENT

SUBJECT: FTA 2003 ANNUAL REPORT ON NEW STARTS

ISSUE

The MTA is required to provide information annually to the FTA on projects seeking Section 5309 New Starts funds so that the projects may be evaluated, rated and recommended for funding in the FTA's Annual Report on New Starts. The two projects for which we are currently seeking New Starts funds are the Eastside and the Mid-City/Exposition LRT Projects.

DISCUSSION

Federal law requires that the FTA evaluate each proposed New Starts project according to a series of criteria for project justification and local financial commitment. As projects proceed through the planning and project development process, they are evaluated against the full range of statutory criteria, including mobility improvement, environmental benefits, transit supportive land use, operating efficiency and cost effectiveness. Based on the results of this evaluation, ratings of "highly recommended," "recommended" or "not recommended" are assigned to each proposed project. The results of these evaluations then are used as the basis for decisions regarding approval for proceeding with preliminary engineering (PE) and final design so as to execute a Full Funding Grant Agreement (FFGA) and recommend annual funding marks to Congress.

Summary of Changes

While much of the information for the Eastside and Mid-City/Exposition LRT Projects that was submitted to the FTA for last year's New Starts Report has not changed, the systemwide financial plans and specific financial plans for these projects are being revised to reflect the most current cost and revenue projections, project cost estimates, schedules and funding strategies. Staff plans on returning to the Board at a future date to provide additional information and obtain approval for the revised cost estimates for these projects.

A summary of the changes to the Eastside and Mid-City/Exposition LRT Project financial plans is shown in Attachment A. These changes involve the following:

1. Eastside LRT (\$86.4 million increase)
 - *Guideway, Systems and Stations* – \$1.2 million increase resulting from slight modifications to the underground stations and additional shafts.
 - *Special Conditions* - \$21.9 million increase due to a significant rise in insurance costs (as a result of September 11th).
 - *Professional Services* - \$16.6 million increase in project management services, resulting from a more detailed staffing plan conducted with a better defined scope of work.
 - *Contingency* - \$30.4 million increase in contingency, representing a change from 7% to 10% of the total estimated project cost to address Federal Transit Administration concerns.
 - *Other* - \$16.3 million increase including estimate changes for Light Rail Vehicles, Right-of-Way and Interest Costs.

2. Mid-City/Exposition LRT (\$202.2 million increase)
 - *Guideway* - \$70.4 million increase based upon a change to the project definition.
 - *Vehicles* - \$40.4 million increase based upon a per unit cost increase and additional spare parts and vehicle needs resulting from more accurate cost estimates.
 - *Special Conditions* - \$45.6 million increase mainly due to a significant rise in insurance costs (as a result of September 11th) and additional environmental mitigation costs.
 - *Professional Services* - \$67.7 million increase due to a more defined scope of work.
 - *Project Contingency* - \$94 million increase in contingency, changing from 6.5% to 20% of the total estimated project costs, which is typical for construction projects entering the PE phase.
 - *Other* - \$115.9 million **reduction** due to a change in project definition which impacted the estimates for Yards and Shops, Systems, Stations, Right-of-Way, Interest Cost and Undefined.

Phasing and Funding for the Mid-City/Exposition LRT Project

It is important to note that in the case of the Mid-City/Exposition LRT Project, sufficient funding has not been approved for construction of the entire Board-approved locally preferred alternative (LPA) to Venice/Robertson. During the preliminary engineering phase, staff will evaluate the possibility of constructing a minimum operable segment to at least Vermont Avenue using currently available funds. However, for the FTA to evaluate and environmentally clear the entire LPA, staff has developed a draft financial plan for the project, as shown in Attachment A. The allocation of funds between the Exposition LRT Project and other competing regional needs will be addressed in the Ten-Year Forecast and the Short Range Transportation Plan.

NEXT STEPS

MTA staff are now preparing the required information for the 2003 Annual Report on New Starts and plan to transmit to the FTA by the **August 15, 2002** deadline.

ATTACHMENT(S)

A. Funding Comparison of 2002 and 2003 New Starts Reports

Prepared by: Brian Boudreau, Director of Regional Grants Management & Administration

[S:\grantsu\brian\docs\BR-NewStartReport]

Los Angeles County Metropolitan Transportation Authority
Construction Cash Flows Funding Comparison of Transit Corridors --
March 2002 and August 2002 New Starts Reports
(In Millions of Year of Expenditure Dollars)

ATTACHMENT A

5309 Report:	Eastside LRT			Mid-City/Expo LRT			TOTAL								
	March 2002	August 2002	Variance	March 2002	August 2002	Variance	March 2002	August 2002	Variance						
Revenue Ops. Date:	Mar 2008		Oct 2008	Dec 2008		June 2010									
	Amt	%	Amt	%	Amt	Amt	%	Amt	%	Amt	%	Amt	%		
Total Project Cost	\$826.3		\$912.7		\$86.4	\$429.0		\$631.5		\$202.5	\$1,255.3		\$1,544.2		\$288.9
Sources of Funds															
Prop A 35%	\$ 47.3	5.7%	\$ 72.2	7.9%	\$24.9	-	0.0%	-	0.0%	-	\$47.3	3.8%	\$72.2	4.7%	\$24.9
Prop C 25%	-	0.0%	-	0.0%	-	60.6	14.1%	60.6	9.6%	-	60.6	4.8%	60.6	3.9%	-
Local ROW	-	0.0%	-	0.0%	-	26.0 ⁽¹⁾	6.1%	-	0.0%	(26.0)	26.0	2.1%	-	0.0%	(26.0)
Lease/General Fund	-	0.0%	10.1	1.1%	10.1	-	0.0%	-	0.0%	-	-	0.0%	10.1	0.6%	10.1
CMAQ	3.1	0.4%	3.1	0.3%	-	34.1	7.9%	34.1	5.4%	-	37.2	3.0%	37.2	2.4%	-
RSTP	-	0.0%	-	0.0%	-	39.9	9.3%	39.9	6.3%	-	39.9	3.2%	39.9	2.6%	-
5309 F.G. Mod.	38.9	4.7%	38.9	4.2%	-	-	0.0%	-	0.0%	-	38.9	3.1%	38.9	2.5%	-
5309 New Starts	495.8	60.0%	547.2	60.0%	51.4	155.2	36.2%	315.6	50.0%	160.4	651.0	51.9%	862.8	55.9%	211.8
Traffic Cong. Relief	236.0	28.6%	236.0	25.9%	-	28.1	6.6%	69.1	10.9%	41.0	264.1	21.0%	305.1	19.8%	41.0
State RIP	5.2	0.6%	5.2	0.6%	-	-	0.0%	112.2	17.8%	112.2	5.2	0.4%	117.4	7.6%	112.2
Undefined	-	0.0%	-	0.0%	-	85.1	19.8%	-	0.0%	(85.1)	85.1	6.8%	-	0.0%	(85.1)
Total Sources	\$826.3	100.0%	\$912.7	100.0%	\$86.4	\$429.0 ⁽²⁾	100.0%	\$631.5	100.0%	\$202.5	\$1,255.3	100.0%	\$1,544.2	100.0%	\$288.9

Notes:

1. Cost reduction of \$26.0 million was an in-kind contribution of right-of-way. No actual cash savings materialized as a result of this elimination.
2. Estimate of \$429.0 million is based upon full LPA to Venice/Robertson Boulevards. Funding of \$343.9 was identified for a minimum operable segment to at least Vermont Ave.