



Metro

Los Angeles County
Metropolitan Transportation Authority

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RE: Items 5 & 19

JUNE 22, 2015

TO: BOARD OF DIRECTORS

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

FROM: MARTHA WELBORNE, FAIA *MW*
CHIEF PLANNING OFFICER

**SUBJECT: FISCAL STABILITY OVERVIEW AND FUNDING COMMITMENTS
INVENTORY (2014 SHORT RANGE TRANSPORTATION PLAN
FINANCIAL UPDATE)**

ISSUE

The Finance, Budget, and Audit Committee and the Executive Director, Finance and Budget requested that additional information be provided for the subject report. Specifically, the Committee and the Executive Director requested that a \$901 million shortfall and \$6.8 billion in forecasted bond proceeds be allocated for illustrative purposes only by project as shown in Attachment A, the Illustrative Assignment of 2014 Short Range Transportation Plan Forecasted Shortfalls and Planned Bond Proceeds.

DISCUSSION

The allocations of shortfalls and bonds are not accounted for on a project-by-project basis in the Financial Forecasting Model used for the periodic updates to the 2009 Long Range Transportation Plan (LRTP) and the 2014 Short Range Transportation Plan (SRTP). Manually breaking-out the 2014 SRTP shortfall and bonds requires assumptions about what the Metro Board of Directors would use as a guide for making such decisions. In March of 2010, the Metro Board of Directors used project status and readiness to make priority setting decisions made necessary by the impact of the worldwide economic recession. The Metro Board of Directors usually allocates anticipated bond proceeds through its annual budget process and has never attempted a project-by-project allocation of bond proceeds beyond the budget year.

To respond to the Committee and the Executive Director, Finance and Budget, we used data from the SRTP period (FY 2015 to FY 2024), to create a one-time snapshot of

what such allocations might look like for illustrative purposes using the assumptions outlined below. The assumptions themselves are based on the Metro Board of Director's last priority setting exercise in March of 2010. The SRTP-based snapshot of the allocations can be found in Attachment A, pages 1 and 2 (dated as of March 1, 2015). Attachment A, page 3 represents actions approved by the Metro Board of Directors after March 1, 2015.

Illustrative Shortfall Allocation Assumptions

We have used the following assumptions (in order of priority) to provide an illustrative allocation of the 2015 SRTP Financial Update shortfall by project. Projects in the higher numbered categories below were deferred first because those projects are in the early phases of planning and environmental clearance. If a shortfall still exists, then those projects in the next level are deferred, and so on until we have resolved the shortfall:

- 1) Under construction (including design/build arrangements);
 - a) Under construction using leveraged grant funds;
 - b) Under construction not using leveraged grant funds;
- 2) In design or design complete and in right-of-way acquisition phase;
- 3) In design, not in right-of-way acquisition phase;
- 4) Environmental clearance sought:
 - a) Environmentally cleared, CEQA and NEPA;
 - b) Environmentally cleared, CEQA only;
 - c) Environmental clearance expired or not environmentally cleared;
- 5) Conceptual planning:
 - a) \$'s in SRTP (FY 2015 to FY 2024);

Using these priorities, projects in levels 1 through 4(a) need not be deferred at this time. The following table shows the projects that would be deferred using the above priority setting scenario, including the assumed project status used to make the determination:

Project Title	2015 SRTP (Update \$'s)	Assumed Project Status (See Above)
Soundwalls	\$44.6	5 (a)
I-5/I-405 Carpool Lane Partial Connector	\$71.7	5 (a)
Future Call for Projects	\$206.4	5 (a)
West Santa Ana Branch Corridor	\$301.9	5 (a)
SR-57/SR-60 Mixed Flow Interchange	\$148.3	4 (c)
East San Fernando Valley North/South Corridor	\$95.1	4 (c)
Gold Line Foothill Phase 2B (1)	\$33.5	4 (b)
Total	\$901.5	

(1) New commitment proposed on June 25, 2015 Metro Board Agenda (see Item #21).

The allocation of the forecasted \$901 million (1.8% of costs) shortfall in the "Potentially Deferred" column of Attachment A is not based on any prior action of the Metro Board

of Directors and as such is illustrative only using the assumptions described above. To actually defer projects or services in the manner suggested, we would first recommend specific criteria to the Metro Board of Directors and then bring back a specific recommendation to the Board for approval.

Illustrative Bond Allocation Assumptions

The allocation of bonds on a project-by-project basis is not contained in the 2015 SRTP Financial Forecast model. Instead, we plan borrowing against the bottom line need of a given fund type. Pro-rating the bond proceeds in the manner shown in the “Bond Forecast (pro-rata)” column of Attachment A should be considered an approximation only. This is due to a variety of considerations typically addressed in the more detailed analysis conducted at the time the bonds are issued or even afterwards, when the proceeds are actually budgeted and spent on capital improvements. We used the following criteria to create an illustrative project-by-project allocation of planned bond proceeds in the SRTP:

1. Proposition A: All transit capital capacity improvements (including rolling stock needs for the existing rail system) that utilize Proposition A are forecasted to utilize bond proceeds with a 30-year term, except state of good repair. Only 10.5% of state-of-good repair projects for the existing rail system are forecasted to be funded with Proposition A bond proceeds with a 30-year term. This smaller percentage is to account for state of good repair projects with a life cycle shorter than 30 years.
2. Proposition C: All bus procurements that utilize Proposition C are forecasted to utilize bond proceeds with a 12-year term, consistent with a bus life cycle. All other transit and highway capital capacity improvements that utilize Proposition C are forecasted to be funded with bond proceeds with a 30-year term, except for the Call for Projects. Only half of the Call for Projects is forecasted to utilize Proposition C bond proceeds with 30-year term to account for projects with a shorter life cycle.
3. Measure R: The following list displays the share of each Measure R project sub-fund commitment that are assumed to be bond proceeds:
 - a. Measure R TIFIA (accounted for first):
 - i. Crenshaw/LAX 58%
 - ii. Regional Connector 100%
 - iii. Westside Purple Section 1 59%
 - iv. Westside Purple Section 2 40%
 - b. Measure R transit capital sub-fund (net of TIFIA):
 - i. Measure R 35% projects 30%
 - ii. Measure R 2% projects 57%
 - c. Measure R highway capital sub-fund: 36%

NEXT STEPS

The Committee approved the CEO delegated funds assignments in the report which is now on the agenda for the June 25, 2015 Metro Board of Directors meeting. The Committee received and filed the remainder of the report pending validation by the Executive Director, Finance and Budget.

ATTACHMENTS

- A. Illustrative Assignment of 2014 SRTP Forecasted Shortfall and Planned Bond Proceeds

**Illustrative Assignment of 2014 Short Range Transportation Plan Forecasted Shortfall and Planned Bond Proceeds
Forecasted Utilization of Metro-Controlled Funding FY 2015-2024 (as of March 2015)**

ATTACHMENT A

(\$ in millions)

	Costs FY 2015-2024				Funding Sources FY 2015-2024									
	A	B	C	D	E	F	G	H	I	J	K	L	M	N
Project (not in priority order)	2014 SRTP (Excerpt)	Timing Chngs(1)	Increases/ Bettmnts	2015 SRTP Update	Federal	State	Other	Prop A Cash	Prop C Cash	Meas R Cash	Meas R TIFIA	Bond Forecast (prorata) [2]	Funded Total	Potentially Deferred(3)
Measure R Capital Program														
Major Transit Projects														
Westside Purple Line Extension Section 1	2,038.4	248.5	288.2	2,575.1	1,086.0		41.9	-	-	414.2	856.0	177.0	2,575.1	
Westside Purple Line Extension Section 2	1,512.4	209.7	429.3	2,151.4	1,225.0		74.2	-	-	327.6	307.0	217.6	2,151.4	
<i>Subtotal Westside Purple Line Sections 1 and 2</i>	<i>3,550.8</i>	<i>458.2</i>	<i>717.5</i>	<i>4,726.5</i>	<i>2,311.0</i>		<i>116.1</i>	-	-	<i>741.8</i>	<i>1,163.0</i>	<i>394.6</i>	<i>4,726.5</i>	
Crenshaw/LAX Transit Corridor	1,609.3	(133.6)		1,475.7	174.9	62.5	80.0	-	-	273.6	545.9	338.8	1,475.7	
Regional Connector	1,028.0	162.0	60.5	1,250.5	668.9	251.9	159.3	-	-	4.5	160.0	6.0	1,250.5	
Exposition Line Phase II	703.6	96.6		800.2		216.5				90.0		493.7	800.2	
West Santa Ana Branch Corridor	299.7	2.2		301.9										301.9
Gold Line Foothill Exten Ph 2A Pasadena to Azusa	259.6	(9.1)		250.5						122.4		128.0	250.5	
Gold Line Foothill Exten Ph 2B beyond Azusa (4)	-	-	33.5	33.5										33.5
Airport Metro Connector	17.1	-	228.9	246.0	35.5		6.4	-	-	135.2		68.9	246.0	
East San Fernando Valley N-S	151.5	2.8		154.3		59.8	(0.6)	-	-				59.2	95.1
Exposition Line Phase I	40.6	7.9		48.5								48.5	48.5	
Eastside Light Rail Access	20.6	(8.7)		11.9						8.3		3.6	11.9	
South Bay Green Line Extension	5.6	-		5.6								5.6	5.6	
Exposition Line Phase II Betterments project	-	-	3.9	3.9						2.7		1.2	3.9	
Orange Line Canoga Extension	-	1.7		1.7								1.7	1.7	
Subtotal Measure R Transit Projects	7,686.4	579.9	1,044.3	9,310.6	3,190.3	590.6	361.1	-	-	1,378.6	1,868.9	1,490.6	8,880.1	430.5
Major Highway Projects														
I-5 South, I-605 to OC Line	858.7	(130.4)	46.0	774.3	147.5	398.2				33.8		194.8	774.3	
South Bay Ramps and Interchanges	347.4	100.5		447.9		20.0				261.0		166.9	447.9	
Alameda Corr. East Grade Sep Ph II (Meas R/Prop C)	377.6	42.6		420.2						209.9		210.3	420.2	
I-5 N. Capacity Enhancements, SR-14-Kern Cnty Line	332.0	62.2		394.2						250.5		143.7	394.2	
I-5 North, SR-134 to SR-170	314.9	(5.9)	25.5	334.5	77.7	61.5				124.1		71.2	334.5	
*I-605 Corridor "Hot Spot" Interchanges	370.9	(101.1)		269.8						171.4		98.4	269.8	
*Soundwalls	266.0	(2.0)		264.0						59.7		159.7	219.4	44.6
*SR-138 Capacity Enhancements	241.5	(1.9)		239.6	10.9	32.2				124.9		71.7	239.6	
*SR-710 North Extension (tunnel)	187.4	36.4		223.8						142.2		81.6	223.8	
*I-710 South and Early Action Projects	164.8	27.3		192.1		53.0				62.5		76.6	192.1	
I-5 South Carmenita Interchange	76.5	30.5		107.0						68.0		39.0	107.0	
Operational Improvements in Las Virgenes/Malibu	65.1	31.5		96.6						57.9		38.7	96.6	
Operational Improvements in Arroyo Verdugo	81.7	(3.6)		78.1						49.6		28.5	78.1	
I-5 South, I-605 to OC Line Enhancements	58.0	(2.6)		55.4						35.2		20.2	55.4	
*BNSF Grade Separations in Gateway Cities	27.0	8.0		35.0						22.2		12.8	35.0	
I-5 North, SR-134 to SR-170 Enhancements	18.0	-		18.0						11.4		6.6	18.0	
*High Desert Corridor Environmental	6.1	0.4		6.5						4.1		2.4	6.5	
I-5 Carmenita Interchange Enhancements	-	5.0		5.0						3.2		1.8	5.0	
I-5/SR-14 Enhancements	-	2.0		2.0						1.3		0.7	2.0	
Subtotal Measure R Highway Projects	3,793.6	98.9	71.5	3,964.0	236.1	564.9	-	-	-	1,693.1	-	1,425.4	3,919.4	44.6
Subtotal Measure R Capital Projects	11,480.0	678.8	1,115.8	13,274.6	3,426.3	1,155.5	361.1	-	-	3,071.7	1,868.9	2,916.0	12,799.5	475.1

**Illustrative Assignment of 2014 Short Range Transportation Plan Forecasted Shortfall and Planned Bond Proceeds
Forecasted Utilization of Metro-Controlled Funding FY 2015-2024 (as of March 2015)**

ATTACHMENT A

(\$ in millions)		A	B	C	D	E	F	G	H	I	J	K	L	M	N
		Costs FY 2015-2024				Funding Sources FY 2015-2024									
Project (not in priority order)	2014 SRTP (Excerpt)	Timing Chngs(1)	Increases/Bettrmnts	2015 SRTP Update	Federal	State	Other	Prop A Cash	Prop C Cash	Meas R Cash	Meas R TIFIA	Bond Forecast (prorata) [2]	Funded Total	Potentially Deferred(3)	
42	I-10 Puente to Citrus and Citrus to SR-57	282.4	2.6	25.2	310.2	144.2	35.4	-	-	-	-	130.6	310.2		
43	I-405 from I-10 to US-101 over Sepulveda Pass	106.0	(24.0)	90.0	172.0	90.0	-	-	-	-	-	82.0	172.0		
44	SR-57/SR-60 Mixed Flow Interchange	135.6	35.0		170.6		-	-	-	-	-	22.3	22.3	148.3	
45	SR-138 Corridor Widening (7 of 13 segments)	105.7	-		105.7	23.5	82.2	-	-	-	-	-	105.7		
46	I-5/I-405 Carpool Lane Partial Connector	88.9	5.1		94.0	-	-	-	-	-	-	22.3	22.3	71.7	
47	SR-71 from I-10 to Mission Blvd	50.6	(2.3)		48.3		-	-	-	-	-	48.3	48.3		
48	SR-71 from Mission Blvd to Rio Rancho Rd	28.7	9.2		37.9	28.7	-	-	-	-	-	9.2	37.9		
49	SR-14 from Ave P-8 to Ave L	15.0	-		15.0		-	-	-	-	-	15.0	15.0		
50	Subtotal Non-Measure R Major Highway Projects	812.9	25.6	115.2	953.7	286.4	117.6	-	-	-	-	329.7	733.7	220.0	
51	Eastern Light Rail Yard (not in project budgets)	80.8	(11.3)		69.5		-	-	-	29.6	-	39.9	69.5		
52	Southwestern Light Rail Yard (not in project budgets)	75.1	70.7		145.8		-	-	-	7.7	-	138.1	145.8		
53	Subtotal Rail Yards	155.9	59.4	-	215.3	-	-	-	-	37.2	-	178.1	215.3	-	
54	P3010 Light Rail Vehicles (not in Project Budgets)	206.2	260.6		466.8	100.9	114.2	-	-	4.5	-	247.2	466.8		
55	Heavy Rail Vehicles not in Project Budgets	157.4	(26.8)		130.6		-	-	-	16.7	-	113.9	130.6		
56	Willowbrook/Rosa Parks Station	-	-	9.6	9.6		-	-	-	-	-	9.6	9.6		
57	Southern California Regional Interconnector Proj (SCRIP)	-	-	26.5	26.5		-	-	-	26.5	-	-	26.5		
58	Red/Purple Line System Improve	251.1	-		251.1		-	83.9	-	-	-	167.2	251.1		
59	Subtotal Rail Capital Yards, Vehicles, Facilities	770.6	293.2	36.1	1,099.9	100.9	114.2	83.9	-	85.0	-	715.9	1,099.9	-	
60	Patsaouras Plaza	-	2.6	14.2	16.8		-	-	-	-	-	16.8	16.8		
61	Bus Division 13	5.5	29.7	16.1	51.3	8.1	29.0	14.3	-	-	-	-	51.3		
62	2009 and Future Calls for Projects	2,081.4	(371.3)		1,710.1	470.4	199.1	59.9	-	297.3	-	477.0	1,503.7	206.4	
63	Rail Capital Maint (Facilities/State of Good Repair)	1,694.6	(414.8)		1,279.8	184.0	208.1	134.2	597.1	-	9.6	146.9	1,279.8		
64	Bus Procurement	1,294.1	(61.8)		1,232.3	408.8	115.1	454.7	-	69.2	47.3	137.2	1,232.3		
65	Miscellaneous Highway Projects	556.5	81.3	6.1	643.9		89.1	471.2	-	0.4	-	83.3	643.9		
66	Metrolink Capital and Rehab	452.8	(27.4)		425.4		1.8	-	-	68.3	245.4	109.9	425.4		
67	Miscellaneous Bus Capital Projects	150.0	(150.0)		-		-	-	-	-	-	-	-		
68	Miscellaneous Rail Capital Projects	79.6	0.4	53.6	133.6		10.4	30.1	50.0	1.5	15.1	26.5	133.6		
69	Subtotal Bond Eligible Capital Projects (incl Measure R)	19,378.0	86.3	1,357.2	20,821.5	4,884.9	2,039.8	1,609.4	647.1	436.7	3,474.1	1,868.9	4,959.2	19,920.0	901.5
70	Metro Bus Operations	11,461.4	355.1		11,816.5	1,418.5	430.3	5,117.6	2,064.8	1,443.9	1,341.3	-	11,816.5		
71	Debt Service	6,328.5	153.9		6,482.4	1,000.0	8.6	-	1,502.3	1,947.3	2,024.2	-	6,482.4		
72	Metro Rail Operations	4,735.5	648.9		5,384.4	955.8	556.7	1,250.0	1,339.0	829.7	453.2	-	5,384.4		
73	Muni and Non-Metro Bus Operations	2,943.5	253.9		3,197.4		170.2	854.4	1,095.9	605.7	471.3	-	3,197.4		
74	Access Services subsidy	1,181.4	268.8		1,450.2	682.0	-	-	768.2	-	-	-	1,450.2		
75	Bus Capital Maintenance (Vehicles and Facilities)	1,056.3	132.5		1,188.8	190.0	3.9	958.1	-	36.8	-	-	1,188.8		
76	Metro Administration incl Immediate Needs program	1,304.9	(241.0)	91.1	1,155.0		-	244.7	460.7	311.6	138.0	-	1,155.0		
77	Muni and Non-Metro Bus Capital	1,092.0	(68.0)		1,024.0	753.7	3.3	234.3	-	14.5	18.2	-	1,024.0		
78	Metrolink Operations	589.9	79.5		669.4		-	-	-	669.4	-	-	669.4		
79	Other ADA Service (TDA8 and Incentive Program)	464.3	(1.1)		463.2		-	288.2	175.1	-	-	-	463.2		
80	Highway Programs (Freeway Service Patrol, Rideshare)	394.7	12.6		407.3		64.6	5.0	-	337.6	-	-	407.3		
81	Metro Agency-wide Capital	255.4	45.8	2.9	304.1		114.9	181.0	-	8.2	-	-	304.1		
82	Highway Program Administration	178.8	(11.4)		167.4		-	-	-	167.4	-	-	167.4		
83	Subtotal Non-Bonded Projects	31,986.6	1,629.5	93.9	33,710.0	5,000.0	1,352.5	9,133.2	6,637.7	7,140.4	4,446.2	-	33,710.0	-	
84	GRAND TOTAL	51,364.6	1,715.8	1,451.1	54,531.5	9,884.8	3,392.3	10,742.6	7,284.8	7,577.1	7,920.3	1,868.9	4,959.2	53,630.0	901.5

**Illustrative Assignment of 2014 Short Range Transportation Plan Forecasted Shortfall and Planned Bond Proceeds
Forecasted Utilization of Metro-Controlled Funding FY 2015-2024 (as of March 2015)**

ATTACHMENT A

(\$ in millions)

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	Costs FY 2015-2024				Funding Sources FY 2015-2024									
Project (not in priority order)	2014 SRTP (Excerpt)	Timing Chngs(1)	Increases/ Bettmnts	2015 SRTP Update	Federal	State	Other	Prop A Cash	Prop C Cash	Meas R Cash	Meas R TIFIA	Bond Forecast (prorata) [2]	Funded Total	Potentially Deferred(3)
85 Additional Costs since March 1, 2015:														
86 Affordable Housing Revolving Loan Fund			10.0											
87 The Bloc			4.3											
88 Light Rail Vehicles Options 2 and 3			114.0											
89 N. Hollywood Orange-Red Lines Pedestrian Underpass			1.1											
90 Southwestern Light Rail Yard increase			11.2											
91 I-405 from I-10 to US-101 over Sepulveda Pass claim			25.0											
92 So. Cal. Reg'l Intrcnctr Proj (SCRIP) in addition to above			212.8											
93 Subtotal			1,829.5											
94 Risk allocation (net after \$4.3M The Bloc [line 87])			295.7											
95 TOTAL			2,125.2											901.5

*These highway projects have additional unfunded need of \$12.1 billion through FY 2024, shown as Highway Strategy Funds in the Financial Forecast.

- (1) Timing changes column represents adjustments to the timing of costs to prior to FY 2015 and/or after FY 2024 and other changes.
- (2) Forecasted bonds are arbitrarily prorated to bond eligible projects for illustration purposes only. Pro-rating bonds in this manner may not be feasible due to a variety of considerations typically addressed in the more detailed analysis conducted at the time the bonds are issued. Actual bond allocations to projects will occur as appropriate at or after bond issuance. This forecast is not intended to be used for bond sizing or timing purposes.
- (3) Potentially Deferred column represents an allocation of the forecasted shortfall based on project readiness. Deferring a project will require a specific action of the Metro Board of Directors preceeded by the adoption of criteria for deferring projects. To date, the Board has not considered either action.
- (4) Proposed June 2015 Metro Board of Directors item #21.