

Next stop: new rail to southeast LA County.

WEST SANTA ANA BRANCH TRANSIT CORRIDOR



FUNDING PLAN AND P3 ASSESSMENT UPDATE

Regular Board Meeting

Item 42

December 2, 2021

West Santa Ana Branch Funding Plan and P3 Assessment Update

- Goal is to deliver the WSAB from Pioneer to Downtown LA
- The Draft EIS/EIR project cost estimates for the alternatives are higher than the prior estimate (in current dollars)

Alt 1A (Pioneer to Downtown)	Alt 3 (Pioneer to Slauson)	Alt 4 (Pioneer to Green Line)
\$8.567B	\$4.902B	\$2.346B

- There is a shortfall in identified funding and the proposed funding strategy would address this with a more aggressive federal New Starts grant strategy
- The funding gap for the full alignment is at least \$4.6B
- Analysis of P3 project delivery is ongoing

Funding Sources

- A \$3.15 billion New Starts for Alternative 3 – limited to less than 50% of the cost
- Target State funding (\$850 million)
- Compile \$3.12 billion in total local funds including Measure M, Measure R, 3% local contribution, innovative finance (pension funds)
- Working to secure value capture as a funding source; Metro and cities will continue to pursue their development
 - this process involves the cities and county and extensive analysis, which can take multiple years
 - can be used for 3% contribution
- Funding plan allows completion to Slauson as early as FY35 to FY38, in advance of the Measure M Ordinance (new funding can advance schedule)

Downtown Segment

- Board action in Jan 2022 to:
 - Approve a terminus in downtown
 - Work with downtown communities to address impacts and evaluate ways to reduce cost on northern segment
 - Select an **Initial Operable Segment (IOS)** for initial grant funding and as the Locally Preferred Alternative (LPA)

Project Schedule for Initial Segment

LPA Selection:	January 2022
First Last Mile Planning:	Following LPA Selection
Work with Communities; Evaluate Ways to Reduce Cost on Northern Segment:	Following LPA Selection
Board Selection of Project Delivery Method:	Summer 2022
Metro Board to Certify Final EIR:	Winter 2022
FTA to issue Record of Decision:	Spring 2023
Begin CPUC Application*	2023 to 2025 (18-month process)
Begin Right of Way Acquisition*	2023 to 2026 (2 to 3-year process)
Groundbreaking:	As early as 2023/25
Advanced Engineering Works (IOS):	2023 to 2026 (3 years)
LRT Construction (IOS):	2026 to 2033/35 (7 years)

* Final EIR Certification/ROD prerequisite

Metro P3 Assessment Process

Voter approved Measure M indicates WSAB could be delivered by P3

Step 1

Project Screening & Identification

Step 2

Qualitative Project Assessment

Step 3

Market Sounding

Step 4

Project Cost Report

Step 5

Project Risk Assessment

Step 6

Value-for-Money & Financial Analysis

Step 7

Project Funding & Affordability Assessment

Step 8
Metro Board Approval of Project Delivery

Step 9

Final Project Performance Specifications

Step 10

Release Procurement Package



Completed step of assessment

Metro P3 Costs and Benefits

- Investors, including pension and ESG funds among others, could raise ~\$2 billion of private financing for the project
 - Reducing Metro's funding required during construction and allowing us to build more of the project sooner
- P3 delivery could provide greater cost and schedule certainty than DB delivery by tying payment to performance
- P3 contractor would be required to negotiate comparable agreements with existing labor unions for operations and maintenance

Additional Actions

- Request entry into FTA New Starts project development for the IOS
- Board action on project delivery method in Summer 2022
- Procure technical advisors for value capture financings that will help initiate a potential multiyear process – proceeds can be used for 3% contribution