

**Board Report**

File #: 2023-0051, **File Type:** Contract**Agenda Number:** 32.

**OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE
APRIL 20, 2023****SUBJECT: METRO EXPRESSLANES ON CALL TRAFFIC AND REVENUE SUPPORT****ACTION: APPROVE RECOMMENDATIONS****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to award Contract No. PS86284000 with CDM Smith, Inc., to provide Metro ExpressLanes On-Call Traffic and Revenue Support services in an amount not to exceed \$2,999,870 subject to the resolution of timely submitted protest(s), if any.

ISSUE

Staff has been conducting planning studies to advance the implementation of ExpressLanes in support of Metro's ExpressLanes Strategic Plan. One of the studies prepared for potential ExpressLanes projects is the Traffic and Revenue (T&R) study, which estimates toll rates and potential toll revenue that could be used to operate, maintain, fund construction of the projects as well as provide net toll revenues to jurisdictions and agencies for transit, active transportation and roadway improvements within the corridor. Furthermore, T&Rs provide an indication of the financial feasibility of a potential ExpressLanes project.

This contract will provide on-call T&R study and financing support for future ExpressLanes projects. Metro expects to pursue grant opportunities as well as seek Federal TIFIA (Transportation Infrastructure Finance and Innovation Act) loans to fully fund these projects. As projects proceed through the Project Approval/Environmental Document (PA/ED) and Plans, Specifications, and Estimates (PS&E) phases, staff anticipates the need to refresh the T&R studies. This contract will support updates to the I-105, I-405, and I-10 T&Rs and the TIFIA application process.

BACKGROUND

In November 2014, the Board directed staff to prepare a Countywide ExpressLanes Strategic Plan (Strategic Plan) based on the success of the I-110 and I-10 ExpressLanes. In January 2017, the Board directed staff to initiate planning studies for Tier 1 ExpressLanes corridors in Los Angeles County as identified in the Strategic Plan. Tier 1 corridors include I-10 between I-605 and the Los Angeles/San Bernardino County line; I-105 between I-405 and Studebaker Road; I-405 between US-101 and the Los Angeles/Orange County line; and I-605 between I-10 and the Los Angeles/Orange

County line.

Currently, the I-105 between I-405 and Studebaker Road is in the PS&E phase and the I-10 between I-605 and the Los Angeles/San Bernardino County line and I-405 between US-101 and I-10 are in the PA/ED phase. Furthermore, Measure M provides \$175 million for the I-105 ExpressLanes and \$260 million for the I-405 Sepulveda Pass ExpressLanes.

DISCUSSION

The operations and maintenance costs of ExpressLanes such as operating the toll collection system, service center support, back office operations, dedicated California Highway Patrol enforcement, Freeway Service Patrol tow services, and general maintenance, are funded through revenue generated by the ExpressLanes. In addition, future ExpressLanes projects may require toll-backed debt financing to pay for construction costs such as the Federal TIFIA program that is commonly used to fund ExpressLanes projects and toll revenue bonds across the country. Furthermore, on the I-10 and I-110 ExpressLanes, net toll revenue has been used to provide transit subsidies and grants to active transportation, transit, and roadway projects in the corridor.

Due to the anticipated need to fund future ExpressLanes projects through debt financing and the intent to reinvest net toll revenue, Investment Grade T&R studies must be prepared to estimate the potential revenue that an ExpressLanes project can generate. This contract will be task order based allowing on-call services as needed in three categories:-- planning, TIFIA loan support, and toll revenue bond support. Potential planning tasks include traffic and revenue studies, preparation of grant applications, and financial feasibility analysis. Potential TIFIA loan support tasks include assisting Metro with the TIFIA loan application process and support to obtain rating agency rating opinion(s). Potential toll revenue bond support tasks could include preparing analyses, presentations, reports, and applications needed to obtain toll revenue bonds.

DETERMINATION OF SAFETY IMPACT

This contract is to study the revenue potential of future ExpressLanes. This will have no impact on safety.

FINANCIAL IMPACT

The FY 2022-23 budget includes \$1,000,000 in Cost Center 2220 (Shared Mobility), project 475004 for I-105 ExpressLanes PS&E/T&R studies. Since this is a multi-year contract, the Cost Center Manager and Deputy Chief Operations Officer, Shared Mobility will be responsible for budgeting in future years.

Impact to Budget

Funds for this action will come from dedicated Measure M funding for the I-405 Sepulveda Pass (Phase 1) ExpressLanes Project and I-105 ExpressLanes project. Work prepared for the I-10 ExpressLanes Extension Project will be funded with toll revenues from the I-10 ExpressLanes.

These funds are not eligible for bus and rail operating and capital expenses.

EQUITY PLATFORM

Equity Focus Communities (EFCs) are present on the Tier 1 ExpressLanes corridors that are currently in PS&E or PAED. For example, on the I-10 corridor between I-605 and the Los Angeles/San Bernardino County line 58% of census tracts include EFCs; on I-105 between I-405 and Studebaker Road 92% of census tracts include EFCs; and on I-405 between US-101 and 18% of census tracts include EFCs. A map of EFCs on the I-10, I-105, and I-405 corridors is included in Attachment B.

As noted earlier, the T&R on-call contract will support planning for Tier 1 ExpressLanes corridors by estimating potential toll revenue that could be generated. It is anticipated that net revenue generated could be reinvested into the corridor similar to the previous net toll grant cycles in 2014 and 2016. This has been done on the I-10 and I-110 ExpressLanes, which have reinvested over \$47 million through two rounds of net toll revenue reinvestment grants in 2014 and 2016. The grants have funded transit improvement projects, system connectivity and active transportation improvement projects, and roadway improvements projects. These projects are located within three miles of the ExpressLanes corridor centerline, such that the benefits accrue largely to marginalized groups and EFCs, which collectively comprise 61% of the I-110 corridor and 32% of the I-10 corridor.

Additionally, transit users that travel the two ExpressLanes corridors receive safe, clean, reliable, high-frequency service along the ExpressLanes corridors as a result of an annual investment of approximately \$8 million by the ExpressLanes program in incremental transit service on the Metro J line, Foothill Transit, Gardena Transit, and Torrance Transit. Metro intends to continue the transit subsidy program on future ExpressLanes projects, and this contract will estimate funding that can be made available for net toll reinvestment grants and transit subsidies.

Metro also has discount and rewards programs to improve accessibility to the ExpressLanes including the Low-Income Assistance Plan (LIAP). In addition, Metro provides the option of opening a cash account for those who do not have a credit card. Furthermore, frequent transit riders can also take advantage of the Transit Rewards Program to earn monetary credits toward ExpressLane tolls and the Carpool Loyalty Program allows carpoolers the opportunity to earn toll credits for future SOV travel on the ExpressLanes.

The Diversity and Economic Opportunity Department (DEOD) established a 22% Small Business Enterprise (SBE) and 3% Disabled Veteran Business Enterprise (DVBE) goal for this solicitation. CDM Smith committed to meet both the SBE and DVBE goals. Additionally, of the certified subcontractors proposed, two are based in Los Angeles County, as follows: 1) Wiltec, Local SBE; and 2) Global Urban, Local DVBE.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The On-Call T&R support contract supports Strategic Goal 1: Provide high-quality mobility options

that enable people to spend less time traveling. The proposed Express Lanes would increase regional highway capacity and improve the Level of Service for both the Express Lanes as well as the general-purpose lanes. The contract also supports Strategic Goal 2: Deliver outstanding trip experiences for all users of the transportation system. The proposed project would result in shorter trip time for both the Express Lane and the general-purpose lanes. Lastly, the contract supports Strategic Goal 4: Transform LA County through regional collaboration and national leadership. This project will require extensive collaboration with Caltrans, corridor cities, Los Angeles County, and regulatory agencies.

ALTERNATIVES CONSIDERED

The Board could choose not to award this contract. This is not recommended as it could delay the overall project completion schedule for the Tier 1 ExpressLanes projects.

NEXT STEPS

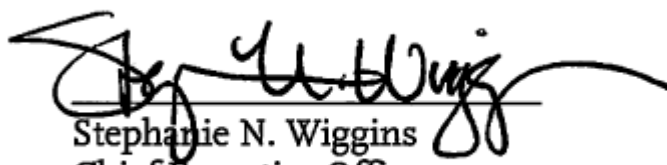
Upon Board approval, staff will execute this contract with CDM Smith, Inc. and issue a Notice to Proceed (NTP).

ATTACHMENTS

- Attachment A - Procurement Summary
- Attachment B - EFC maps
- Attachment C - DEOD Summary

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