

# **Metro**

*Los Angeles County Metropolitan Transportation Authority  
One Gateway Plaza  
3rd Floor Board Room*



## **Agenda - Final**

**Thursday, February 28, 2019**

**9:30 AM**

**One Gateway Plaza, Los Angeles, CA 90012,  
3rd Floor, Metro Board Room**

### **Board of Directors - Regular Board Meeting**

*Sheila Kuehl, Chair  
James Butts, Vice Chair  
Eric Garcetti, 2nd Vice Chair  
Kathryn Barger  
Mike Bonin  
Jacquelyn Dupont-Walker  
John Fasana  
Robert Garcia  
Janice Hahn  
Paul Krekorian  
Ara Najarian  
Mark Ridley-Thomas  
Hilda Solis  
John Bulinski, non-voting member  
Phillip A. Washington, Chief Executive Officer*

**METROPOLITAN TRANSPORTATION AUTHORITY BOARD RULES**  
(ALSO APPLIES TO BOARD COMMITTEES)

**PUBLIC INPUT**

A member of the public may address the Board on agenda items, before or during the Board or Committee's consideration of the item for one (1) minute per item, or at the discretion of the Chair. A request to address the Board should be submitted in person at the meeting to the Board Secretary. Individuals requesting to speak on more than three (3) agenda items will be allowed to speak up to a maximum of three (3) minutes per meeting. For individuals requiring translation service, time allowed will be doubled.

Notwithstanding the foregoing, and in accordance with the Brown Act, this agenda does not provide an opportunity for members of the public to address the Board on any Consent Calendar agenda item that has already been considered by a Committee, composed exclusively of members of the Board, at a public meeting wherein all interested members of the public were afforded the opportunity to address the Committee on the item, before or during the Committee's consideration of the item, and which has not been substantially changed since the Committee heard the item.

The public may also address the Board on non-agenda items within the subject matter jurisdiction of the Board during the public comment period, which will be held at the beginning and/or end of each meeting. Each person will be allowed to speak for up to three (3) minutes per meeting and may speak no more than once during the Public Comment period. Speakers will be called according to the order in which the speaker request forms are received. Elected officials, not their staff or deputies, may be called out of order and prior to the Board's consideration of the relevant item.

In accordance with State Law (Brown Act), all matters to be acted on by the MTA Board must be posted at least 72 hours prior to the Board meeting. In case of emergency, or when a subject matter arises subsequent to the posting of the agenda, upon making certain findings, the Board may act on an item that is not on the posted agenda.

**CONDUCT IN THE BOARD ROOM** - The following rules pertain to conduct at Metropolitan Transportation Authority meetings:

**REMOVAL FROM THE BOARD ROOM** The Chair shall order removed from the Board Room any person who commits the following acts with respect to any meeting of the MTA Board:

- a. Disorderly behavior toward the Board or any member of the staff thereof, tending to interrupt the due and orderly course of said meeting.
- b. A breach of the peace, boisterous conduct or violent disturbance, tending to interrupt the due and orderly course of said meeting.
- c. Disobedience of any lawful order of the Chair, which shall include an order to be seated or to refrain from addressing the Board; and
- d. Any other unlawful interference with the due and orderly course of said meeting.

**INFORMATION RELATING TO AGENDAS AND ACTIONS OF THE BOARD**

Agendas for the Regular MTA Board meetings are prepared by the Board Secretary and are available prior to the meeting in the MTA Records Management Department and on the Internet. Every meeting of the MTA Board of Directors is recorded on CD's and as MP3's and can be made available for a nominal charge.



## DISCLOSURE OF CONTRIBUTIONS

The State Political Reform Act (Government Code Section 84308) requires that a party to a proceeding before an agency involving a license, permit, or other entitlement for use, including all contracts (other than competitively bid, labor, or personal employment contracts), shall disclose on the record of the proceeding any contributions in an amount of more than \$250 made within the preceding 12 months by the party, or his or her agent, to any officer of the agency, additionally PUC Code Sec. 130051.20 requires that no member accept a contribution of over ten dollars (\$10) in value or amount from a construction company, engineering firm, consultant, legal firm, or any company, vendor, or business entity that has contracted with the authority in the preceding four years. Persons required to make this disclosure shall do so by filling out a "Disclosure of Contribution" form which is available at the LACMTA Board and Committee Meetings. Failure to comply with this requirement may result in the assessment of civil or criminal penalties.

## ADA REQUIREMENTS

Upon request, sign language interpretation, materials in alternative formats and other accommodations are available to the public for MTA-sponsored meetings and events. All requests for reasonable accommodations must be made at least three working days (72 hours) in advance of the scheduled meeting date. Please telephone (213) 922-4600 between 8 a.m. and 5 p.m., Monday through Friday. Our TDD line is (800) 252-9040.

## LIMITED ENGLISH PROFICIENCY

A Spanish language interpreter is available at all Committee and Board Meetings. All other languages must be requested 72 hours in advance of the meeting by calling (213) 922-4600 or (323) 466-3876.



**323.466.3876 x2**

*Español*

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한국어

日本語

中文

русский

ភាសាខ្មែរ

ภาษาไทย

Tiếng Việt

ភាសាជប៉ុន

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General Information/Rules of the Board - (213) 922-4600

Internet Access to Agendas - [www.metro.net](http://www.metro.net)

TDD line (800) 252-9040

**NOTE: ACTION MAY BE TAKEN ON ANY ITEM IDENTIFIED ON THE AGENDA**

**CALL TO ORDER**

**ROLL CALL**

1. APPROVE Consent Calendar Items: 2, 8, 13, 15, 16, 17, 21, 22, 24, 26, 27, 31

**CONSENT CALENDAR**

2. **SUBJECT: MINUTES** [2019-0035](#)

**RECOMMENDATION**

APPROVE Minutes of the Regular Board Meeting held January 24, 2019.

**Attachments:** [Regular Board Meeting MINUTES - January 24, 2019](#)

**AD HOC CONGESTION, HIGHWAY AND ROADS COMMITTEE MADE THE FOLLOWING RECOMMENDATION (5-0):**

8. **SUBJECT: FUNDING AGREEMENT FOR SR-57/SR-60 INTERCHANGE IMPROVEMENTS** [2018-0798](#)

**RECOMMENDATION**

AUTHORIZE the Chief Executive Officer (CEO) to execute Funding Agreement #9200000000M500201 for \$29,525,000 with San Gabriel Valley Council of Governments (SGVCOG) for support services for the SR-57/SR-60 Interchange Improvements.

**Attachments:** [Attachment A - File # 2018-0238 \(Item 47\) September 27, 2018 Board Report](#)

**FINANCE, BUDGET AND AUDIT COMMITTEE MADE THE FOLLOWING RECOMMENDATION (4-0):**

13. **SUBJECT: INVESTMENT POLICY** [2018-0607](#)

**RECOMMENDATION**

CONSIDER:

- A. ADOPTING the Investment Policy in Attachment B;
- B. APPROVING the Financial Institutions Resolution authorizing financial institutions to honor signatures of LACMTA Officials, Attachment C; and
- C. APPROVING the Local Agency Investment Fund (LAIF) Resolution authorizing LAIF to honor LACMTA Authorized Signatures, Attachment D; and

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- D. DELEGATING to the Treasurer or her designees, the authority to invest funds for a one year period, pursuant to California Government Code (“Code”) Section 53607.

**Attachments:**      [Attachment A - Summary of Investment Policy Changes](#)  
[Attachment B - Investment Policy \(redlined\)](#)  
[Attachment C - Financial Institutions Resolution \(redlined\)](#)  
[Attachment D - LAIF Financial Institutions Resolution](#)

**PLANNING AND PROGRAMMING COMMITTEE MADE THE FOLLOWING RECOMMENDATION (3-0):**

- 15. SUBJECT:      INGLEWOOD FIRST/LAST MILE PLAN** [2018-0771](#)

**RECOMMENDATION**

ADOPT Inglewood First/Last Mile Plan.

**Attachments:**      [Attachment A - Inglewood First Last Mile Plan Executive Summary and Excerpts Presentation](#)

**PLANNING AND PROGRAMMING COMMITTEE MADE THE FOLLOWING RECOMMENDATION (3-0):**

- 16. SUBJECT:      MEASURE M MULTI-YEAR SUBREGIONAL PROGRAM - NORTH COUNTY SUBREGION** [2018-0802](#)

**RECOMMENDATION**

CONSIDER:

A. APPROVING:

- 1. programming of \$16,570,590 in Measure M Multi-Year Subregional Program (MSP) - Active Transportation Program (Attachment A);
- 2. programming of \$13,143,260 in Measure M MSP - Transit Program (Attachment B);
- 3. inter-program borrowing from subregion’s Measure M MSP - Transit Program and programming of \$8,051,220 in Measure M MSP - Highway Efficiency Program (Attachment C); and

B. AUTHORIZING the CEO or his designee to negotiate and execute all necessary agreements for approved projects.

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**Attachments:**      [Attachment A - Active Transportation Program Project List](#)  
[Attachment B - Transit Program Project List](#)  
[Attachment C - Highway Efficiency Program Project List](#)

**OPERATIONS, SAFETY AND CUSTOMER EXPERIENCE COMMITTEE MADE THE FOLLOWING RECOMMENDATION (3-0):**

- 17. SUBJECT: ARTIFICIAL IVY INSTALLATION AND MAINTENANCE SERVICES** [2018-0782](#)

**RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to award a firm fixed unit rate Contract No. OP1212080003367 to Intuitive Real Estate Solutions for a three year program, to provide heavy duty artificial ivy installation and maintenance services as a graffiti deterrent, for a not to exceed amount of \$659,198, effective March 18, 2019.

**Attachments:**      [Attachment A - Artificial Ivy Installation Pictures](#)  
[Attachment B - Procurement Summary](#)  
[Attachment C - DEOD Summary](#)

**OPERATIONS, SAFETY AND CUSTOMER EXPERIENCE COMMITTEE MADE THE FOLLOWING RECOMMENDATION (3-0-1):**

- 21. SUBJECT: SYSTEMWIDE BUS NETWORK RESTRUCTURING PLAN** [2018-0797](#)

**RECOMMENDATION**

APPROVE Modification No. 1 to Task Order No. PS878320003041, under Contract No. PS4010-3041-F-XX, with Cambridge Systematics, Inc. for additional enhancements to the systemwide bus network restructuring plan for a firm fixed price of \$764,325, increasing the total Task Order value from \$1,295,762 to \$2,060,087, and extending the period of performance through December 30, 2021.

**Attachments:**      [Attachment A - Procurement Summary](#)  
[Attachment B - Task Order/Modification Log](#)  
[Attachment C - DEOD Summary](#)

**OPERATIONS, SAFETY AND CUSTOMER EXPERIENCE COMMITTEE (4-0) AND EXECUTIVE MANAGEMENT COMMITTEE (5-0) MADE THE FOLLOWING RECOMMENDATION:**

- 22. SUBJECT: ELECTION DAY FREE TRANSIT SERVICE MOTION 40 RESPONSE**

[2018-0820](#)

**RECOMMENDATION**

APPROVE the recommendation to make free transit permanent on regular federal and statewide election days in response to Motion 40 entitled Free Transit on Election Day.

Attachments: [Attachment A - Motion 40](#)

**OPERATIONS, SAFETY AND CUSTOMER EXPERIENCE COMMITTEE MADE THE FOLLOWING RECOMMENDATION (4-0):**

- 24. SUBJECT: SAFETY ENGAGEMENT AND RECOGNITION PROGRAM**

[2018-0019](#)

**RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to:

- A. AWARD Contract No. PS52341001 to CASCO International, Inc. (C.A. Short Company) for the implementation of a safety engagement and recognition program in an amount not to exceed \$300,000 for the two-year pilot program effective March 1, 2019, and for the agency-wide program implementation, if selected, in the amount of \$6,750,000 for the first three-year option, and \$4,500,000 for the second two-year option, for a combined total amount of \$11,550,000, inclusive of sales tax, subject to resolution of protest(s), if any;
- B. AWARD Contract No. PS52341002 to MTM Recognition Corporation for the implementation of a safety engagement and recognition program in an amount not to exceed \$287,188 for the two-year pilot program effective March 1, 2019, and for the agency-wide program implementation, if selected, in the amount of \$7,033,164 for the first three-year option, and \$4,688,776 for the second two-year option, for a combined total amount of \$12,009,128, inclusive of sales tax, subject to resolution of protest(s), if any; and
- C. AWARD Contract No. PS52341003 to The Peavey Corporation for the implementation of a safety engagement and recognition program in an amount not to exceed \$300,000 for the two-year pilot program effective March 1, 2019, and for the agency-wide program implementation, if selected, in the amount of \$6,570,000 for the first three-year option, and \$3,622,500 for the second two-year option, for a combined total amount of



**CONSTRUCTION COMMITTEE MADE THE FOLLOWING RECOMMENDATION (4-0-1):**

- 27. SUBJECT: CONSTRUCTION CLAIMS SUPPORT SERVICES** [2019-0015](#)

**RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to:

- A. EXECUTE a 7 year cost-plus fixed fee contract, Contract No. PS58665, with ARCADIS U.S., Inc., to provide Construction Claims Support Services for various projects as required, in an amount not-to-exceed \$24,584,650 and exercise 3 one-year options, when deemed appropriate; and
- B. EXECUTE individual Contract Work Orders and Contract Modifications within the Board approved contract and budget funding amount.

**Attachments:**      [Attachment A - Procurement Summary PS58665](#)  
                                 [Attachment B - DEOD Summary \(Construction Claims\)](#)

**EXECUTIVE MANAGEMENT COMMITTEE MADE THE FOLLOWING RECOMMENDATION (5-0):**

- 31. SUBJECT: ADMINISTRATIVE CODE AMENDMENTS - OFFICE OF CIVIL RIGHTS** [2018-0822](#)

**RECOMMENDATION**

APPROVE amendment of Title 2, Chapter 2-50 of the Los Angeles County Metropolitan Transportation Authority (“Metro”) Administrative Code, concerning Title VI Requirements and Public Hearings, as set forth in Attachment A. The amended Administrative Code will become effective March 1, 2019.

**Attachments:**      [Attachment A - Code Amendments for Fare Changes and Definitions](#)

**NON-CONSENT**

- 3. SUBJECT: REMARKS BY THE CHAIR** [2019-0101](#)

**RECOMMENDATION**

RECEIVE remarks by the **Chair**.

- 4. SUBJECT: REPORT BY THE CHIEF EXECUTIVE OFFICER** [2019-0102](#)

**RECOMMENDATION**

RECEIVE report by the **Chief Executive Officer**.

**FINANCE, BUDGET AND AUDIT COMMITTEE MADE THE FOLLOWING RECOMMENDATION (4-0):**

**11. SUBJECT: PROPOSITION C BONDS**

[2018-0596](#)

**RECOMMENDATION**

ADOPT a resolution, Attachment A, that:

- A. AUTHORIZES the issuance of bonds by competitive sale to refund the Proposition C Series 2009-E Bonds, consistent with the Debt Policy to achieve approximately \$8.9 million in net present value savings over the ten-year life of the bonds;
- B. APPROVES the forms of Notice of Intention to Sell Bonds, Notice Inviting Bids, Supplemental Trust Agreement, Escrow Agreement, Continuing Disclosure Certificate and Preliminary Official Statement on file with the Board Secretary as set forth in the resolution all as subject to modification as set forth in the resolution; and
- C. AUTHORIZES taking all action necessary to achieve the foregoing, including, without limitation, the further development and execution of bond documentation associated with the issuance of the refunding bonds.

**(REQUIRES SEPARATE, SIMPLE MAJORITY BOARD VOTE)**

Attachments:      [Attachment A - Authorizing Resolution](#)  
[Additional Documents](#)

**FINANCE, BUDGET AND AUDIT COMMITTEE MADE THE FOLLOWING RECOMMENDATION (4-0):**

**12. SUBJECT: PROPOSITION A BONDS**

[2018-0597](#)

**RECOMMENDATION**

ADOPT a resolution, Attachment A, that:

- A. AUTHORIZES the issuance of bonds by competitive sale to refund the Proposition A Series 2009-A Bonds, consistent with the Debt Policy to achieve approximately \$8.9 million in net present value savings over the seven-year life of the bonds;
- B. APPROVES the forms of Notice of Intention to Sell Bonds, Notice Inviting Bids, Supplemental Trust Agreement, Escrow Agreement, Continuing Disclosure Certificate and Preliminary Official Statement on file with the Board Secretary as set forth in the resolution all as subject to modification as set forth in the resolution; and



- C. AUTHORIZES taking all action necessary to achieve the foregoing, including, without limitation, the further development and execution of bond documentation associated with the issuance of the refunding bonds.

**(REQUIRES SEPARATE, SIMPLE MAJORITY BOARD VOTE)**

Attachments:      [Attachment A - Authorizing Resolution](#)  
                                 [Additional Documents](#)

**PLANNING AND PROGRAMMING COMMITTEE AND EXECUTIVE MANAGEMENT COMMITTEE FORWARDED THE FOLLOWING WITHOUT RECOMMENDATION:**

- 32. SUBJECT:      **THE RE-IMAGINING OF LA COUNTY: MOBILITY, EQUITY, AND THE ENVIRONMENT**      [2019-0105](#)

**RECOMMENDATIONS**

APPROVE the staff recommendations to:

- A. PURSUE the Transformational Initiatives that are central to “The Re-Imagining of LA County;”
- B. CONTINUE work on the Twenty-Eight by ’28 goal and accelerate the delivery of the remaining eight projects in every feasible way, and report progress to the Board on the acceleration efforts on a quarterly basis; and
- C. DEVELOP proposed funding and financing plans for the accelerated projects, and report back to the Board in September 2019.

Attachments:      [Attachment A - Motion 43.1 and Response to Motion 43.1 \(File ID 2019-0083\)](#)  
                                 [Attachment B - Motion 43.2 and Response to Motion 43.2 \(File ID 2019-0055\)](#)  
                                 [Attachment C - LA Metro New Mobility Service Fee Plan](#)

**PLANNING AND PROGRAMMING COMMITTEE AND EXECUTIVE MANAGEMENT COMMITTEE FORWARDED THE FOLLOWING WITHOUT RECOMMENDATION:**

- 32.1 SUBJECT:      **EQUITY STRATEGY FOR CONGESTION PRICING STUDY: RESPONSE TO MOTION**      [2019-0055](#)

**RECOMMENDATION**

RECEIVE AND FILE report on equity strategy for congestion pricing in response to Board Motion 43.2.

Attachments:      [Attachment A - Motion 43.2](#)

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**PLANNING AND PROGRAMMING COMMITTEE AND EXECUTIVE MANAGEMENT COMMITTEE FORWARDED THE FOLLOWING WITHOUT RECOMMENDATION:**

**32.2 SUBJECT: RESPONSE TO MOTION BY DIRECTOR BUTTS TO AMEND ITEM 43 WITH QUESTIONS AND INSTRUCTIONS** [2019-0083](#)

**RECOMMENDATION**

RECEIVE AND FILE report in response to Board Motion 43.1 by Director Butts at the January 2019 Board meeting.

**Attachments:** [Attachment A - Motion 43.1](#)  
[Attachment B - Preliminary Scope for Congestion Pricing Feasibility Study](#)

**32.3 SUBJECT: CONGESTION PRICING** [2019-0109](#)

**APPROVE Motion by Garcetti, Kuehl, Butts, Solis and Hahn** that the Board direct the CEO to:

- A. Move forward with a Congestion Pricing Feasibility Study entitled “The Re-Imagining of LA County”;
- B. Ensure the Congestion Pricing Feasibility Study fully addresses and incorporates the parameters identified in the January 2019 Motions 43.1 (Butts) and 43.2 (Solis, Garcetti, Dupont-Walker, Butts, Hahn), which include, but are not limited to, a detailed implementation timeline, cost estimates, sources of funding, and an equity strategy execution plan;
- C. Move forward to explore fees for Transportation Network Company (TNC) trips in Los Angeles County; and
- D. Report back on the all the above at the April 2019 Board cycle.

**32.4 SUBJECT: TWENTY-EIGHT BY '28 INITIATIVE** [2019-0108](#)

**RECOMMENDATION**

**APPROVE Motion by Garcetti, Butts, Solis and Hahn** that the Board direct the CEO to:

- A. Prioritize the following pillar projects to address *Twenty-Eight by '28* acceleration funding needs:
  - Gold Line Eastside Extension Phase 2
  - Green Line Extension to Torrance
  - Sepulveda Transit Corridor
  - West Santa Ana Branch to Downtown LA and reaffirm that it is the first priority for P3 investment

- B. Prepare a detailed year-by-year potential financial forecast to deliver *Twenty-Eight by '28*, prioritizing the four pillar projects in section A, with updated assumptions from the revenue sources listed in Board File 2019-0089 (Item 32, February 2019);
  - 1. This forecast shall provide an accelerated schedule for the four pillar projects, including detail on when Measure M funds are available compared to accelerated project schedules;
  - 2. The forecast should prioritize low-risk revenue sources, maximize potential funding from state and federal grant and formula programs, and assume efficiencies from P3 realization;
  - 3. The forecast may assume the use of Inter-fund Borrowing, Multi-Year Subregional Program Funds and Subregional Equity Program funds under the condition that reprogramming of these sources must be approved by the affected corridor jurisdictions and subregions before the Metro Board assigns the funds for acceleration; and
  - 4. The forecast shall not assume the use of any local return revenues;
- C. Report on alternative public and private financing mechanisms not included in Metro's existing financing toolbox that could be used for acceleration of the four pillar projects, including but not limited to Build California Green Bonds;
- D. Conduct a "Constructability Analysis" for the four pillar projects, including scope, costs, risks, P3 status, the use of alternative technology modes, and timelines for environmental clearance, conceptual design, preliminary engineering, and construction;
- E. Adopt the five policy recommendations contained in the Policy Advisory Council letter and incorporate them into the *Twenty-Eight by '28* and "Re-Imagining of Los Angeles County" programs;
- F. Maintain the *Twenty-Eight by '28* name for this acceleration initiative; and
- G. Report on all the above to the May 2019 Construction and Executive Management Committees.

**OPERATIONS, SAFETY AND CUSTOMER EXPERIENCE FORWARDED THE FOLLOWING WITHOUT RECOMMENDATION:**

**33. SUBJECT: CUSTOMER EXPERIENCE MOTION 38.1 RESPONSE** [2018-0668](#)

**RECOMMENDATION**

RECEIVE AND FILE the status update for Motion 38.1 about the customer experience program.

**Attachments:** [Attachment A - Motion 38.1 - NextGen Bus Study Service Parameters](#)  
[Attachment B - NextGen Update: Transit Competitiveness and Market Potential](#);  
[Attachment C - Customer Experience Key Performance Indicators](#)  
[Attachment D - CEO Ridership Initiatives Progress Report, July 1, 2018-January Presentation](#)

**CONSTRUCTION COMMITTEE FORWARDED THE FOLLOWING DUE TO CONFLICTS:**

**35. SUBJECT: WESTSIDE PURPLE LINE EXTENSION SECTION 3 PROJECT** [2019-0050](#)

**RECOMMENDATION**

CONSIDER:

- A. AMENDING the Life-of-Project (LOP) Budget of \$1,374,826,466 to \$3,223,623,255 to include the Stations, Trackwork, Systems and Testing portion of the Westside Purple Line Extension Section 3 Project (Project), consistent with previous actions taken by the Board in February 2016, January 2017, and June 2018;
- B. AUTHORIZING the Chief Executive Officer (CEO) to award an 89-month firm fixed price contract under Request for Proposal (RFP) No. C45161C1152 to Tutor Perini/O&G, JV, the responsive and responsible Proposer determined to provide Metro with the best value for the final design and construction of the Westside Purple Line Extension Section 3 Project Stations, Trackwork, Systems and Testing, in the amount of \$1,363,620,000, subject to the Federal Transit Administration (FTA) approval of a Full Funding Grant Agreement (FFGA) and resolution of protest(s), if any;
- C. AUTHORIZING the withholding of funds, pursuant to the provisions of the Measure M Ordinance, from the Local Return/Regional Rail Subfund to pay for the 3% local agency contributions to the Project should no agreement with the local jurisdictions be approved or upon default of payment by a local jurisdiction; and

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- D. APPROVING an additional 12 full time Metro staff for FY19 to strengthen the existing project management and support team.

**Attachments:**      [Attachment A - Procurement Summary](#)  
                                 [Attachment B - DEOD Summary](#)  
                                 [Attachment C - Funding Expenditure Plan](#)  
                                 [Attachment D - Request for Project Staff Positions](#)  
                                 [Presentation](#)

**(CARRIED OVER FROM JANUARY BOARD)**

**36. SUBJECT:      PROP A AND PROP C COMMERCIAL  
                                 PAPER/SHORT-TERM BORROWING PROGRAMS**

[2018-0753](#)

**RECOMMENDATION**

CONSIDER:

- A. AUTHORIZING the Chief Executive Officer to renew and/or replace the direct-pay letters of credit ("LOC") and direct purchase revolving credit facility ("RCF") to be provided by the banks described below, finalize negotiations with the recommended banks and enter into reimbursement/credit agreements and related documents associated with such LOCs and RCF;
1. Replace the LOCs currently being provided by Sumitomo Mitsui Banking Corporation ("Sumitomo") and MUFG Union Bank, N.A. ("MUFG"), for the Proposition A commercial paper program with a LOC to be provided by Barclays Bank PLC ("Barclays") for a commitment amount of \$200 million for a 3 year term at an estimated cost of \$13.5 million including interest, legal fees and other related expenses.
  2. Replace the LOC currently being provided by Bank of America ("BANA") of \$75 million for the Proposition C commercial paper program with a revolving credit facility provided by Wells Fargo Bank, N.A. ("Wells Fargo") for an estimated amount of \$150 million (Metro currently has \$75 million outstanding with Wells Fargo) for a 3 year term at an estimated cost of \$9.9 million including interest, legal fees and other related expenses
- B. If unable to reach agreement with one of the recommended banks described above, AUTHORIZE the Chief Executive Officer to finalize negotiations with each successively ranked bank for LOCs and/or RCFs having 3 year terms and the estimated costs shown in Attachment A;



**38. SUBJECT: READINESS IN RESPONSE TO POTENTIAL HIGH SPEED  
RAIL CHANGES**

[2019-0106](#)

**APPROVE Motion by Barger, Najarian and Krekorian** that the Board direct the CEO to:

- A. Acknowledge the importance of connectivity through a Palmdale station to maximize regional integrated operations, and the importance of working towards the advancement of funding for critical projects in the Los Angeles region;
- B. Engage with the office of Governor Newsom, the California High Speed Rail Authority (Authority), and the State Transportation Agency (CalSTA), to explore how the Governor's proposed changes to the HSR project might affect the Palmdale to Burbank, Burbank to Union Station, and Union Station to Anaheim segments, and identify what opportunities might be available to advance critical regional improvements;
- C. Engage Metrolink, CalSTA, and the Authority to begin coordinating efforts to identify specific projects to propose for advancement, taking into consideration the State Rail Plan, Metrolink's SCORE program, SCAG's ongoing RTP effort, the forthcoming Antelope Valley Line study, and the countywide Freight & Goods Movement Strategic Plan, and;
- D. Report back to the Board in 90 days with an update on progress and findings.

**39. SUBJECT: BRIDGE HOUSING ON THE DIVISION 6 BUS YARD**

[2019-0107](#)

**APPROVE Motion by Garcetti, Kuehl and Bonin** that the Board direct the CEO to:

- A. Enter into a no-fee lease agreement with the City of Los Angeles of the former Division 6 site for temporary bridge housing; and
- B. Report back on MTA's ongoing efforts to address homelessness on the MTA system in April 2019, including but not limited to existing funding constraints and opportunities for additional non-transportation funding.

**END OF NON-CONSENT ITEMS**

**40. SUBJECT: CLOSED SESSION**

[2019-0103](#)

A. Conference with Legal Counsel - Existing Litigation - G.C. 54956.9(d)(1)

1. Brian Gomez Garcia v. LACMTA, LASC Case No. BC688353

B. Conference with Real Property Negotiator - G.C. 54956.8

1. Property Description: 160 Canon Drive and 9397 Wilshire Blvd., Beverly Hills  
Agency Negotiator: Velma C. Marshall  
Negotiating Party: New Pacific Cannon, LLC  
Under Negotiation: Price and Terms
2. Property Description: 100-120 Santa Fe Avenue, Los Angeles  
Agency Negotiator: Velma C. Marshall  
Negotiating Party: Aileen, LLC, a Limited Liability Company  
Under Negotiation: Price and Terms
3. Property Description: 13730 Rosecrans Avenue, Santa Fe Springs, CA 90670  
Agency Negotiator: Craig Justesen  
Negotiating Party: GDS Partners LLC  
Under Negotiation: Price and Terms
4. Property Description: 13700 Rosecrans Avenue, Santa Fe Springs, CA 90670  
Agency Negotiator: Craig Justesen  
Negotiating Party: Song Tak Chun and Chang Yuan Chun, Trustees of the Chun Family Trust  
Under Negotiation: Price and Terms
5. Property Description: 1001 East First Street, Los Angeles  
Agency Negotiator: Velma C. Marshall  
Negotiating Party: City of Los Angeles  
Under Negotiation: Price and Terms

**SUBJECT: GENERAL PUBLIC COMMENT**

[2019-0104](#)

RECEIVE General Public Comment

Consideration of items not on the posted agenda, including: items to be presented and (if requested) referred to staff; items to be placed on the agenda for action at a future meeting of the Committee or Board; and/or items requiring immediate action because of an emergency situation or where the need to take immediate action came to the attention of the Committee subsequent to the posting of the agenda.



COMMENTS FROM THE PUBLIC ON ITEMS OF PUBLIC INTEREST WITHIN COMMITTEE'S  
SUBJECT MATTER JURISDICTION

Adjournment



**Board Report**

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**File #:** 2019-0035, **File Type:** Minutes

**Agenda Number:** 2.

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**REGULAR BOARD MEETING  
FEBRUARY 28, 2019**

**SUBJECT: MINUTES**

**RECOMMENDATION**

APPROVE Minutes of the Regular Board Meeting held January 24, 2019.

# Metro

Los Angeles County Metropolitan Transportation Authority  
One Gateway Plaza  
3rd Floor Board Room



## MINUTES

Thursday, January 24, 2019

9:30 AM

One Gateway Plaza, Los Angeles, CA 90012,  
3rd Floor, Metro Board Room

### **Board of Directors - Regular Board Meeting**

#### DIRECTORS PRESENT:

Sheila Kuehl, Chair  
James Butts, Vice Chair  
Kathryn Barger  
Mike Bonin  
Jacquelyn Dupont-Walker  
John Fasana  
Janice Hahn  
Paul Krekorian  
Ara Najarian  
Hilda Solis  
John Bulinski, non-voting member

Phillip A. Washington, Chief Executive Officer

CALLED TO ORDER AT 9:40 a.m.

**ROLL CALL**

1. APPROVED Consent Calendar Items: 2, 9, 11, 13, 15, 18, 19, 20, 21, 22, 23, 30, 34, 36, 36.1, 41 and 42.

Consent Calendar items were approved by one motion.

<b>PK</b>	<b>JF</b>	<b>JH</b>	<b>MB</b>	<b>HS</b>	<b>JB</b>	<b>SK</b>	<b>EG</b>	<b>KB</b>	<b>JDW</b>	<b>MRT</b>	<b>AN</b>	<b>RG</b>
Y	Y	Y	Y	Y	Y	Y	A	Y	Y	A	Y	A

2. **SUBJECT: MINUTES** 2018-0784

APPROVED ON CONSENT CALENDAR Minutes of the Regular Board Meeting held December 6, 2018.

3. **SUBJECT: REMARKS BY THE CHAIR** 2018-0813

RECEIVED remarks by the Chair.

<b>PK</b>	<b>JF</b>	<b>JH</b>	<b>MB</b>	<b>HS</b>	<b>JB</b>	<b>SK</b>	<b>EG</b>	<b>KB</b>	<b>JDW</b>	<b>MRT</b>	<b>AN</b>	<b>RG</b>
P	P	P	P	P	P	P	A	P	P	A	P	A

4. **SUBJECT: REPORT BY THE CHIEF EXECUTIVE OFFICER** 2018-0815

RECEIVED report by the Chief Executive Officer.

<b>PK</b>	<b>JF</b>	<b>JH</b>	<b>MB</b>	<b>HS</b>	<b>JB</b>	<b>SK</b>	<b>EG</b>	<b>KB</b>	<b>JDW</b>	<b>MRT</b>	<b>AN</b>	<b>RG</b>
P	P	P	P	P	P	P	A	P	P	A	P	A

6. **SUBJECT: CALTRANS ORAL REPORT IN RESPONSE TO THE ROAD MOVABLE BARRIERS SYSTEM MOTION** 2018-0652

CARRIED OVER oral report by Caltrans in response to the Road Movable Barriers System Motion from June 2018.

PK = P. Krekorian	HS = H. Solis	KB = K. Barger	RG = R. Garcia
JF = J. Fasana	JB = J. Butts	JDW = J. Dupont-Walker	
JH = J. Hahn	EG = E. Garcetti	MRT = M. Ridley-Thomas	
MB = M. Bonin	SK = S. Kuehl	AN = A. Najarian	

LEGEND: Y = YES, N = NO, C = HARD CONFLICT, S = SOFT CONFLICT ABS = ABSTAIN, A = ABSENT, P = PRESENT

8. **SUBJECT: I-10 EXPRESSLANES BUSWAY PILOT PROGRAM** 2018-0562

AUTHORIZED the development of an implementation plan for the I-10 ExpressLanes Pilot Program.

PK	JF	JH	MB	HS	JB	SK	EG	KB	JDW	MRT	AN	RG
Y	Y	Y	Y	Y	A	Y	A	Y	Y	A	Y	A

9. **SUBJECT: METRO EXPRESSLANES - CUSTOMER SERVICE CENTER OPERATIONS** 2018-0544

AUTHORIZED ON CONSENT CALENDAR the Chief Executive Officer to award firm fixed price Contract No. PS51236000 to Faneuil, Inc. to provide the personnel, services, and expertise to operate the Metro ExpressLanes Customer Service Centers for an eight-year base period, with three, two year options, in the amount of \$83,022,159 for the base period and \$86,352,515 for all option years exercised, for a total of \$169,374,674, subject to resolution of protest(s), if any.

PK	JF	JH	MB	HS	JB	SK	EG	KB	JDW	MRT	AN	RG
		C	C					C				

10. **SUBJECT: I-10 AND I-110 METRO EXPRESSLANES "PAY-AS-YOU-USE" MODEL** 2018-0703

APPROVED a one-year pilot of the "Pay-as-You-Use" model.

PK	JF	JH	MB	HS	JB	SK	EG	KB	JDW	MRT	AN	RG
Y	Y	Y	A	Y	A	Y	A	Y	Y	A	A	A

11. **SUBJECT: LICENSE AGREEMENT WITH SOUTHERN CALIFORNIA EDISON FOR THE BLUE LINE STORAGE YARD** 2018-0724

AUTHORIZED ON CONSENT CALENDAR the Chief Executive Officer (CEO) to execute a five (5)-year license agreement commencing November 1, 2018 with Southern California Edison ("Licensor") for the Blue Line Storage Yard located next to Division 11 in Long Beach at a rate of \$117,848.33 annually with escalations of three percent (3%) annually for a total license value of \$625,673 over the term.

PK	JF	JH	MB	HS	JB	SK	EG	KB	JDW	MRT	AN	RG
								C				

13. **SUBJECT: LOW INCOME FARE SUBSIDY PROGRAM (LIFE)**

2018-0706

**APPROVED ON CONSENT CALENDAR:**

- A. **AUTHORIZING** the extension and execution of Memorandums of Understanding (MOU) by the Chief Executive Officer for Low Income Fare is Easy (LIFE) and Immediate Needs Transportation Programs (INTP) including transportation and administration for a period of six months beginning July 1, 2019 through December 31, 2019;
- B. **AMENDING** the Fiscal Year (FY) 2019 Budget by \$400,000 to increase the LIFE program from \$14.1M to \$14.5M due to Federal Transit Administration Section 5316 Job Access and Reverse Commute (Section 5316) funding received for the LIFE program;
- C. **AUTHORIZING** the extension and execution of the Memorandums of Understanding (MOU) by the Chief Executive Officer for the Municipal, Included and other TAP Operators that are or will be participating in the LIFE program;
- D. **AUTHORIZING** the extension and execution of Memorandum of Understanding (MOU) by the Chief Executive Officer for Support for Homeless on Re-Entry Program (SHORE), including transportation and administration for a period of two years beginning FY20, subject to availability of funds approved through the budget process; )
- E. **RECEIVING AND FILING** LIFE Implementation Update; and
- F. **RECEIVING AND FILING** LIFE Marketing Update.

14. **SUBJECT: PROP A AND PROP C COMMERCIAL**

2018-0753

**PAPER/SHORT-TERM BORROWING PROGRAMS**

**CARRIED OVER DUE TO ABSENCES AND CONFLICTS:**

- A. **AUTHORIZING** the Chief Executive Officer to renew and/or replace the direct-pay letters of credit ("LOC") and direct purchase revolving credit facility ("RCF") to be provided by the banks described below, finalize negotiations with the recommended banks and enter into reimbursement/credit agreements and related documents associated with such LOCs and RCF;

(Continued on next page)

(Item 14 – continued from previous page)

1. Replace the LOCs currently being provided by Sumitomo Mitsui Banking Corporation (“Sumitomo”) and MUFG Union Bank, N.A. (“MUFG”), for the Proposition A commercial paper program with a LOC to be provided by Barclays Bank PLC (“Barclays”) for a commitment amount of \$200 million for a 3 year term at an estimated cost of \$13.5 million including interest, legal fees and other related expenses.
  2. Replace the LOC currently being provided by Bank of America (“BANA”) of \$75 million for the Proposition C commercial paper program with a revolving credit facility provided by Wells Fargo Bank, N.A. (“Wells Fargo”) for an estimated amount of \$150 million (Metro currently has \$75 million outstanding with Wells Fargo) for a 3 year term at an estimated cost of \$9.9 million including interest, legal fees and other related expenses
- B. If unable to reach agreement with one of the recommended banks described above, AUTHORIZE the Chief Executive Officer to finalize negotiations with each successively ranked bank for LOCs and/or RCFs having 3 year terms and the estimated costs shown in Attachment A;
- C. ADOPTING a resolution with respect to the Proposition A commercial paper and short-term program that approves the selection of Barclays or such other banks selected by the Chief Executive Officer for the Proposition A commercial paper program, and the forms of the reimbursement agreement, fee agreement and reimbursement note in similar form with those on file with the Board Secretary and that makes certain benefits findings in compliance with the Government Code, Attachment B;
- D. ADOPTING a resolution with respect to the Proposition C commercial paper and short-term borrowing program that approves the selection of Wells Fargo or such other banks selected by the Chief Executive Officer for the Proposition C commercial paper program, and the forms of the revolving credit agreement, revolving obligation notes and supplemental subordinate trust agreement in similar form with those on file with the Board Secretary and that makes certain benefits findings in compliance with the Government Code, Attachment C.

**15. SUBJECT: BRIGHTON TO ROXFORD DOUBLE TRACKING PROJECT 2017-0177  
(B2R DESIGN)**

AUTHORIZED ON CONSENT CALENDAR the Chief Executive Officer to execute Modification No. 4 to Contract No. PS2415-34120 with STV, Inc. for the Brighton to Roxford Double Tracking (B2R) Project in the amount of \$2,203,529, increasing the total contract value from \$12,633,429 to \$14,836,958.

<b>PK</b>	<b>JF</b>	<b>JH</b>	<b>MB</b>	<b>HS</b>	<b>JB</b>	<b>SK</b>	<b>EG</b>	<b>KB</b>	<b>JDW</b>	<b>MRT</b>	<b>AN</b>	<b>RG</b>
			<b>C</b>					<b>C</b>				

**16. SUBJECT: LONG RANGE TRANSPORTATION PLAN UPDATE 2018-0622**

WITHDRAWN: RECEIVE AND FILE status report on the Long Range Transportation Plan (LRTP) Update, including the following informational items:

- A. Public Engagement Summary Report (Phase 1); and
- B. Draft Mobility Plan to Access Opportunity Framework.

**18. SUBJECT: OPEN STREETS GRANT PROGRAM FY2020 MINI-CYCLE 2018-0736**

APPROVED ON CONSENT CALENDAR:

- A. AUTHORIZING the Metro Open Streets Grant Program FY 2020 Mini-cycle Application and Guidelines (Attachment B); and
- B. REPROGRAMMING \$252,688 in unutilized Cycle Two funds towards the FY 2020 Mini-cycle; and to fully fund Cycle Three awarded events in El Monte and Paramount.

**19. SUBJECT: MEASURE M MULTI-YEAR SUBREGIONAL PROGRAM - 2018-0767  
LAS VIRGENES/MALIBU SUBREGION**

AUTHORIZED ON CONSENT CALENDAR:

A. APPROVING:

- 1. programming of \$22,045,893 in Measure M Multi-Year Subregional Program (MSP) - Active Transportation/Transit/Tech Program (Attachment A);



(Item 19 – continued from previous page)

2. programming of \$18,824,581 in Measure M MSP Highway Efficiency Program (Attachment B); and

B. the CEO or his designee to negotiate and execute all necessary agreements for approved projects.

20. **SUBJECT: MEMBERSHIP ON METRO GATEWAY CITIES SERVICE COUNCIL** 2018-0621

APPROVED ON CONSENT CALENDAR Mr. Danny Hom for membership on Metro's Gateway Cities Service Council.

21. **SUBJECT: THREE-WAY MUFFLER CATALYSTS** 2018-0723

AUTHORIZED ON CONSENT CALENDAR the Chief Executive Officer to award a two year, Indefinite Delivery, Indefinite Quantity Contract No. MA56400000 to Cummins Incorporated, the lowest responsive and responsible bidder for Three-Way Muffler Catalysts. The award is for a Base year not-to-exceed of \$607,663 inclusive of sales tax, and a one year Option for a not-to-exceed amount of \$622,855, inclusive of sales tax for a total not-to-exceed contract value of \$1,230,518, subject to resolution of protest(s), if any.

22. **SUBJECT: FIRE ALARM PANEL REPLACEMENT PROJECT** 2018-0739

APPROVED ON CONSENT CALENDAR an increase to the Life-of-Project (LOP) budget for the bus facilities fire alarm control panel replacement project (CP 202333) by \$1,850,000, increasing the LOP budget from \$1,624,300 to \$3,474,300, which will enable staff to re-solicit and award a contract to the lowest responsible bidder for the bus facilities fire alarm control panel replacement project.

23. **SUBJECT: LEASE AGREEMENT WITH ANDY AZAD 2002 IRREVOCABLE TRUST** 2018-0748

AUTHORIZED ON CONSENT CALENDAR the Chief Executive Officer to execute a four-year, three month amendment to the existing lease agreement with Andy Azad 2002 Irrevocable Trust ("Landlord") for the use of 44,964 rentable square feet ("RSF") of warehouse space located at 2950 East Vernon Ave, Vernon, commencing May 1, 2019 at a monthly rate of \$40,017.96 for the total value of \$2,189,247 including annual escalations of three percent.

30. **SUBJECT: A650-2015, HEAVY RAIL VEHICLE OVERHAUL AND CRITICAL COMPONENT REPLACEMENT PROGRAM** 2018-0670

APPROVED ON CONSENT CALENDAR:

- A. AUTHORIZING the Chief Executive Officer to increase the Life-of-Project (LOP) budget to Contract No. A650-2015, for the Heavy Rail Vehicle Overhaul and Critical Component Replacement Program (OCCRP), by \$12,399,908 increasing the total Life-of-Project (LOP) budget from \$86,662,000 to \$99,061,908 as funded per attachment C; and
- B. APPROVING Modification No. 3 to Contract A650-2015, with Talgo Inc., for the design and installation of the Train-To-Wayside Communication (TWC) System in the firm-fixed price amount of \$2,044,908.

34. **SUBJECT: METRO GOLD LINE EXTENSION TO CLAREMONT** 2018-0789

APPROVED ON CONSENT CALENDAR the Chief Executive Officer to finalize negotiations with the Gold Line Authority to ensure the extension of the Foothill Alignment to Pomona station as a first phase, consistent with the provisions of Board-adopted Measure R and Measure M Unified Cost Management Policy.

36. **SUBJECT: 2019 LEGISLATIVE PROGRAM** 2018-0439

ADOPTED ON CONSENT CALENDAR:

- A. the proposed 2019 Federal Legislative Program as outlined in Attachment A; and
- B. the proposed 2019 State Legislative Program as outlined in Attachment B.

36.1 **SUBJECT: STATE LEGISLATIVE PROGRAM GOALS** 2019-0009

APPROVED ON CONSENT CALENDAR Motion by Butts, Hahn, Solis, Kuehl and Dupont-Walker that the Board Instruct the CEO to include this innovative legislative approach as a priority in the State Legislative Program and Goals contained in Attachment B of the Board Report and specifically relating to Goals 13, and 14.

WE FURTHER MOVE that the Board directs the CEO to secure a primary legislative author and co-authors to sponsor specific legislation authorizing a new "Build California Green Bond" program.

(Continued on next page)

(Item 36.1 – continued from previous page)

WE FURTHER MOVE that the Board directs the CEO to consult with the LAEDC and consider the updating of the 2011 LAEDC Report Metro used in its advocacy efforts in supporting this legislative initiative and report back to the Executive Management Committee in this regard.

40. **SUBJECT: METRO'S PHOTO ENFORCEMENT PROGRAM** 2018-0737

RECEIVED AND FILED an update on Metro's Photo Enforcement Program.

<b>PK</b>	<b>JF</b>	<b>JH</b>	<b>MB</b>	<b>HS</b>	<b>JB</b>	<b>SK</b>	<b>EG</b>	<b>KB</b>	<b>JDW</b>	<b>MRT</b>	<b>AN</b>	<b>RG</b>
Y	Y	Y	Y	Y	A	Y	A	Y	Y	A	A	A

41. **SUBJECT: JUDGE HARRY PREGERSON STATION DEDICATION** 2019-0010

APPROVED ON CONSENT CALENDAR Motion by Garcetti, Ridley-Thomas, Hahn, and Butts that the Board of Directors instruct the CEO to:

- A. prepare a plan to dedicate the Harbor Freeway station along the Green and Silver Line in honor of late Judge Harry Pregerson; and
- B. report back at the March 2019 Executive Management Committee meeting.

42. **SUBJECT: TRANSPORTATION FOR LOS ANGELES UNIFIED SCHOOL DISTRICT STUDENTS DURING A LABOR ACTION** 2019-0012

APPROVED ON CONSENT CALENDAR Motion by Garcetti, Kuehl, and Butts that the Board direct the CEO to provide transit services free of fare for LA Unified students showing their ID from 5am to 7pm on days when the labor action may take place.

43. **SUBJECT: THE RE-IMAGINING OF LA COUNTY: MOBILITY, EQUITY, AND THE ENVIRONMENT (TWENTY-EIGHT BY '28 MOTION RESPONSE)** 2019-0011

CARRIED OVER:

- A. the baseline assumptions and priorities (proposed sacred items) for the funding/financing plan used to deliver Twenty-Eight by '28 as described in Attachment A and listed as follows:
  - 1. NextGen - The results of the NextGen Bus Service Study must not be compromised to advance capital investments;

(Continued on next page)

(Item 43 – continued from previous page)

2. State of Good Repair (SGR) - To guard against increased maintenance and operations costs and deterioration in service reliability, customer experience, and safety performance, Metro must commit to preserving annual State of Good Repair allocations as a baseline assumption. This will ensure the capital funding level of \$475 million per annum for State of Good Repair;
  3. Propositions A and C - Maintain the current debt limits for Propositions A and C. Prop A and Prop C revenues are a primary funding source for Operations. The budget committed one-third of Prop A and C revenues to Operations for FY18 and FY19 and the commitment is expected to increase over the next decade as state of good repair expenses rise;
  4. Protect Metro's debt covenants - Ensure the funding plan protects Metro's debt covenants to avoid impairing or adversely affecting the rights of bondholders. Issuing large sums of debt significantly increases repayment risk to bondholders;
  5. Unfunded Ancillary Efforts - Ensure funding for the following projects needed to both support implementation of Twenty-Eight by '28 and uphold the integrity of existing Metro transportation system:
    - a. Division 20 (\$699 M) - Division 20 expansion will provide the overnight storage and maintenance space for the additional subway cars being acquired for the Purple Line extension;
    - b. Combined Rail Operations Center (ROC)/Bus Operations Center (BOC) (\$190 M) - a new ROC/BOC is essential for the safe and effective operations of the transit system;
    - c. Maintenance & Material Management System-M3 (\$50 M) - the new M3 is imperative for the effective management of the state of good repair program;
    - d. Train radio for existing subway system (\$75 M) - a new train radio system is essential for the safe and effective operations of the expanded rail network;
    - e. I-210 Barrier Wall (\$200 M) - the intrusion problem on I-210 along the Gold Line must be solved for the long-term safety and reliability of the system;
- B. The commitment to convert to an all-electric bus fleet by 2030 as a baseline assumption and priority (sacred item) for funding/financing plan used to deliver Twenty-Eight by '28;

(Continued on next page)

(Item 43 – continued from previous page)

C. Pursuit of the creation of a White House Task Force for the 2028 Olympics;  
and

D. RECEIVE AND FILE the Staff Recommendations on Strategies to Pursue  
“The Re-Imagining of LA County” (formerly Twenty-Eight by '28) (Attachment B).

PK	JF	JH	MB	HS	JB	SK	EG	KB	JDW	MRT	AN	RG
Y	Y	Y	N	Y	Y	Y	A	Y	Y	A	Y	A

43.1 APPROVED Motion by Butts that the Board submit these questions and approve the list of instructions to the CEO and prepare specific responses to the questions for incorporation in their report at the Executive Management Committee in February.

### Questions

1. On Attachment B of the Board report, it states that the earliest any revenue realization can happen is 12 to 24 months. Can you further explain in detail the planning and development process for this?
2. Normally a plan like this requires careful planning, analysis and thorough outreach? Is this element part of your 12 to 24 month process?
3. Is it an accurate assumption that you would want to hire consultant experts to lead a study of this magnitude - is the procurement process included as part of the 12 to 24 month process?
  - a. **Instruct** the CEO to bring forward a schedule on the program approach that details the tasks to be performed during the 12-24 months?
4. In Attachment B you propose that a ten-year estimate can generate up to \$134 billion in revenues if you add up all the congestion pricing options. How did you arrive at the estimate for these revenues?
5. In the same attachment you state you can realize savings by exploring Public-Private-Partnership opportunities. What other alternatives have you examined besides Public-Private Partnerships as a means to save project costs?
6. Will the Feasibility Studies include exploring new technology, such as monorail or other technology that can significantly reduce project costs and timelines compared to traditional 100 year-old technology like underground heavy rail or light rail? AND
7. How will the NexGen Program fit into the scenarios described in Item 43?

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(Item 43.1 – continued from previous page)

**Instructions**

- A. Direct Metro Staff to return to the Board with information pertaining to the Scope, the proposed Budget and Study Timeline prior to conducting the Feasibility Studies for a Congestion Pricing Pilot strategy;
- B. The CEO shall bring forward a schedule on the program approach that details the tasks to be performed during the 12-24 months?
- C. Monitor the State’s Road Charge Program for potential synergistic opportunities and monitor the City of San Francisco’s Congestion Pricing projects for potential lessons learned.
- D. The proposed “Sacred Items” for Approval before are subject to future Review and Revision if circumstances arise where the Board feels such Review and Revision is warranted.

<b>PK</b>	<b>JF</b>	<b>JH</b>	<b>MB</b>	<b>HS</b>	<b>JB</b>	<b>SK</b>	<b>EG</b>	<b>KB</b>	<b>JDW</b>	<b>MRT</b>	<b>AN</b>	<b>RG</b>
Y	Y	Y	Y	Y	Y	Y	A	Y	Y	A	Y	A

43.2 APPROVED Motion by Solis, Garcetti, Dupont-Walker, Butts and Hahn that the Board direct the CEO to:

- A. Develop an Equity Strategy that considers reinvesting congestion pricing revenue as a key source of funds to minimize economic impacts to low-income drivers;
- B. In partnership with the Board of Directors, nominate subject matter experts in equity as members of the Advisory Council. The final number of subject matter experts would be dependent on the size of the Advisory Council and subject to approval of the Board;
- C. Engage academia, community-based organizations, cities, subregions, and Los Angeles County during the development of the Equity Strategy and consider the effects of congestion pricing on drivers that rely on their vehicles for their livelihood;
- D. Defer inclusion of congestion pricing revenue in any project acceleration financial plan until the completion of the congestion pricing feasibility study and Equity Strategy;
- E. Revise the congestion pricing recommendation language contained in the Board Report to include the directives in this Motion for approval at the February 2019 Board of Directors meeting;
- F. Report back on proposed components of the Equity Strategy at the February 2019 Board of Directors meeting.

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(Item 43.2 – continued from previous page)

PK	JF	JH	MB	HS	JB	SK	EG	KB	JDW	MRT	AN	RG
Y	Y	Y	Y	Y	Y	Y	A	Y	Y	A	Y	A

44. SUBJECT: CLOSED SESSION

2019-0018

A. Conference with Legal Counsel - Existing Litigation - G.C. 54956.9(d)(1)

City of Beverly Hills v. LACMTA, USDC Case No. CV-18-3891-GW(SSx)

NO REPORT.

B. Conference with Real Property Negotiator - G.C. 54956.8

- Property Description: 2040 Century Park East, Los Angeles  
 Agency Negotiator: Velma C. Marshall  
 Negotiating Party: CC Site One, LLC  
 Under Negotiation: Price and Terms

APPROVED the amount of \$42,205,000 + annual taxes as settlement of the purchase price of a 99 month Temporary Construction Easement.

PK	JF	JH	MB	HS	JB	SK	EG	KB	JDW	MRT	AN	RG
Y	Y	C	Y	Y	A	Y	A	C	Y	A	Y	A

- Property Description: 6010-6016 Wilshire Boulevard, Los Angeles  
 Agency Negotiator: Velma C. Marshall  
 Negotiating Party: Nancee Enyart (f/k/a Nancee Elyse Greenwald, et al.  
 Under Negotiation: Price and Terms

APPROVED settlement in the amount of \$8,039,518.

PK	JF	JH	MB	HS	JB	SK	EG	KB	JDW	MRT	AN	RG
Y	Y	Y	Y	Y	A	Y	A	C	Y	A	Y	A

- Property Description: 6030 Wilshire Boulevard, Los Angeles  
 Agency Negotiator: Velma C. Marshall  
 Negotiating Party: 6030 Wilshire, LLC  
 Under Negotiation: Price and Terms

APPROVED settlement in the amount of \$10,860,221.

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(Item 44 – continued from previous page)

PK	JF	JH	MB	HS	JB	SK	EG	KB	JDW	MRT	AN	RG
Y	Y	Y	Y	Y	A	Y	A	C	Y	A	Y	A

4. Property Description: 9225 Aviation Boulevard, Los Angeles  
 Agency Negotiator: Velma C. Marshall  
 Negotiating Party: Clean Energy  
 Under Negotiation: Price and Terms

APPROVED just compensation in the amount of \$4,350,000.

PK	JF	JH	MB	HS	JB	SK	EG	KB	JDW	MRT	AN	RG
Y	Y	C	Y	Y	A	Y	A	C	Y	A	Y	A

- C. Public Employee Performance Evaluation - G.C. 54957(b)(1)  
 Titles: Chief Executive Officer, General Counsel, Board Secretary, Inspector General; and Chief Ethics Officer

NO REPORT.

- D. Public Employment - G.C. 54957(b)(1)  
 Title: Chief Executive Officer

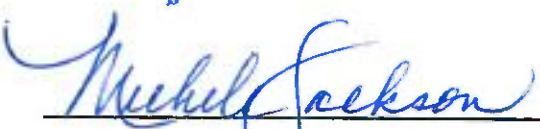
The Board extended CEO Phil Washington's term for an additional two years as Metro's CEO.

PK	JF	JH	MB	HS	JB	SK	EG	KB	JDW	MRT	AN	RG
Y	Y	Y	Y	Y	A	Y	A	Y	Y	A	Y	A

RECEIVED General Public Comment

ADJOURNED in memory of Barbara Yaroslavsky at 1:13 p.m.

Prepared by: Deanna Phillips  
 Administrative Analyst, Board Administration

  
 Michele Jackson, Board Secretary





## Board Report

File #: 2018-0798, File Type: Agreement

Agenda Number: 8.

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### AD HOC CONGESTION, HIGHWAY AND ROADS COMMITTEE FEBRUARY 20, 2019

**SUBJECT: FUNDING AGREEMENT FOR SR-57/SR-60 INTERCHANGE IMPROVEMENTS**

**ACTION: APPROVE RECOMMENDATION**

#### **RECOMMENDATION**

AUTHORIZE the Chief Executive Officer (CEO) to execute Funding Agreement #9200000000M500201 for \$29,525,000 with San Gabriel Valley Council of Governments (SGVCOG) for support services for the SR-57/SR-60 Interchange Improvements.

#### **ISSUE**

Metro, in collaboration with Caltrans, SGVCOG, and the Cities of Diamond Bar and Industry, is leading improvements to the SR-57/SR-60 Interchange to alleviate operational deficiencies and improve mobility and safety along both roadways. The funding agreement will enable Metro to complete utility coordination, right-of-way acquisition and procurement and construction management services for the proposed project.

#### **BACKGROUND**

In September 2018 the Metro Board awarded a contract for consulting services for preparation of Plans, Specifications & Estimates (PS&E) for the proposed improvements (File # 2018-0238/Item 47 - Attachment A). Now that the PS&E phase is underway, it is Metro's intention to perform utility coordination/relocation and right-of-way acquisition parallel to the development of final design to improve efficiency and reduce schedule and cost risk.

#### **DISCUSSION**

The SR-57 and SR-60 are major freeways and important interregional transportation and goods movement corridors in Los Angeles County. They meet in the Cities of Industry and Diamond Bar in the San Gabriel Valley and share the same alignment for over one mile. This segment experiences severe congestion because of high truck volumes and numerous weaving movements between the SR-57 and SR-60 and traffic entering and exiting Grand Avenue.

In order to facilitate expeditious development and implementation of the SR-57/SR-60 Interchange Improvements project, Metro is entering into an agreement with the SGVCOG to perform support

services for utility coordination and right-of-way acquisition during the PS&E Phase and construction management services during the Bid & Award and Construction Phase.

SGVCOG is uniquely qualified to perform support services for utility coordination, right-of-way acquisition and construction services via their experienced personnel from the Alameda Corridor-East (ACE) Construction Authority. Since 1998 the ACE Construction Authority, now the SGVCOG Capital Projects and Construction Committee, has been performing right-of-way acquisition and construction phase services for numerous grade separation projects in the San Gabriel Valley and coordinating with the same utility companies as those that will be involved with the SR-57/SR-60 Improvements project.

### **DETERMINATION OF SAFETY IMPACT**

The proposed action has no adverse impact on safety of Metro's patrons, employees or users of these facilities. Caltrans highway safety standards are followed in the design and construction of the proposed improvements and exceptions to the standards will be incorporated in accordance with Caltrans and Federal highway Administration (FHWA) procedures.

### **FINANCIAL IMPACT**

The Measure M Expenditure Plan allocates \$205 million in Measure M (Highway 17%) funding for the SR-57/SR-60 Interchange Improvements ( Line 18 of the Expenditure Plan).

Of the \$29,525,000 projected cost of services to be provided by the SGVCOG, \$7,925,000 for pre-construction costs have been set aside for FY19, FY20 and FY21, using Measure M (Highway 17%) and Trade Corridor Enhancement Program (TCEP) funds from SB1.

The FY19 budget includes \$12 million in Highway Program Cost Center 4720, in Project 475002 SR-57/SR-60 Interchange Improvements, Task 5.3.100, Account 50316 (Professional/Technical Services). Staff will manage within the current FY19 budget to administer the project for ROW acquisition(s) and preconstruction efforts.

Since this is a multi-year project, the Project Manager, the Cost Center Manager, and the Senior Executive Officer, Program Management - Highway Program will be responsible for coordinating the programming and budgeting costs in future fiscal years.

### **Impact to Budget**

The source of funds to date for this project is Measure M (17%) Highway Funds and TCEP funds from SB1. These funds are not eligible for bus and rail operating capital expenditures. No other funds have been considered. Staff will continue to pursue additional funding opportunities as they become available.

## **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The proposed project is consistent with the following Metro Vision 2028 Strategic Plan Goals:

Goal 1: Provide high-quality mobility options that enable people to spend less time traveling by alleviating the current operational deficiencies and improving mobility along the mainline and the SR 57/SR 60 interchange.

Goal 2: Transform LA County through regional collaboration by partnering with Caltrans and the SGVCOG and the Cities of Diamond Bar and Industry to identify needed improvements and taking the lead in developing and implementing the Project.

## **ALTERNATIVES CONSIDERED**

The Board may elect not to approve the execution of this Funding Agreement. However, this alternative is not recommended. Awarding the Funding Agreement will allow for completion of the pre-construction activities and project readiness for construction, which in turn, will allow for implementation of the much-needed improvements at the SR-57/SR-60 Interchange.

## **NEXT STEPS**

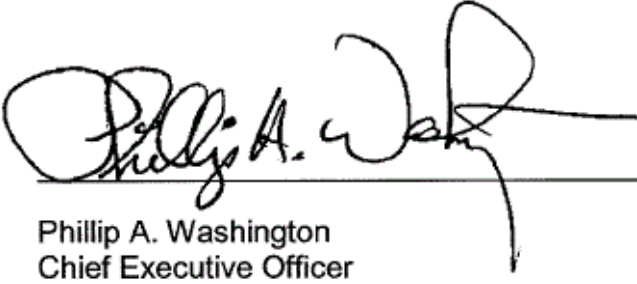
Upon Board approval, staff will issue Funding Agreement #9200000000M500201 to SGVCOG to perform utility coordination, right-of-way acquisition and construction services for improving the SR-57/SR-60 Interchange.

## **ATTACHMENTS**

Attachment A - File # 2018-0238 (Item 47) September 27, 2018 Board Report

Prepared by: Bruce Schmith, Sr. Director, Program Management-Highway Program (213) 418-3367  
Aline Antaramian, Deputy Executive Officer, Program Management-Highway Program (213) 922-7589  
Abdollah Ansari, Sr. Executive Officer, Program Management-Highway Program (213) 922-4781  
Bryan Pennington, Deputy Chief Program Management Officer (213) 922-7449

Reviewed by: Richard F. Clarke, Chief Program Management Officer (213) 922-7557



Phillip A. Washington  
Chief Executive Officer



## Board Report

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File #: 2018-0238, File Type: Contract

Agenda Number: 47.

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**REGULAR BOARD MEETING  
SEPTEMBER 27, 2018**

**SUBJECT: PLANS, SPECIFICATIONS AND ESTIMATES (PS&E) FOR  
SR-57/SR-60 INTERCHANGE IMPROVEMENTS**

**ACTION: APPROVE RECOMMENDATION**

**RECOMMENDATION**

AUTHORIZE the Chief Executive Officer (CEO) to execute a three-year, firm fixed price Contract No. AE51890000 to WKE, Inc. in the amount of \$21,771,625 for Architectural and Engineering (A&E) services for the preparation of Plans, Specifications and Estimates (PS&E) for SR-57/SR-60 Interchange Improvements, subject to resolution of protest(s), if any.

**ISSUE**

Metro, in collaboration with Caltrans, the San Gabriel Valley Council of Governments (SGVCOG), and the Cities of Diamond Bar and Industry, is leading improvements to the SR-57/SR-60 Interchange to alleviate operational deficiencies and improve mobility and safety along both roadways. This contract award will enable Metro to complete the PS&E for the proposed improvements in the eastbound direction of the SR-57/SR-60 interchange (Attachment C).

**DISCUSSION**

The SR-57 and SR-60 are major freeways and important interregional transportation and goods movement corridors in Los Angeles County. They meet in the Cities of Industry and Diamond Bar in the San Gabriel Valley and share the same alignment, or confluence, for over one mile. Within this confluence is the Grand Avenue interchange. This segment experiences severe congestion because of high truck volumes and numerous weaving movements between the SR-57 and SR-60 and traffic entering and exiting Grand Avenue. Higher than statewide average accident and injury rates occur in several locations within the limits of the proposed improvements. Project Approval and Environmental Document (PA&ED) phase was completed and approved by Caltrans in October 2013.

Recognizing the need for corrective measures at the SR-57/SR-60 interchange, this project is funded in part by Measure M and the Metro Board approved placement of this project on the "TWENTY-EIGHT BY '28" project list for expeditious delivery. This engineering services contract is for preparation of PS&E and a bid package for construction of the aforementioned improvements.

### **DETERMINATION OF SAFETY IMPACT**

The proposed action has no adverse impact on the safety of Metro's patrons, employees or users of these facilities. Caltrans highway safety standards are followed in the design of the proposed improvements and exceptions to the standards will be incorporated in accordance with Caltrans and Federal Highway Administration (FHWA) procedures.

### **FINANCIAL IMPACT**

This PS&E contract relates to improvements with a total estimated cost of \$300 million in year of expenditure. The funding for the improvements is included in the Long Range Transportation Plan Financial Forecast and is comprised of State and federal formula and discretionary grants, and Measure M funding for pre-construction costs.

The Measure M Expenditure Plan allocates \$205 million in Measure M Highway 17% funding for the SR-57/SR-60 Interchange Improvements (Line 18 of the Expenditure Plan). The Measure M funding is available for construction starting in FY 2025. Furthermore, this project received a recent award of \$22 million from SB 1 Trade Corridors Enhancement Program (TCEP), of which \$17 million is available for the PS&E phase.

Highway Program staff has requested \$12 million in Measure M funds in the FY 19 budget in Highway Program cost center 4720, in SR-57/SR-60 Interchange Improvements Project 475002, Task 5.3.100, Account 50316 (Services, Professional/Technical). Based on TCEP grant requirements, approximately \$8.2 million of the FY19 projected expenses of \$12 million will be funded by the TCEP grant and the remaining amount will be funded by local matching funds.

Since this is a multi-year project, the Project Manager, the Cost Center Manager, and the Senior Executive Officer, Program Management - Highway Program will be responsible for coordinating the programming and budgeting costs in future fiscal years.

#### **Impact to Budget**

The source of funds for this project is Measure M Highway Construction Capital (17%) funds and TCEP funds from SB1. These funds are not eligible for bus and rail operating capital expenditures.

### **ALTERNATIVES CONSIDERED**

The Board may elect not to award the contract. However, this alternative is not recommended. Awarding this professional services contract will allow for completion of the pre-construction activities and project readiness for construction, which in turn, will allow for greater opportunities to seek and secure grant funds that may become available for construction of much needed improvements at this interchange.

### **NEXT STEPS**

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Upon Board approval, Contract No. AE 51890000 with WKE, Inc. will be executed to prepare the PS&E for improving the SR-57/SR-60 Interchange.

**ATTACHMENTS**

Attachment A - Procurement Summary

Attachment B - DEOD Summary

Attachment C - Project Location Map

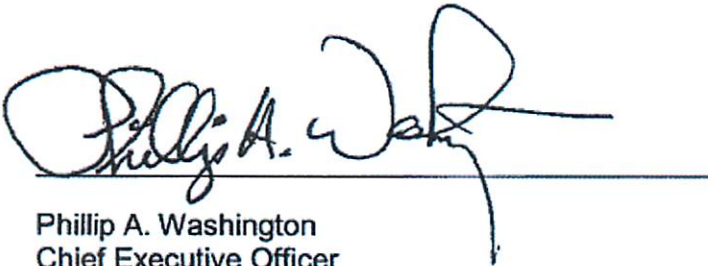
Prepared by: Bruce Schmith, Sr. Director (213) 418-3367

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Bryan Pennington, Deputy Chief Program Management Officer (213) 922-7449

Reviewed by: Richard F. Clarke, Chief Program Management Officer (213) 922-7557



Phillip A. Washington  
Chief Executive Officer



## Board Report

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File #: 2018-0607, File Type: Policy

Agenda Number: 13.

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### FINANCE, BUDGET AND AUDIT COMMITTEE FEBRUARY 20, 2019

**SUBJECT: INVESTMENT POLICY**

**ACTION: APPROVE RECOMMENDATIONS**

#### **RECOMMENDATION**

CONSIDER:

- A. ADOPTING the Investment Policy in Attachment B;
- B. APPROVING the Financial Institutions Resolution authorizing financial institutions to honor signatures of LACMTA Officials, Attachment C; and
- C. APPROVING the Local Agency Investment Fund (LAIF) Resolution authorizing LAIF to honor LACMTA Authorized Signatures, Attachment D; and
- D. DELEGATING to the Treasurer or her designees, the authority to invest funds for a one year period, pursuant to California Government Code ("Code") Section 53607.

#### **ISSUE**

Section 53646 of the Code, requires that the Board, on an annual basis and at a public meeting, review and approve the Investment Policy. Section 53607 of the Code, requires that the Board delegate investment authority to the Treasurer on an annual basis.

Section 10.8 of the Investment Policy requires that the Treasurer submit the Financial Institutions Resolutions to the Board annually for approval. The Local Agency Investment Fund (LAIF) Resolution also requires updating due to staff title changes.

#### **BACKGROUND**

Metro's investment policy allows for temporary idle funds to be invested consistent with Board approved investment policy guidelines. The policy is updated on an annual basis and was last updated March 1, 2018.

#### **DISCUSSION**



The Board approves the objectives and guidelines that direct the investment of operating funds. Subsequent to the last approval in March 2018, our investment policy underwent two peer reviews. The first was performed by the Association of Public Treasurers of the United States & Canada (APTUSC). As a result they presented LACMTA with their Investment Policy Certificate of Excellence Award. The second was a peer review performed by the California Municipal Treasurer's Association (CMTA). CMTA determined that our Investment Policy adheres to California Government Code and meets the program's best practices requirement in 18 different investment policy topic areas. The CMTA reviewers made recommendations to further clarify our policy that are incorporated here. Additional changes to the Investment Policy have been made to incorporate changes to the California Government Code. A Summary of Investment Policy Changes is presented as Attachment A and the redline version of the investment policy is presented in Attachment B.

Financial Institutions require Board authorization to establish custody, trustee and commercial bank accounts. The changes to the Financial Institutions resolution and the LAIF resolution reflect position title changes of key personnel. A redlined version of the Financial Institutions resolution is presented as Attachment C and the LAIF resolution is presented as Attachment D.

To streamline this board report, the following reference materials may be found on the Internet:

Current Investment Policy:

[<http://media.metro.net/about\\_us/finance/images/investment\\_policy.pdf>](http://media.metro.net/about_us/finance/images/investment_policy.pdf)

California Government Code: Section 53600 to 53609, Section 53646, Section 53652, Section 16429.1 to 16429.4:

[http://leginfo.legislature.ca.gov/faces/codes\\_displayText.xhtml?lawCode=GOV&division=2.&title=5.&part=1.&chapter=4.&article=1.](http://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=GOV&division=2.&title=5.&part=1.&chapter=4.&article=1)

## **FINANCIAL IMPACT**

The funds required to update the Investment Policy are included in the FY19 budget in cost center 5210 and project number 610340.

### **Impact to Budget**

The sources of funds budgeted to manage assets in accordance with the Investment Policy are Proposition A, Proposition C, Measure R, Measure M and TDA administration funds. These funds are not eligible for bus and rail operating and capital expenses.

## **ALTERNATIVES CONSIDERED**

The Investment Policy and California Government Code require an annual review and adoption of the Investment Policy, delegation of investment authority, and approval of Attachment B - Financial Institutions Resolution. In order for LAIF to process our transactions, the resolution must reflect current staff titles. Should the Board elect not to delegate the investment authority annually or

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approve the resolutions, the Board would assume daily responsibility for the investment of working capital funds and for the approval of routine administrative actions.

**NEXT STEPS**

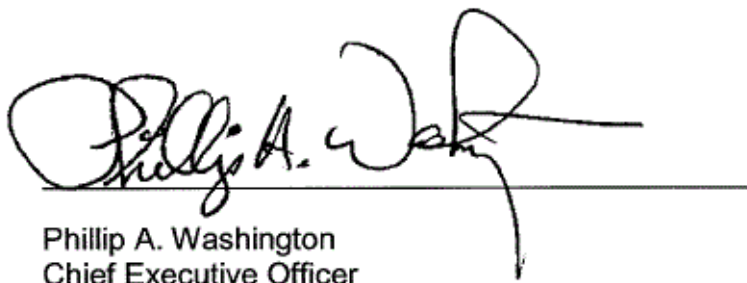
Upon Board approval, distribute the Investment Policy to external investment managers and broker-dealers. Issue copies of the Investment Policy and the Financial Institutions Resolution to our financial institutions and the LAIF Resolution to the State of California Local Agency Investment Fund.

**ATTACHMENTS**

- Attachment A - Summary of Investment Policy Changes
- Attachment B - Investment Policy (redlined)
- Attachment C - Financial Institutions Resolution (redlined)
- Attachment D - LAIF Financial Institutions Resolution

Prepared by: Marshall M. Liu, Sr. Investment Manager, (213) 922-4285  
Mary E. Morgan, DEO, Finance, (213) 922-4143  
Donna R. Mills, Treasurer, (213) 922-4047

Reviewed by: Nalini Ahuja, Chief Financial Officer, (213) 922 3088



Phillip A. Washington  
Chief Executive Officer

Attachment A - Summary of Investment Policy Changes

Section Change	Current	Revised	Rationale
<a href="#">Page 3 – Section 2.1</a>	This investment policy sets forth the guidelines for the investment of surplus General, Special ... and Benefit Assessment District) and Pension Trust Funds.	This investment policy sets forth the guidelines for the investment of surplus General, Special ... and Benefit Assessment District), <b><i>Other Post Employment Benefit (OPEB) Trust funds</i></b> and Pension Trust Funds.	To explicitly exempt the Other Post Employment Benefit (OPEB) trust funds from this Investment Policy. Recommended by CMTA reviewer
<a href="#">Page 4 – Section 3.3</a>	<del>Investments shall be made with the judgement ... risk of substantial loss.</del>	When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing ...	Conforming language to expanded definition in CA Govt code.
<a href="#">Page 4 – Section 5.1</a>	All funds which are not required for immediate cash expenditures shall be invested in income ... as defined in Section 5.1A and as specifically authorized by the Code, (Sections 53600, et seq.).	All funds which are not required for immediate cash expenditures shall be invested in income ... as defined in Section 5.1A and as specifically authorized by the Code, (Sections 53600, et seq.). <b><i>Securities held by the LACMTA must be in compliance with Section 5.0 Permitted Investments at the time of purchase.</i></b>	To clarify the investment policy per recommendation of CMTA reviewer
<a href="#">Page 11 – Benchmarks</a>	Bank of America/Merrill Lynch AAA-A 1-5 year Government & Corporate Index (BV10)	<b><i>ICE</i></b> Bank of America/Merrill Lynch AAA-A 1-5 year Government & Corporate Index (BV10)	Change reflects name change of index to Inter Continental Exchange
<a href="#">Page 15 – Footnote k</a>	... Further limited to securities rated in a rating category of "AAA", and issued by an issuer having an "A" or higher rating for the issuer's debt as provided for by a nationally recognized statistical rating organization.	... Further limited to securities rated in a rating category of " <b><i>AA</i></b> " or its equivalent or better as provided for by a nationally recognized statistical rating organization.	Incorporating change to CA Govt Code that removed issuer rating and relaxed debt rating
<a href="#">Page 15 – Footnote l</a>	... CMOS: Limited to Government Agency or Government Sponsored Issuers "AAA" rated by a nationally recognized statistical rating organization. ...	... CMOS: Limited to Government Agency or Government Sponsored Issuers <b><i>and Planned Amortization Classes (PAC) only. Securities eligible for investment under this category shall be rated "AA" or its equivalent or better by a nationally recognized statistical rating organization. ...</i></b>	Incorporating change to CA Govt Code that removed issuer rating and relaxed debt rating
<a href="#">Page 20 – Glossary</a>	<b>FEDERAL AGENCIES AND U.S. GOVERNMENT SPONSORED ENTERPRISES (AGENCIES):</b> U.S. Government related organizations, the largest of which are governmental financial intermediaries ...  ◆ Student Loan Marketing Association (SLMA or "Sallie Mae")	<b>FEDERAL AGENCIES AND U.S. GOVERNMENT SPONSORED ENTERPRISES (AGENCIES):</b> U.S. Government related organizations, the largest of which are government financial intermediaries ....  ◆ Student Loan Marketing Association (SLMA or "Sallie Mae")	Removed Student Loan Marketing Association (SLMA or "Sallie Mae") as it is no longer a Federal Agency

*Los Angeles County Metropolitan Transportation Authority*

# INVESTMENT POLICY

Approved on ~~March 1~~~~January 2~~~~February 28~~, 2018~~9~~

# INVESTMENT POLICY

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## 1.0 Policy

It is the policy of the Los Angeles County Metropolitan Transportation Authority (LACMTA) to ensure that the temporarily idle funds of the agency are prudently invested to preserve capital and provide necessary liquidity, while maximizing earnings, and conforming to state and local statutes governing the investment of public funds.

This investment policy conforms to the California Government Code ("Code") as well as to customary standards of prudent investment management. Investments may only be made as authorized by the Code, Section 53600 et seq., Sections 16429.1 through 16429.4 and this investment policy. Should the provisions of the Code become more restrictive than those contained herein, such provisions will be considered as immediately incorporated in this investment policy. Changes to the Code that are less restrictive than this investment policy may be adopted by the Board of Directors (Board).

## 2.0 Scope

- 2.1 This investment policy sets forth the guidelines for the investment of surplus General, Special Revenue, Capital Projects, Enterprise (excluding cash and investments with fiscal agents), Internal Service, and any new fund created by the Board, unless specifically exempted. Excluded from this investment policy are guidelines for the investment of proceeds related to debt financing, defeased lease transactions, Agency (Deferred Compensation, 401K, and Benefit Assessment District), [Other Post Employment Benefit \(OPEB\) Trust funds](#), [LMI](#) and Pension Trust Funds.
- 2.2 Internal and external portfolio managers may be governed by Portfolio Guidelines that may on an individual basis differ from the total fund guidelines outlined herein. The Treasurer is responsible for monitoring and ensuring that the total funds subject to this investment policy remain in compliance with this investment policy, and shall report to the Board regularly on compliance.

## 3.0 Investment Objectives

- 3.1 The primary objectives, in priority order, of investment activities shall be:
  - A. Safety: Safety of principal is the foremost objective of the investment program. The investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The LACMTA shall seek to ensure that capital losses are avoided whether from institutional default, broker-dealer default, or erosion of market value. Diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
  - B. Liquidity: The investment portfolio will remain sufficiently liquid to meet all operating requirements that might be reasonably anticipated.
  - C. Return on Investments: The LACMTA shall manage its funds to maximize the return on investments consistent with the two objectives above, with the goal of exceeding the performance benchmarks (Section 12.0) over a market cycle (typically a three to five year period).
- 3.2 It is policy to hold investments to maturity. However, a security may be sold prior to its maturity and a capital gain or loss recorded if liquidity needs arise, or in order to improve the quality, or rate of return of the portfolio in response to market conditions and/or LACMTA risk preferences.

Internal and external investment managers shall report such losses to the Treasurer and Chief Financial Officer immediately.

- 3.3 ~~Investments shall be made with the judgment, skill, and diligence of a prudent investor acting in like capacity under circumstances then prevailing, for the sole benefit of the LACMTA, and shall take into account the benefits of diversification in order to protect the investment from the risk of substantial loss. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing LACMTA funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent investor acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.~~

[LM2]

- 3.4 The standard of prudence to be used by investment officials shall be the "prudent investor" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with this investment policy, written portfolio guidelines and procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in the quarterly investment report to the Board, and appropriate action is taken to control adverse developments.

#### **4.0 Delegation of Authority**

- 4.1 The Board shall be the trustee of funds received by the LACMTA. In accordance with Code Section 53607, the Board hereby delegates the authority to invest or reinvest the funds, to sell or exchange securities so purchased and to deposit securities for safekeeping to the Treasurer for a one year period, who thereafter assumes full responsibility for such transactions and shall make a monthly report of those transactions to the Board. Subject to review by the Board, the Board may renew the delegation of authority each year.
- 4.2 The Treasurer shall establish written procedures for the operation of the investment program consistent with this investment policy, including establishment of appropriate written agreements with financial institutions. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. The Treasurer may engage independent investment managers to assist in the investment of its financial assets.
- 4.3 No person may engage in an investment transaction except as provided under the terms of this investment policy and the procedures established by the Treasurer.
- 4.4 Officers and employees involved in the investment process shall be governed by the standards regarding ethical behavior and conflicts of interest established in the Los Angeles County Metropolitan Transportation Authority Ethics Policy and annually shall file a Statement of Economic Disclosure with the Ethics Office.

#### **5.0 Permitted Investments**

- 5.1 All funds which are not required for immediate cash expenditures shall be invested in income producing investments or accounts, in conformance with the provisions and restrictions of this investment policy as defined in Section 5.1A and as specifically authorized by the Code, (Sections 53600, et seq.). Securities held by the LACMTA's custodial bank must be in compliance with Section 5.0 Permitted Investments at the time of purchase.[LM3]

- 5.2 In order to reduce overall portfolio risk, investments shall be diversified among security type, maturity, issuer and depository institutions. See Section 5.1A for specific concentration limits by type of investment.
- A. Percentage limitations where listed are only applicable at the date of purchase.
  - B. In calculating per issuer concentration limits commercial paper, bankers' acceptances, medium term notes, asset-backed securities, placement service assisted deposits, and negotiable certificates of deposit shall be included; deposits collateralized per Section 7.3 of this investment policy are excluded from this calculation.
  - C. Credit requirements listed in this investment policy indicate the minimum credit rating (or its equivalent by any nationally recognized statistical rating organization) required at the time of purchase without regard to modifiers (e.g., +/- or 1,2,3), if any.
- 5.3 Maturities of individual investments shall be diversified to meet the following objectives:
- A. Investment maturities will be first and foremost determined by anticipated cash flow requirements.
  - B. Where this investment policy does not state a maximum maturity in Section 5.1A, no investment instrument shall be purchased which has a stated maturity of more than five years from the date of purchase, unless the instrument is specifically approved by the Board or is approved by the Board as part of an investment program and such approval must be granted no less than three months prior to the investment. The Board hereby grants express authority for the purchase of new issue securities with a 5 year stated maturity with extended settlement of up to 30 days from date of purchase.
  - C. The average duration of the externally managed funds subject to this investment policy shall not exceed 150% of the benchmark duration. The weighted average duration of the internal portfolios shall not exceed three (3) years.
- 5.4 State and local government sponsored Investment Pools and money market mutual funds as authorized by this investment policy are subject to due diligence review prior to investing and on a continual basis as established in Section 5.1A, #11 and #12.
- 5.5 This investment policy specifically prohibits the investment of any funds subject to this investment policy in the following securities:
- A. Derivative securities, defined as any security that derives its value from an underlying instrument, index, or formula, are prohibited. The derivative universe includes, but is not limited to, structured and range notes, securities that could result in zero interest accrual if held to maturity, variable rate, floating rate or inverse floating rate investments, financial futures and options, and mortgage derived interest or principal only strips. Callable or puttable securities with no other option features, securities with one interest rate step-up feature, and inflation indexed securities meeting all other requirements of this investment policy are excluded from this prohibition, as are fixed rate mortgage-backed securities and asset-backed securities.
  - ~~B. Reverse repurchase agreements and securities lending agreements.~~



## 6.0 Selection of Depository Institutions, Investment Managers and Broker-Dealers

- 6.1 To minimize the risk to the overall cash and investment portfolio, prudence and due diligence as outlined below shall be exercised with respect to the selection of Financial Institutions in which funds are deposited or invested. The LACMTA's Financial Advisor (FA) will conduct competitive processes to recommend providers of financial services including commercial banking, investment management, investment measurement and custody services.
- A. In selecting Depositories pursuant to Code Sections 53630 (et seq.), the credit worthiness, financial stability, and financial history of the institution, as well as the cost and scope of services and interest rates offered shall be considered. No funds will be deposited in an institution unless that institution has an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisory agency. The main depository institutions will be selected on a periodic and timely basis.
  - B. Deposits which are insured pursuant to federal law by the Federal Deposit Insurance Corporation (FDIC), or the National Credit Union Administration (NCUA) may be excluded from the collateralization requirements of Section 7.3 of this investment policy, at the Treasurer's discretion. A written waiver of securitization shall be executed, provided to the Depository Institution, and kept on file in the Treasury Department.
  - C. The Treasurer shall seek opportunities to deposit funds with disadvantaged business enterprises, provided that those institutions have met the requirements for safety and reliability and provide terms that are competitive with other institutions.
- 6.2 In selecting external investment managers and brokers, past performance, stability, financial strength, reputation, area of expertise, and willingness and ability to provide the highest investment return at the lowest cost within the parameters of this investment policy and the Code shall be considered. External investment managers must be registered with the Securities and Exchange Commission (SEC) under the Investment Advisor Act of 1940.
- 6.3 Pursuant to Code Section 53601.5, the LACMTA and its investment managers shall only purchase statutorily authorized investments either from the issuer, from a broker-dealer licensed by the state, as defined in Section 25004 of the Corporations Code, from a member of a federally regulated securities exchange, a national or state-chartered bank, a federal or state association (as defined by Section 5102 of the Financial Code), or from a brokerage firm designated as a primary government dealer by the Federal Reserve Bank.
- A. Internal investment manager will only purchase or sell securities from broker-dealers that are Primary Dealers in U.S. Government Securities or are a direct affiliate of a Primary Dealer. Internal investment manager will only purchase securities from broker-dealers who have returned a signed Receipt of Investment Policy and completed the Broker-Dealer Questionnaire, and have been approved by the Treasurer (see Appendices B and C). A current copy of the Broker-Dealer's financial statements will be kept on file in the Treasury Department. Should market conditions limit access to inventory, the Treasurer may approve executing transactions through non-Primary Dealers who meet all of the criteria listed below:
    - a. The broker dealer must qualify under Securities Exchange Commission rule 15C3-1 (Uniform Net Capital Rule);

- b. Must be licensed by the state as a broker/dealer as defined in Section 25004 of the Corporations Code or a member of a federally registered securities exchange (i.e. FINRA, SEC, MSRB);
- c. Have been in operation for more than five years; and
- d. Have a minimum annual trading volume of \$100 billion in money market instruments or \$500 billion in U.S. Treasuries and Agencies.

B. In addition to Primary Dealers in U.S. Government Securities and direct affiliates of a Primary Dealer, external investment managers may purchase or sell securities from non-Primary Dealers qualified under U.S. Securities and Exchange Commission Rule 15C3-1, the Uniform Net Capital Rule, and provided that the dealer is a member of the Financial Industry Regulatory Authority. External investment managers shall submit, at least quarterly, a list of the non-Primary Dealers used during the period.

C. External investment managers must certify in writing that they will purchase securities in compliance with this investment policy, LACMTA Procedures, and applicable State and Federal laws.

6.4 Financial institutions and external investment managers conducting investment transactions with or for LACMTA shall sign a Certification of Understanding. The Certification of Understanding (see Appendix A) states that the entity:

- A. Has read and is familiar with the Investment Policy and Guidelines as well as applicable Federal and State Law;
- B. Meets the requirements as outlined in this investment policy;
- C. Agrees to make every reasonable effort to protect the assets from loss;
- D. Agrees to notify the LACMTA in writing of any potential conflicts of interest.

Completed certifications shall be filed in the Treasurer's Office. Failure to submit a Certification of Understanding shall result in the withdrawal of all funds held by that financial institution, or investment manager and/or the rescission of any and all authority to act as an agent to purchase or invest funds.

6.5 All broker-dealers who do business with the LACMTA's internal investment managers shall sign a Receipt of Investment Policy. The Receipt of Investment Policy (see Appendix B) states that the broker dealer:

- A. Has received, read, and understands this investment policy;
- B. Has communicated the requirements of this investment policy to all personnel who may select investment opportunities for presentation.

Failure to submit a Receipt of Investment Policy shall preclude the LACMTA from purchasing or selling securities from such broker-dealer. Completed receipts shall be filed in the Treasurer's Office.

## **7.0 Custody and Safekeeping of Securities and LACMTA Funds**

- 7.1 A Master Repurchase Agreement must be signed with the bank or dealer before any securities and collateral for repurchase agreements shall be purchased and maintained for the benefit of the LACMTA in the Trust Department or safekeeping department of a bank as established by a written third party safekeeping agreement between the LACMTA and the bank. Specific collateralization levels are defined in Section 5.1A.
- 7.2 All investment transactions shall be settled "delivery vs. payment", with the exception of deposits, money market mutual fund investments, and Local Agency Investment Fund or other Local Government Investment Pools. Delivery may be physical, via a nationally recognized securities depository such as the Depository Trust Company, or through the Federal Reserve Book Entry system.
- 7.3 Funds deposited shall be secured by a Depository in compliance with the requirements of Code Section 53652. Such collateralization shall be designated and agreed to in writing.

## **8.0 Reports and Communications**

- 8.1 The Treasurer is responsible for ensuring compliance with all applicable Local, State, and Federal laws governing the reporting of investments made with public funds. All investment portfolios will be monitored for compliance. Non-compliance issues will be included in the quarterly Board report as stated in Section 8.3 of this investment policy.
- 8.2 The Treasurer shall annually submit a statement of investment policy to the Board for approval. The existing approved investment policy will remain in effect until the Board approves the recommended statement of investment policy.
- 8.3 The Treasurer shall render a quarterly cash, investment, and transaction report to the CEO and Board, and quarterly to the Internal Auditor within 30 days following the end of the quarter covered by the report. The report shall include a description of LACMTA's funds, investments, or programs that are under the management of contracted parties, including lending programs. The report shall include as a minimum:
  - A. Portfolio Holdings by Type of Investment and Issuer
  - B. Maturity Schedule and Weighted Average Maturity (at market)
  - C. Weighted Average Yield to Maturity
  - D. Return on Investments versus Performance Benchmarks on a quarterly basis
  - E. Par, Book and Market Value of Portfolio for current and prior quarter-end
  - F. Percentage of the portfolio represented by each investment category
  - G. Total Interest Earned
  - H. Total Interest Received
  - I. A statement of compliance with this investment policy, or notations of non-compliance.

- J. At each calendar quarter-end a subsidiary ledger of investments will be submitted with the exception listed in 8.3K.
- K. For investments that have been placed in the Local Agency Investment Fund, in Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association, in National Credit Union Administration insured accounts in a credit union, in a county investment pool, or in shares of beneficial interest issued by a diversified management company that invest in the securities and obligations as authorized by this investment policy and the Code, the most recent statement received from these institutions may be used in lieu of the information required in 8.3 J.
- L. At each calendar quarter-end the report shall include a statement of the ability to meet expenditure requirements for the next six months.
- M. A quarterly gain or loss report on the sale or disposition of securities in the portfolio.

8.4 Internal and external investment managers shall monitor investments and market conditions and report on a regular and timely basis to the Treasurer.

- A. Internal and external investment managers shall submit monthly reports to the Treasurer, such reports to include all of the information referenced in Section 8.3, items A-J of this investment policy. Portfolios shall be marked-to-market monthly and the comparison between historical cost (or book value) and market value shall be reported as part of this monthly report.
- B. Internal and external investment managers shall monitor the ratings of all investments in their portfolios on a continuous basis and report all credit downgrades of portfolio securities to the Treasurer in writing within 24 hours of the event. If an existing investment's rating drops below the minimum allowed for new investments made pursuant to this investment policy, the investment manager shall also make a written recommendation to the Treasurer as to whether this security should be held or sold.
- C. External and internal investment managers shall immediately inform the Treasurer, or the Chief Financial Officer in writing of any major adverse market condition changes and/or major portfolio changes. The Chief Financial Officer or the Treasurer shall immediately inform the Board in writing of any such changes.
- D. External investment managers shall notify the LACMTA internal managers daily of all trades promptly, via fax or via email.
- E. Internal investment managers will maintain a file of all trades.

## 9.0 Portfolio Guidelines

Portfolio Guidelines are the operating procedures used to implement this investment policy approved by the Board. The Treasurer may impose additional requirements or constraints within the parameters set by this investment policy.

## **10.0 Internal Control**

- 10.1 The Treasurer shall establish a system of internal controls designed to prevent losses of public funds arising from fraud, employee or third party error, misrepresentation of third parties, unanticipated changes in financial markets, or imprudent actions by employees or agents. Such internal controls shall be approved by the Chief Financial Officer and shall include authorizations and procedures for investment transactions, custody/safekeeping transactions, opening and dosing accounts, wire transfers, and clearly delineate reporting responsibilities.
- 10.2 Treasury personnel and LACMTA officials with signature authority shall be bonded to protect against possible embezzlement and malfeasance, or at the option of the governing board self-insured.
- 10.3 Electronic transfer of funds shall be executed upon the authorization of two official signatories.
- 10.4 Transaction authority shall be separated from accounting and record keeping responsibilities.
- 10.5 All investment accounts shall be reconciled monthly with custodian reports and broker confirmations by a party that is independent of the investment management function. Discrepancies shall be brought to the attention of the investment manager, the Treasurer and ~~Assistant Treasurer~~ [Deputy Executive Officer, Finance in the Treasury Department](#), the Controller, and if not resolved promptly, to the Chief Financial Officer.
- 10.6 The Treasurer shall establish an annual process of independent review by an external auditor. This review will provide independent confirmation of compliance with policies and procedures.
- 10.7 The Treasurer is responsible for the preparation of the cash flow model. The cash flow model shall be updated monthly based upon the actual and projected cash flow.  
  
Annually, the Treasurer shall notify the external investment managers of the cash flow requirements for the next twelve months. The Treasurer shall monitor actual to maximum maturities within the parameters of this investment policy.
- 10.8 The Treasurer shall annually submit the Financial Institutions Resolution to the Board for approval. The existing resolution will remain in effect until the Board approves the recommended resolution.

## **11.0 Purchasing Guidelines**

- 11.1 Investment managers shall purchase and sell securities at the price and execution that is most beneficial to the LACMTA. The liquidity requirements shall be analyzed and an interest rate analysis shall be conducted to determine the optimal investment maturities prior to requesting bids or offers. Investments shall be purchased and sold through a competitive bid/offer process. Bids/offers for securities of comparable maturity, credit and liquidity shall be received from at least three financial institutions, if possible.
- 11.2 Such competitive bids/offers shall be documented on the investment managers' trade documentation. Supporting documentation from the Wall Street Journal, Bloomberg or other financial information system shall be filed with the trade documentation as evidence of general market prices when the purchase or sale was effected.

**12.0 Benchmarks**

Internal and external investment managers' performance shall be evaluated against the following agreed upon benchmarks. If the investment manager does not meet its benchmark over a market cycle (3 to 5 years), the Treasurer shall determine and set forth in writing reasons why it is in the best interests of the LACMTA to replace or retain the investment manager.

Portfolio	Investment Benchmarks
Intermediate Duration Portfolios	<a href="#">ICE Bank of America/Merrill Lynch AAA-A 1-5 year Government &amp; Corporate Index (BV10)</a> <sup>[LM4]</sup>
	<del>year Government &amp; Corporate Index (BV10)</del>
Short Duration Portfolios	Three month Treasury

**Los Angeles County Metropolitan Transportation Authority  
Section 5.1A  
Statement of Investment Policy <sup>a</sup>**

\* The percentage of portfolio authorized is based on market value.

Investment Type	Maximum Maturity	Maximum Allowable Percentage of Portfolio *	Minimum Quality and Other Requirements
Bonds Issued by the LACMTA	5 years <sup>b</sup>	100%	None
U.S. Treasury notes, bonds, bills or certificates of indebtedness or those for which the full faith and credit of the United States are pledged for payment of principal and interest	5 years <sup>b</sup>	100%	None
Registered state warrants or treasury notes or bonds of the other 49 states in addition to California.	5 years <sup>b</sup>	25%	Such obligations must be rated "A1" or better short term; or "AA" or better long term, by a nationally recognized statistical rating organization
Bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State of California	5 years <sup>b</sup>	25%	Such obligations must be rated "A1" or better short term; or "AA" or better long term, by a nationally recognized statistical rating organization
Federal Agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government –sponsored enterprises	5 years <sup>b</sup>	50% <sup>d</sup>	See Footnote d
Bills of exchanges or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances	180 days	40% <sup>c</sup>	The issuer's short-term debt must have the highest letter and numerical rating as provided for by a nationally recognized statistical rating organization
Commercial paper or "prime" quality of the highest ranking or of the highest letter and numerical rating as provided for by a nationally recognized statistical rating organization	270 days	25% <sup>c</sup>	See Footnote e
Negotiable certificates of deposits issued by a nationally or state-chartered bank or a state or federal savings and loan association, a state or federal credit union, or by a state licensed branch of a foreign bank, or a federally licensed branch of a foreign bank.	5 years <sup>b</sup>	30% <sup>c</sup>	See Footnote f

Placement Service Assisted Deposits	5 years <b>b</b>	30% <b>c</b>	See Footnote g
Investments in repurchase agreements	90 days	20%	Limited to no more than 90 days. See Footnote h
United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation or Inter-American Development Bank.	5 years <b>b</b>	30% <b>c</b>	Maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments shall be rated "AA" or better by a nationally recognized statistical rating organization and shall not exceed 30% of the portfolio.
Medium-term notes issued by corporations organized and operating within the United States, or by depository institutions licensed by the United States or any state and operating within the United States	5 years <b>b</b>	30% <b>c</b>	Must be rated "A" or better by a nationally recognized statistical rating organization. If rated by more than one rating agency, both ratings must meet the minimum credit standards.
Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission, as authorized by Code Section 53601	Not applicable	20% <b>c</b>	See Footnote i
State of California Local Agency Investment fund (LAIF) Code Section 16429.1 through 16429.4 or other Local Government Investment Pool (LGIP) established by public California entities pursuant to Section 53684	Not applicable	Set by LAIF and LGIP	See Footnote j
Asset-backed Securities	5 years <b>b</b>	15% combined with mortgage-backed securities	See Footnote k
Mortgage-backed Securities	5 years <b>b</b>	15% combined with asset-backed securities	See Footnote l



**Los Angeles County Metropolitan Transportation Authority  
Statement of Investment Policy**

<b>Footnotes for Section 5.1A Statement of Investment Policy</b>	
a	Sources: California Government Code Sections 16429.1, 53601, 53601.8, 53635 and 53638
b	Maximum maturity of five (5) years unless a longer maturity is approved by Board of Directors, either specifically or as part of an investment program, at least three (3) months prior to the purchase. New issue securities with a stated 5 year maturity can be purchased in the primary market with extended settlements of up to 30 days from the date of purchase.
c	Limited to no more than 10% of the portfolio in any one issue (i.e. bankers' acceptances, commercial paper, negotiable certificates of deposit, medium-term notes, and money market funds)
d	No more than 15% of portfolio in any one Federal Agency or government-sponsored issue
e	Eligible paper is further limited to 10% of the outstanding paper of an issuing corporation, the issuing corporation must be organized and operating within the United States and having total assets in excess of \$500,000,000 and have an "A" or higher rating for the issuer's debentures, other than commercial paper, if any, as provided for by a nationally recognized statistical rating organization. Issuing corporations that are organized and operating within the United States and have total assets in excess of \$500 million dollars and having an "A" or higher rating for the issuer's debentures, other than commercial paper, if any, as provided by a nationally recognized statistical rating organization
f	The legislative body of the local agency, the treasurer or other official of the local agency having custody of the money are prohibited from investing in negotiable certificates of deposit of a state or federal credit union if a member of the legislative body or any other specified city officer or employee also serves on the board of directors or certain committees of that credit union
g	Investments in placement services assisted deposits is authorized under Sections 53601.8, 53635.8, and 53601 (i) of the California Government Code.
h	Repurchase agreements shall be executed through Primary Broker-Dealers. The repurchase agreement must be covered by a master repurchase agreement. Repurchase agreements shall be collateralized at all times. Collateral shall be limited to obligations of the United States and Federal Agencies with an initial margin of at least 102% of the value of the investment, and shall be in compliance if brought back up to 102% no later than the next business day. Collateral shall be delivered to a third party custodian in all cases. Collateral for term repurchase agreements shall be valued daily by the LACMTA's investment manager (for internal funds) or external investment manager. Investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day. The LACMTA shall obtain a first lien and security interest in all collateral
i	Companies must have either 1) the highest ranking or the highest letter and numerical rating provided by not less than two of the nationally recognized statistical rating organizations, or (2) retained an investment advisor registered or exempt with the Securities and-Exchange Commission, with no less than five years experience investing in the securities and obligations authorized by California Government Code §53601 a-k inclusive and m-o inclusive and with assets under management in excess of five hundred million dollars (\$500,000,000). The purchase price may not include any commissions charged by these companies

j	<p>Maximum investment per individual pool limited to the amount for LAIF as set by the State Treasurer's Office. Limit does not include funds required by law, ordinance, or statute to be invested in pool. Each pool must be evaluated and approved by the Treasurer, as to credit worthiness, security, and conformity to state and local laws. An evaluation should cover, but is not limited to establishing, a description of who may invest in the program, how often, what size deposit and withdrawal; the pool's eligible investment securities, obtaining a written statement of investment policy and objectives, a description of interest calculations and how it is distributed; how gains and losses are treated; a description of how the securities are safeguarded and how often the securities are priced and the program audited. A schedule for receiving statements and portfolio listings. A fee schedule, when and how fees are assessed</p>
k	<p>Limited to senior class securities with stated maturities of no more than 5 years. Further limited to securities rated in a rating category of "AAA" or its equivalent, and issued by an issuer having an "A" or better higher rating for the issuer's debt as provided for by a nationally recognized statistical rating organization. Further limited to fixed rate, publicly offered, generic credit card, automobile receivables, and equipment receivables only. Deal size must be at least \$250 million, and tranche size must be at least \$25 million [LM5]</p>
l	<p>Pass-Through securities: Limited to Government Agency or Government Sponsored issuers, fixed rate, stated maturity no more than 5 years. CMOS: Limited to Government Agency or Government Sponsored Issuers and Planned Amortization Classes (PAC) only. Securities eligible for investment under this category shall be rated "AA" or its equivalent or better by a "AAA" rated by a nationally recognized statistical rating organization. Planned Amortization Classes (PAC) only. The following are prohibited: ARMS, floaters, interest or principal (IOs, POs), Targeted Amortization Classes, companion, subordinated, collateral classes, or zero accrual structures [LM6]</p>

APPENDIX A

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

CERTIFICATION OF UNDERSTANDING

The Los Angeles County Metropolitan Transportation Authority (LACMTA) Investment Policy as approved by the Board of Directors requires that all Financial Institutions and Investment Managers' conducting investment transactions with or for LACMTA sign a Certification of Understanding acknowledging that:

- 1. You have read and are familiar with the LACMTA's Investment Policy as well as applicable Federal and State laws.
2. You meet the requirements as outlined in Investment Policy.
3. You agree to make every reasonable effort to protect the assets from loss.
4. You agree to notify the LACMTA in writing of any potential conflicts of interest.
5. You agree to notify the LACMTA in writing of any changes in personnel with decision-making authority over funds within 24 hours of such event.

Failure to submit a Certification of Understanding shall result in the withdrawal of all funds held by the financial institution or investment manager and the immediate revocation of any rights to act as an agent of the LACMTA for the purchase of securities or investment of funds on behalf of LACMTA.

The Board of Directors is committed to the goals of the Community Reinvestment Act (CRA). As part of the certification process for depository institutions, it is requested that you remit evidence of your most recent CRA rating.

SIGNED: \_\_\_\_\_ DATE: \_\_\_\_\_
Print Name and Title \_\_\_\_\_

After reading and signing this Certification of Understanding please return with any supporting documentation to:

LACMTA
Treasury Department
Attention: Treasurer
One Gateway Plaza
Los Angeles, CA 90012-2932

LACMTA use only:
Approved: \_\_\_\_\_ Disapproved: \_\_\_\_\_ Date: \_\_\_\_\_
Signature: \_\_\_\_\_
LACMTA Treasurer



APPENDIX C

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION  
AUTHORITY

BROKER/DEALER QUESTIONNAIRE

1. Name of Firm \_\_\_\_\_

2. Address \_\_\_\_\_  
(Local) (National Headquarters)

\_\_\_\_\_  
\_\_\_\_\_

3. Telephone No. ( ) \_\_\_\_\_ Telephone No. ( ) \_\_\_\_\_  
(Local) (National Headquarters)

4. Primary Representative Manager/Partner-in-Charge  
Name \_\_\_\_\_ Name \_\_\_\_\_  
Title \_\_\_\_\_ Title \_\_\_\_\_  
Telephone No. \_\_\_\_\_ Telephone No. \_\_\_\_\_  
No. of Yrs. in Institutional Sales \_\_\_\_\_ No. of Yrs. in Institutional Sales \_\_\_\_\_  
Number of Years with Firm \_\_\_\_\_ Number of Years with Firm \_\_\_\_\_

5. Are you a Primary Dealer in U.S. Government Securities? [ ] YES [ ] NO

If NO, Is the parent company or its subsidiary a Primary Dealer in U.S. Government Securities? Provide proof of certification.

[ ] YES [ ] NO

Please explain your firm's relationship to the Primary Dealer below:

\_\_\_\_\_

Please provide proof certification from the National Association of Securities Dealer.

6. Are you a Broker instead of Dealer, i.e., you DO NOT own positions of Securities?  
[ ] YES [ ] NO

7. What is the net capitalization of your Firm? \_\_\_\_\_

8. What is the date of your Firm's fiscal year-end? \_\_\_\_\_

9. Is your Firm owned by a Holding Company? If so, what is its name and net capitalization?

\_\_\_\_\_

10. Please provide your Wiring and Delivery Instructions.

\_\_\_\_\_

11. Which of the following instruments are offered regularly by your local desk?

- T-Bills     Treasury Notes/Bonds     Discount Notes     NCD's  
 Agencies (specify) \_\_\_\_\_  
 BA's (Domestic)     BA's (Foreign)     Commercial Paper  
 Med-Term Notes     Repurchase Agreements

12. Does your Firm specialize in any of the instruments listed above?

\_\_\_\_\_

13. Please identify your comparable government agency clients in the LACMTA's geographical area.

<u>Entity</u>	<u>Contact Person</u>	<u>Telephone No.</u>	<u>Client Since</u>
---------------	-----------------------	----------------------	---------------------

_____	_____	_____	_____
_____	_____	_____	_____

14. What reports, confirmations, and other documentation would LACMTA receive? Please include samples of research reports or market information that your firm regularly provides to government agency clients.

15. What precautions are taken by your Firm to protect the interests of the public when dealing with government agencies as investors?

\_\_\_\_\_

16. Have you or your Firm been censored, sanctioned or disciplined by a Regulatory State or Federal Agency for improper or fraudulent activities, related to the sale of securities within the past five years?  YES  NO

17. If yes, please explain

\_\_\_\_\_

18. Please provide your most recent audited financial statements within 120 days of your fiscal year-end.

19. Please indicate the current licenses of the LACMTA representatives:

Agent: \_\_\_\_\_ License or registration: \_\_\_\_\_

**APPENDIX D**  
**LOS ANGELES COUNTY METROPOLITAN**  
**TRANSPORTATION AUTHORITY**  
**INVESTMENT POLICY GLOSSARY**

**ASKED:** The price at which securities are offered from a seller.

**BANKERS' ACCEPTANCE (BA):** Time drafts which a bank "accepts" as its financial responsibility as part of a trade finance process. These short-term notes are sold at a discount, and are obligations of the drawer (or issuer - the bank's trade finance client) as well as the bank. Once accepted, the bank is irrevocably obligated to pay the BA upon maturity if the drawer does not.

**BID:** The price offered by a buyer of securities.

**BOOK VALUE:** The original cost of the investment, plus accrued interest and amortization of any premium or discount.

**BROKER:** A broker brings buyers and sellers together for a commission.

**CERTIFICATE OF DEPOSIT (CD):** A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable (marketable or transferable).

**COLLATERAL:** Securities, evidence of deposit, or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public moneys.

**COMMERCIAL PAPER (CP):** Unsecured promissory notes issued by companies and government entities at a discount. Commercial paper is negotiable, although it is typically held to maturity. The maximum maturity is 270 days, with most CP issued for terms of less than 30 days.

**CUSTODY or SAFEKEEPING:** A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

**DEALER:** A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

**DELIVERY VERSUS PAYMENT:** Delivery of securities with a simultaneous exchange of money for the securities.

**FEDERAL AGENCIES AND U.S. GOVERNMENT SPONSORED ENTERPRISES (AGENCIES):** U.S. Government related organizations, the largest of which are government financial intermediaries assisting specific credit markets (housing, agriculture). They include:

- ◆ Federal Home Loan Banks (FHLB)
- ◆ Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")
- ◆ Federal National Mortgage Association (FNMA or "Fannie Mae")
- ◆ Federal Farm Credit Banks (FFCB)
- ◆ ~~Student Loan Marketing Association (SLMA or "Sallie Mae")~~<sup>[LM7]</sup>
- ◆ Tennessee Valley Authority (TVA)

**MARKET VALUE:** The price at which a security is trading and could presumably be purchased or sold.

**MASTER REPURCHASE AGREEMENT:** A written contract covering all future transactions between the parties to repurchase/reverse repurchase agreements that establish each party's rights in the transactions. A master agreement will specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

**MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.

**MEDIUM TERM NOTES (MTN):** Interest bearing, continuously offered debt, issued in the 9 month to ten year maturity range. Deposit notes, like Certificates of Deposit, actually represent an interest bearing deposit at a bank or other depository institution.

**OFFER:** The price asked by a seller of securities.

**PAR VALUE:** The face value, or principal amount payable at maturity.

**PRIMARY DEALER:** A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York, and are subject to its informal oversight.

**REPURCHASE AGREEMENT (RP OR REPO):** A purchase of securities under a simultaneous agreement to sell these securities back at a fixed price on some future date. This is in essence a collateralized investment, whereby the security "buyer" in effect lends the "seller" money for the period of the agreement, and the difference between the purchase price and sale price determining the earnings. Dealers use RP extensively to finance their positions.

**SECURITIES & EXCHANGE COMMISSION (SEC):** An agency created by Congress to protect investors in securities transactions by administering securities legislation.

**TREASURY BILLS:** A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

**TREASURY NOTES AND BONDS:** Long-term U.S. Treasury securities having initial maturities of 2 to 30 years.

**YIELD:** The rate of annual income return on an investment, expressed as a percentage.

**YIELD TO MATURITY (YTM):** The rate of return earned on an investment considering all cash flows and timing factors: interest earnings, discounts, and premiums above par.



**FINANCIAL INSTITUTIONS RESOLUTION**

RESOLVED, that any financial institutions, including all banks and their correspondent banks doing business with the Los Angeles County Metropolitan Transportation Authority (LACMTA), are hereby authorized, requested and directed to honor all checks, drafts, wires, or other orders for payment of money drawn in the LACMTA’s name on its account(s) (including those drawn on the individual order of any person or persons whose names appear thereon as a signer or signers thereof) when bearing the original and/or facsimile signature of the Chair; Chief Executive Officer; Deputy Chief Executive Officer; Chief Financial Officer; Treasurer; Deputy Executive Officer, Finance in Treasury; or Assistant Treasurer (collectively, LACMTA Officials). LACMTA Officials are the only representatives empowered to open, close or authorize changes to accounts on behalf of LACMTA. LACMTA Officials may designate individuals as Official Signatories for financial accounts. The duties of Official Signatories shall be limited to check signing, wire or fund transfers, balance reporting and/or monitoring of bank processes.

And, those financial institutions, including correspondent banks, currently doing business with LACMTA shall be entitled to honor and charge LACMTA for all such checks, drafts, wires, or other orders for the payment of money, regardless of by whom or by what means when the actual or facsimile signature or signatures resemble the specimens filed with those financial institutions by the Secretary or other officer of LACMTA.

**CERTIFICATION**

The undersigned, duly qualified and acting as Secretary of the Los Angeles County Metropolitan Transportation Authority, certifies that the foregoing is a true Resolution adopted at a legally convened meeting of the Board of Directors of the Los Angeles County Metropolitan Transportation Authority held on \_\_\_\_\_.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Michele Jackson  
Board Secretary

(SEAL)

## RESOLUTION

## Los Angeles County Metropolitan Transportation Authority (LACMTA)

One Gateway Plaza, mailstop 99-21-2  
Los Angeles, CA 90012-2952

213-922-4143

**AUTHORIZING INVESTMENT OF MONIES IN THE LOCAL AGENCY INVESTMENT FUND**

**WHEREAS**, The Local Agency Investment Fund is established in the State Treasury under Government Code section 16429.1 et. seq. for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

**WHEREAS**, the LACMTA Board of Directors hereby finds that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with Government Code section 16429.1 et. seq. for the purpose of investment as provided therein is in the best interests of the LACMTA;

**NOW THEREFORE, BE IT RESOLVED**, that the LACMTA Board of Directors hereby authorizes the deposit and withdrawal of LACMTA monies in the Local Agency Investment Fund in the State Treasury in accordance with Government Code section 16429.1 et. seq. for the purpose of investment as provided therein.

**BE IT FURTHER RESOLVED**, as follows:

Section 1. The following LACMTA officers holding the title(s) specified herein below or their successors in office are each hereby authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund and may execute and deliver any and all documents necessary or advisable in order to effectuate the purposes of this resolution and the transactions contemplated hereby:

<b>NAME</b>	<b>TITLE</b>
NALINI AHUJA	CHIEF FINANCIAL OFFICER
DONNA R. MILLS	TREASURER
MARY E. MORGAN	DEPUTY EXECUTIVE OFFICER, FINANCE
LUANNE EDWARD SCHURTZ	DEPUTY EXECUTIVE OFFICER, FINANCE
RODNEY JOHNSON	SENIOR DIRECTOR, FINANCE
MARSHALL LIU	SENIOR INVESTMENT MANAGER
DANNY JASPER	DEBT MANAGER
SUSAN CARIASA-GINSBERG	MANAGER, ADMINISTRATION & FINANCIAL SERVICES
JIN YAN	PRINCIPAL FINANCIAL ANALYST

**ATTACHMENT D**

Section 2. This resolution shall remain in full force and effect until rescinded by the LACMTA Board of Directors by resolution and a copy of the resolution rescinding this resolution is filed with the State Treasurer's Office.

**PASSED AND ADOPTED**, by the Board of Directors of the Los Angeles County Metropolitan Transportation Authority, County of Los Angeles, State of California on \_\_\_\_\_.

**Board Report**

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**File #:** 2018-0771, **File Type:** Plan**Agenda Number:** 15.

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**PLANNING AND PROGRAMMING COMMITTEE  
FEBRUARY 20, 2019****SUBJECT: INGLEWOOD FIRST/LAST MILE PLAN****ACTION: APPROVE RECOMMENDATION****RECOMMENDATION**

ADOPT Inglewood First/Last Mile Plan.

**ISSUE**

In August 2016, Metro and the City of Inglewood (City) entered into the Crenshaw Light Rail Transit Project Measure R Local Match Financial Contribution Agreement (Agreement). In the Agreement, the City committed a portion of its 3% local match contribution to implement FLM improvements to stations. The Inglewood First/Last Mile Plan (Plan) documents community-identified first/last mile (FLM) improvements around three future Crenshaw/LAX Line stations (Fairview Heights, Downtown Inglewood, Westchester/Veterans) and one existing Green Line station (Crenshaw). Adoption of the Plan by the Metro Board and subsequently by the City of Inglewood City Council will position City staff to identify those FLM improvements to be implemented in accordance with the terms of the Agreement.

**BACKGROUND**

On May 26, 2016, the Board established new FLM activities and expanded FLM planning and implementation through Board Motion 14.1 and 14.2. FLM planning is part of efforts to increase ridership by improving transit riders' ability to safely and conveniently access transit stations.

The Agreement required that the City complete \$6 million of FLM improvements that serve the City's light rail stations, within six years of the Agreement's approval by the Board. The Agreement prompted the development of the Plan.

The Plan puts forth a list of proposed FLM projects, based on and considering the ongoing development and transportation changes occurring in the area. The Plan's recommendations recognize and complement existing and committed efforts around the City.

An executive summary along with excerpts of the Plan is included as Attachment A to this Board report. The full Plan can be accessed via the web at this link:

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[http://media.metro.net/projects\\_studies/FLM/images/board\\_report\\_Inglewood\\_FLM\\_2019-01.pdf](http://media.metro.net/projects_studies/FLM/images/board_report_Inglewood_FLM_2019-01.pdf)

## **DISCUSSION**

### Process

The project team executed the methodology developed in the 2014 Board-adopted First/Last Mile Strategic Plan. This included walk audits of each station area, development of draft pathway networks and project ideas, community engagement events dedicated to the stations, and finalization of pathway networks and project ideas.

Building off of the Board-adopted Blue Line FLM Plan, this Plan emphasized extensive community engagement in the development of FLM plans. Four community workshops were held in conjunction with existing community events, with one dedicated to each of the stations studied in the Plan. A draft pathway map of each station with high-level project recommendations was presented at each workshop. Discussion with participants focused on identifying community preference on the proposed types of first/last mile improvements.

Overall, community members expressed a desire for safer pedestrian and bicyclist access, including: enhanced crosswalks; pedestrian lighting; and higher quality bicycle facilities. Input from the community was one of the prioritization parameters in creating the final projects list. Throughout the process of developing the Plan, community members raised topics such as affordable housing, which are not traditionally under the purview of a FLM plan, but that should be acknowledged and addressed in a coordinated way when discussing FLM improvements. Metro has endeavored to reflect the full range of input in the Plan.

In recognition of the evolving nature of the FLM process, the Plan reflects advances in the FLM planning methodology including use of a digital data collection web application that was created for this project. The web application annotates comments more accurately and significantly streamlines the process for compiling and analyzing data, replacing paper forms used in prior FLM efforts. Additionally, in developing this Plan, staff piloted a project prioritization step that was used to select a number of projects that were then analyzed for preliminary feasibility.

### Coordination with Local Jurisdictions

FLM projects typically fall outside Metro-controlled right-of-way, therefore close coordination and buy-in from local jurisdictions is critical for implementation. During development of the Plan, Metro staff regularly met with City staff and other local jurisdictions (City of Los Angeles and City of Hawthorne) within the 1/2-mile walking distance and 3-mile biking distance around each station studied.

City staff was involved throughout the different project activities, including walk audits and community engagement events. The project team and City staff worked closely in analyzing the community-identified project ideas, which served as a framework for assessing feasibility of implementation and project prioritization.

### Plan Overview

FLM improvements proposed in the Plan identify opportunities to enhance the changing landscape of the City and create street conditions more tailored to pedestrians and bicyclists. Improvements

include, but are not limited to: shorter blocks with improved sidewalks; new enhanced crosswalks; pedestrian lighting; street trees and planting, and various bicycle facilities. These projects aspire to provide safer infrastructure and a more comfortable experience for transit riders.

The areas surrounding the future rail stations are expecting major changes, such as new roadway configurations, developments, and multi-modal enhancements. Of particular note, the City is preparing an overhaul to their Mobility Plan. The improvements contemplated by our plan support and fit within the larger transportation system being studied by the City. The list of recommended FLM projects will complement and add to committed planning and construction efforts around the City.

### Equity Platform

The Plan reflected the equity platform in its inclusive and meaningful community involvement using various platforms including city-wide community events, group discussions, and one-on-one stakeholder phone calls. The approach to community engagement is described in the Plan on pages 24 to 26. Furthermore, the City's implementation of the first/last mile plan will advance more equitable transportation outcomes.

Although this Plan was not scoped to contractually partner with community-based organizations (CBOs), staff conducted multiple meetings with CBOs who had expressed interest, and reflected input and concerns raised throughout the Plan.

### **DETERMINATION OF SAFETY IMPACT**

One key objective of the Plan is to improve safety for transit riders and non-riders who walk, bike, or roll near transit stations through pedestrian and bicycle infrastructure improvements, with a focus on transit riders transferring between modes at the station.

The Plan also identifies projects that can assist in further closing potential infrastructure gaps to address safety issues for users.

### **FINANCIAL IMPACT**

Adoption of this item has no impact to the FY 2019 budget.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The recommended action supports strategic plan goal #2 - deliver outstanding trip experience for all users of the transportation system - through activating the City of Inglewood's 3% local match contribution to implement first/last mile improvements identified in the Plan.

### **ALTERNATIVES CONSIDERED**

The Board could decide not to adopt the Plan. This alternative is not recommended because adoption by the Board will better position the Plan for approval by the City of Inglewood City Council. Furthermore, first/last mile improvements at the stations studied in this Plan will further the agency's

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vision to deliver outstanding trip experience for all users. Lastly, if the Board decides not to adopt the Plan, that would hinder the City's ability to allocate their 3% local match contribution to implement first/last mile improvements, which is part of their Agreement with Metro.

**NEXT STEPS**

Upon Board approval, the Plan will be considered for adoption by the City of Inglewood City Council, as the initial step to fulfill the financial contribution Agreement.

**ATTACHMENTS**

Attachment A - Inglewood First/Last Mile Plan Executive Summary and Excerpts

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**Next stop: our healthy future.**

**INGLEWOOD FIRST/LAST MILE PLAN**

1/22/19



**Metro**<sup>®</sup>



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## EXECUTIVE SUMMARY

This section introduces the Inglewood first/last mile project and lists the key findings and recommendations that are within the Plan.

# Overview of the Plan

The Inglewood First/Last Mile Plan is part of an ongoing effort to increase the accessibility, safety, and comfort of the areas surrounding current and future Metro transit stations. The Plan documents community-guided first/last mile improvements around three Crenshaw/LAX Line stations and one Green Line station. These stations are:

- > Fairview Heights Station
- > Downtown Inglewood Station
- > Westchester/Veterans Station
- > Crenshaw Green Line Station

Metro requires cities to provide a 3% local funding contribution to major rail transit capital projects. This is the first time a city has chosen to fulfill its local match obligation by funding first/last mile improvements. As such, the City of Inglewood has been actively involved in the development of this Plan.

In coordination with local jurisdictions and other agencies including the City of Inglewood, City of Los Angeles, City of Hawthorne, and LAWA, the Inglewood First/Last Mile Plan builds on the ongoing development and transportation changes occurring in the area. The Plan's recommendations recognize and complement existing planning and implementation efforts.

## Key Findings

The four stations studied in this plan face several obstacles from a first/last mile perspective. In many places, long blocks, wide arterials, freeway crossings, and

lack of streetscape amenities pose challenges for people walking and biking.

Given existing conditions surrounding the stations, important recommendations include:

- > Crosswalk improvements, such as high visibility striping, dual curb ramps, and pedestrian signals
- > Sidewalk improvements, such as new sidewalks along streets feeding the transit station, and repaving
- > Bicycle infrastructure that promotes safety, and includes (where feasible) separation from vehicular traffic
- > More lighting for people walking, biking, or otherwise 'rolling' to the station at night
- > Visual enhancements that reflect the unique history and characteristics of the city and individual communities

## Plan Contents

### Introduction

This chapter explains why first/last mile is important to Metro. It defines and describes first/last mile planning, along with Metro's various first/last mile policies and commitments. It further summarizes the first/last mile challenges and opportunities around Inglewood.

### Existing Plans & Projects

There are many ongoing planning efforts around the stations that will impact first/last mile planning. This chapter gives an overview of current and future plans for

Inglewood to better understand how first/last mile improvements will complement upcoming changes.

### Process

This chapter describes the steps taken to create the plan, including development of a web application (web app) for walk audits, project dashboard, stakeholder conversations, community events, and report preparation.

### Recommendations

The recommendations introduce first/last mile improvements for each station and include Tier 2 projects that are studied in more detail.

### Next Steps

This short chapter describes the next steps after Metro Board adoption, focusing on implementation.

### Lessons Learned

This chapter provides insights to others as they undergo first/last mile studies, sharing lessons learned about the process of analysis, community input, and the drafting of the pathway networks.

### Appendix

The Appendix includes key items produced during Plan formation: the Walk Audit Summary, Existing Plans & Projects Memo, the Pathway Origin Matrix, and the Costing Assumptions/Details.

# INTRODUCTION

This chapter describes the intent of Metro's First/Last Mile Strategic Plan, changes anticipated to occur over the next five years in the City of Inglewood, and the City's commitment to a 3% local funding contribution to implement projects listed in this Plan. Information about terminology used throughout the Plan is described in detail.

# Introduction

**“First/last mile Planning for Inglewood will make it safer and more pleasant to walk, bike, and otherwise roll to Metro stations.”**

An individual's transit trip is understood as the entire journey from origin to destination. Individuals may walk, drive, ride a bicycle, take a train, or - in many cases - combine several modes to get to a destination. Bus and rail services often form the core of a trip, but transit riders complete the first and last portion on their own. As riders have different needs and preferences, a First/Last Mile Plan examines the areas around Metro stations at varying distances. Most people may only walk a half-mile to a station, but someone on a bicycle may be comfortable riding up to three miles to get to a transit station. The overall goal of first/last mile planning is to improve conditions surrounding stations to enhance an individual's entire journey - from beginning to end.

First/last mile planning for Inglewood will make it safer and more pleasant to walk, bike, and otherwise roll to Metro stations. Recommendations such as increased lighting can make people feel more safe and secure. Visual enhancements can provide a sense of place and comfort. As a result, successful identification of first/last mile challenges and improvements becomes part of how a community defines itself. Therefore, it is critical that communities are engaged throughout the planning and implementation stages of the first/last mile planning process.



# What is First/Last Mile?

First/last mile improvements incorporate a range of urban design elements that respond to the context of each station. Though the streets that comprise Metro's first/last mile planning area typically fall outside the boundaries of Metro's jurisdiction, they remain critical components of an effective public transportation system. The easier it is to access a transit system, the more likely people are to use it.

Some examples of first/last mile improvements include:

- > Infrastructure for walking, biking, and rolling (e.g. bike lanes, bike parking, sidewalks, and crosswalks)
- > Shared use services (e.g. scooters, bike share, and car share)
- > Facilities to transfer or connect to a different mode of transportation (e.g. passenger drop-off areas and bus/rail interface improvements)
- > Information that simplifies travel, including signage, wayfinding, and technology (e.g. information kiosks and mobile apps)

## Vision & Policy

First/last mile improvements are a key element in Metro’s vision of promoting street networks that make traveling by transit safe, comfortable, and convenient. The vision stems from Metro Board Motions 14.1 and 14.2, passed in 2016.

- > **Motion 14.1** is a broad, foundational resolution that instructed Metro to conduct first/last mile planning across its rail and busway stations.
- > **Motion 14.2** allows local jurisdictions to count first/last mile improvements toward their 3% local contribution for rail projects.

The First/Last Mile Strategic Plan and Planning Guidelines (2014), describes a vision for improved station access throughout the LA region. The Strategic Plan lays out a process for identifying and analyzing existing conditions to develop a network of first/last mile improvements. Pathway networks identified in each station area will create an inter-connected active transportation grid across Los Angeles County.

In Spring 2018, Metro completed the next step in the program, the Blue Line First/Last Mile Plan, which laid groundwork for the first/last mile community-based planning processes and represented the first application of the Strategic Plan. Building on those lessons and methods, the Inglewood First/Last Mile Plan is the second first/last mile planning effort.

Unlike the Blue Line First/Last Mile Plan’s implementation approach of seeking grant assistance, the Inglewood First/Last Mile Plan is the first to be directly tied to a future capital project with an obligated local funding commitment. Ongoing first/last mile plans are also being conducted concurrently for the Airport Metro Connector, Foothill Gold Line Extension, the Purple Line Extension Phases 2 and 3, and the East San Fernando Valley Transit Corridor.

### City 3% Match

Metro requires cities to provide a 3% local funding contribution to major rail transit capital projects. The rationale for the 3% contribution is that local communities with rail stations receive a direct benefit because of the availability of high-quality transit. The City of Inglewood is the first city to fulfill its 3% local contribution obligation (\$6M) by funding first/last mile improvements identified in this plan. Metro and the City of Inglewood have executed an Agreement to formalize this commitment.

“Pathways identified in each station area will create an inter-connected active transportation grid across Los Angeles County.”



# Planning for Changes in Inglewood

The First/Last Mile Plan for Inglewood has the opportunity to influence the changing landscape of the city. The Crenshaw/LAX Line will connect to the Los Angeles International Airport (LAX) and to numerous new developments that are being planned and constructed. Development plans indicate that areas around and within the city will continue to experience rapid growth in the near future. The following is a list of relevant planning and construction efforts.

## Relevant Existing Plans

- > Transit Oriented Development Plans: Propose land uses around future transit stations in the city (City of Inglewood)
- > City of Inglewood Housing Element: Presents a comprehensive housing program from 2013 to 2021 that will provide residents with affordable housing options (City of Inglewood)
- > Hollywood Park Specific Plan/LA Stadium & Entertainment District: Proposes a vibrant city center with an array of mixed-uses to enhance economic development (City of Inglewood)
- > Metro Crenshaw/LAX Transit Corridor Joint Development Strategic Plan: Identifies potential joint development sites and opportunities for integration with transit facilities (Metro)

## Relevant Plans in Progress

- > Active Transportation Plan: Improves multi-modal access throughout the City (City of Inglewood)

- > Safe Routes to School Plan: Improves safety and comfort for students walking, biking, and rolling to school (City of Inglewood)
- > The City of Inglewood Mobility Plan: Identifies near- and long-term transportation plans that can help move people across the city (City of Inglewood)
- > Los Angeles International Airports Landside Access Modernization Program: Creates a ground transportation network to improve current traffic conditions and support multi-modal access around LAX (LAWA)
- > Metro NextGen Bus Study: Restructures the existing Metro bus network to better respond to changing travel patterns across the region (Metro)

## Relevant Development in the Works

- > Crenshaw/LAX Light-Rail Line (Metro)
- > Los Angeles Stadium and Entertainment District (City of Inglewood)
- > Los Angeles Airport Automated People Mover (LAWA)
- > Los Angeles Stadium Automated People Mover (City of Inglewood)
- > LA Philharmonic's Youth Orchestra building (City of Inglewood)
- > PATH Villas, affordable rental housing (City of Inglewood)
- > Hilton TRU Hotel (City of Inglewood)
- > D3-Thomas Safran Project, mixed-used, grocery-anchored rental housing (City of Inglewood)
- > A potential new basketball arena (City of Inglewood)

## From an Auto- to Transit-Oriented Culture

Existing infrastructure and development patterns around and within Inglewood support an auto-oriented lifestyle. Automobile volumes and speeds are high along most of the city's arterials and major collectors. Given that the location of the new light rail alignment was formerly used as a freight corridor, the existing street design presents difficulties for those walking, biking, and rolling. Through our community engagement process, community members expressed enthusiasm about public transit and the new light rail line. This Plan identifies many opportunities to create safer access for those walking and rolling to future stations.

Community engagement was an important component of the Inglewood First/Last Mile Plan and the process drew participation from residents throughout the city. Community members provided feedback through walk audits, stakeholder interviews, and community events. Feedback broadly supported first/last mile improvements. More details are outlined in the Process chapter.

## Broader Concerns and Guidance

The planned developments in Inglewood indicate a changing landscape and present potential challenges that need to be addressed. Metro is sensitive to both the benefits and drawbacks of new transportation investment and the related challenges of community change. Unintentional consequences of transportation investment, such as gentrification, can lead to rising property values and rents and can also cause displacement of existing low income residents and/or businesses. This can affect neighborhoods and individuals in various ways, including displacing the very residents who are most likely to use transit. Community engagement creates a space to capture hopes, visions, and concerns regarding unintended impacts, while also promoting a dialog around solutions.

Additional policies and precedents inform this plan and acknowledge, in particular, the urgency for Metro and stakeholders to ensure that the benefits of transit investments are realized broadly and especially for existing residents. The Blue Line First/Last Mile: A Community-Based Process and Plan (<https://www.metro.net/projects/transit-oriented-communities/blue-line-flm/>) sets the bar for future first/last mile plans - engaging the community in every aspect of design and development and addressing broader historic

inequities and consequences of disinvestment within the communities studied. Metro's Transit Oriented Communities (TOC) Policy, adopted in June 2018, sets broad goals for realizing holistic land use and community development along transit corridors. Enhancing access to transit, deep community engagement, and preservation and stabilization of communities are key goals of the Policy. This plan proposes safe and comfortable routes to public transit, built upon support and feedback from the multiple lenses of the community. In addition, in February 2018, the Metro Board adopted the Metro Equity Platform Framework - a policy aimed at addressing equity disparities by employing the following strategies agency-wide:

- > Define and Measure
- > Listen and Learn
- > Focus and Deliver
- > Train and Grow

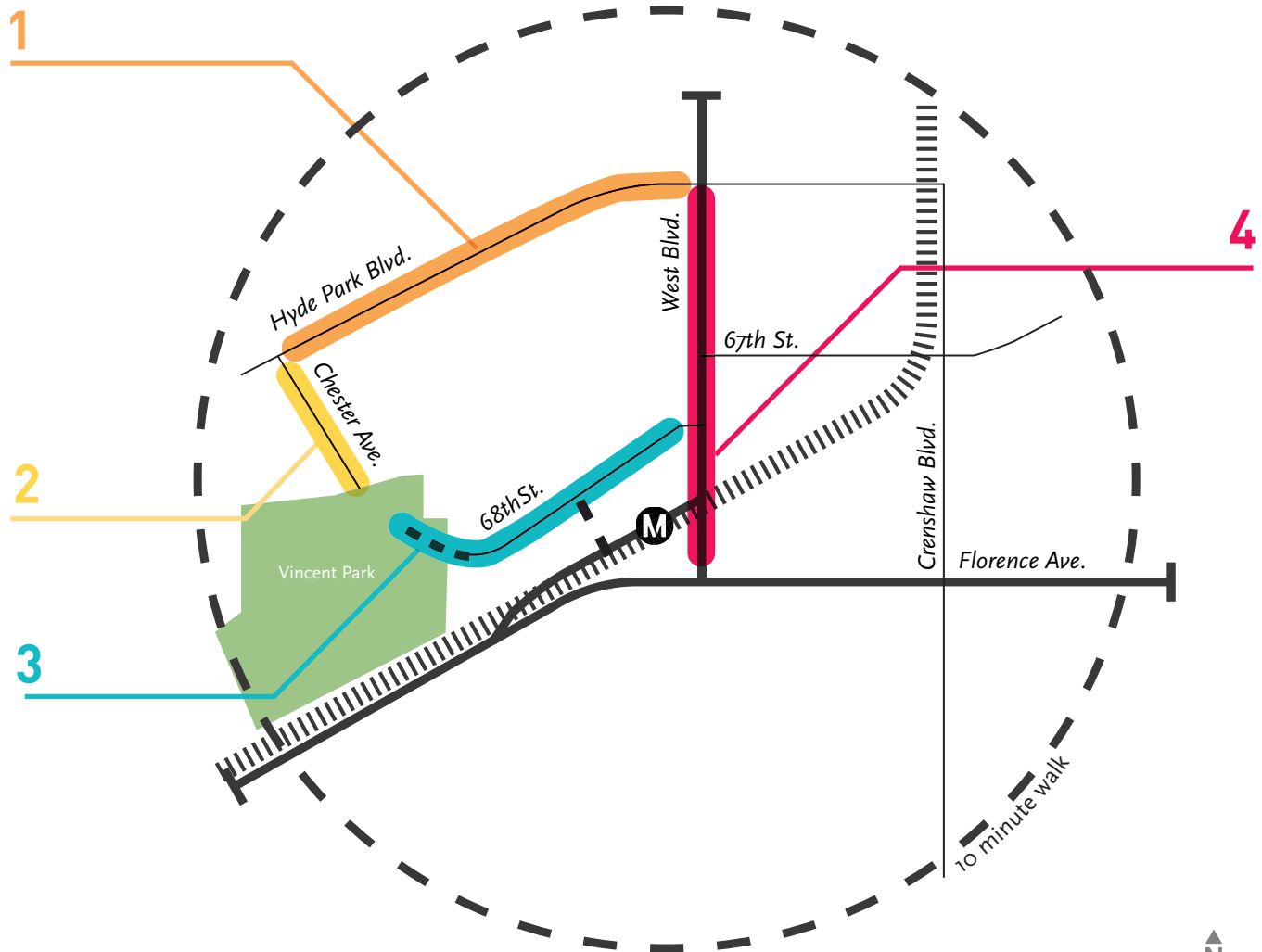
Equity concerns in Inglewood, as described above, were raised during community events and stakeholder conversations. As such, the City of Inglewood is encouraged to continue a dialogue with the community about these issues and to address policies and programs that protect, preserve, and enhance existing communities and those most vulnerable to displacement or other unintended impacts. Metro can provide guidance and assistance in these efforts as equity policies continue to evolve.

“Development plans indicate that areas around and within the city will continue to experience rapid growth for the near future.”

## RECOMMENDATIONS

This chapter outlines four project recommendations for each station. These recommendations require additional design analysis and do not necessarily represent the first-phase priorities for the each station area.

# Fairview Heights Station Tier 2 Projects



↑ N  
 Note: Only pathway network streets are shown on this map.

As the Inglewood city boundary runs down West Blvd. and Victoria Ave., recommended Tier 2 projects are localized in the city’s residential areas to the northwest. Streets in this area follow a more curvilinear street grid. Current bicycle diverters create a limited volume of vehicles

in the neighborhood. Building off of the slower speeds and the access to trails in Vincent Park, 68th St. and Chester Ave. are selected as Tier 2 projects that will link people walking and biking to the station. Hyde Park Blvd., also selected as a Tier 2 project, connects the entire

northwest quadrant of the station area and links transit riders to residential and commercial areas. West Blvd., the fourth project selected, is the single north/south spine that connects directly to the station and to the future Rail-to-River bike facility.

## 1. Hyde Park Blvd.

One of the main connectors through the station area, Hyde Park Blvd. changes from residential in the west to commercial and mixed-uses to the east. Improvements include a full suite of pedestrian- and bicycle-oriented changes including a bike lane, sharrows, bulb-outs at corners, enhanced crosswalks, trees, and sidewalk lights.



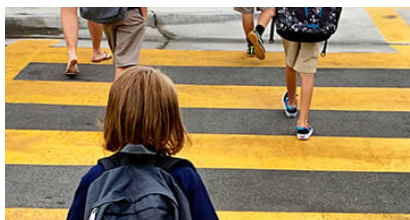
## 2. Chester Ave.

Chester Ave. is a narrow residential street that has been designed to preclude cut through traffic. Improvements should be made to encourage pedestrian and bicycle access, for example modification to the existing roadway diverter, addition of trees and sidewalk lighting, and access improvements to and from Vincent Park.



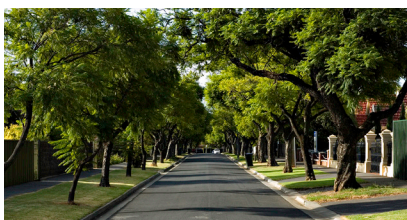
## 3. 68th St.

This street is similar in right-of-way width and design to Chester Ave. - it is narrow and designed to preclude cut-through traffic. Recommendations include introduction of a Neighborhood Greenway with a full suite of amenities and the redesign of the diverter.



## 4. West Blvd.

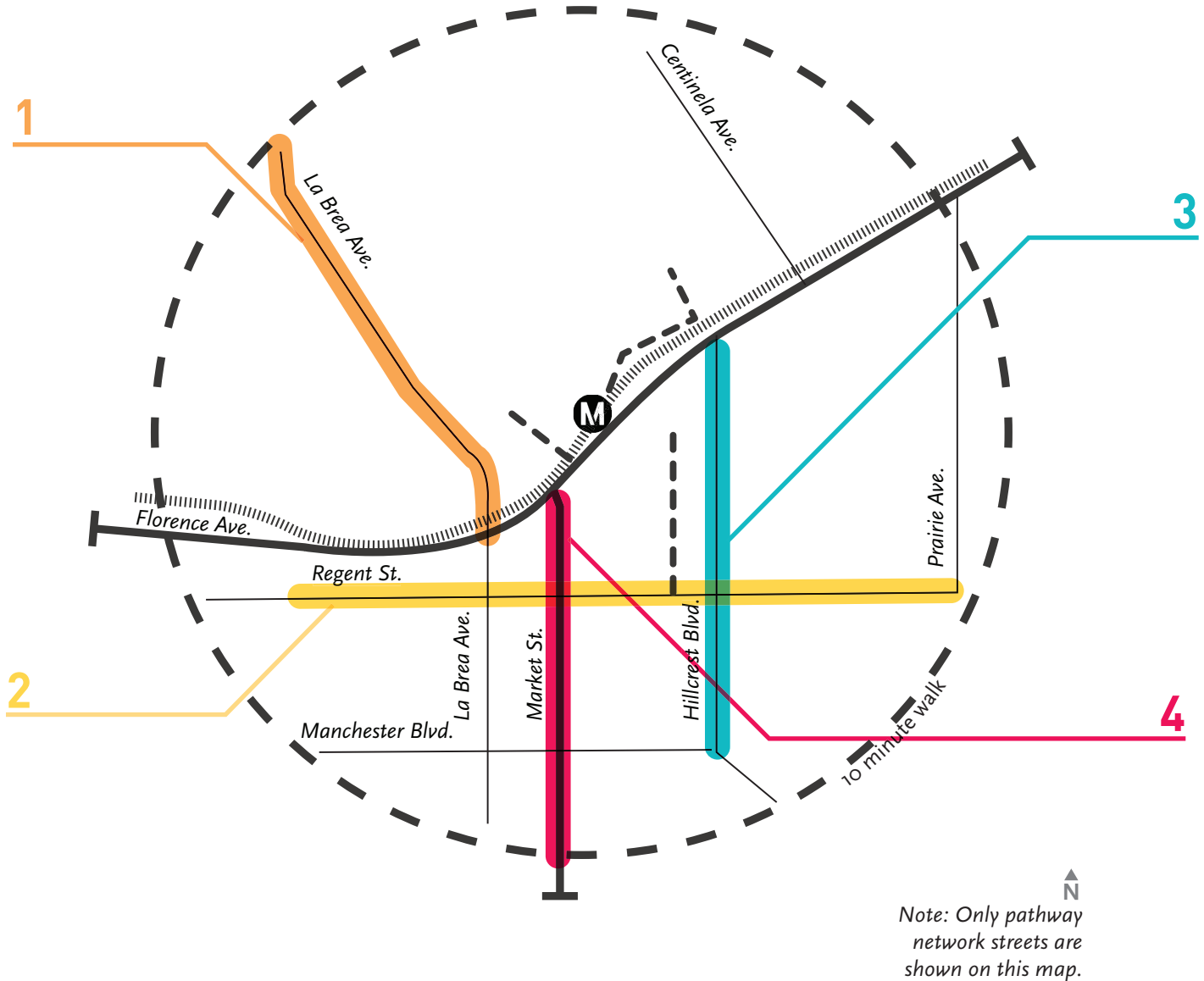
West Blvd. already has a handful of first/last mile-friendly enhancements, but walking along it can be hot during the day and dark at night. Enhancements can be made to the existing bike lane and crosswalks, and new amenities added to the sidewalk.



## Other Streets

- > Florence Ave., although a key Arterial Pathway, was not included as a Tier 2 project, since many improvements are currently underway as part of the Crenshaw/LAX Line construction.
- > Crenshaw Blvd. was not included because it is outside of the City of Inglewood.

# Downtown Inglewood Station Tier 2 Projects



The Downtown Inglewood Station is located along Florence Ave. and is currently disconnected from the heart of Downtown. By extending the streetscape on Market St. (Tier 2 project) between Regent St. and Florence Ave., the station can be better integrated to the Downtown core and to the future D-3 site to the south. Regent St., selected as a Tier 2 project and Neighborhood

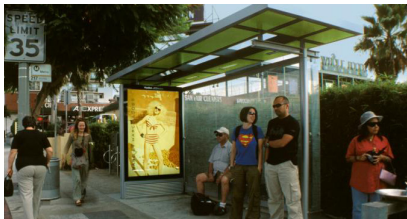
Greenway, is one of the main east/west corridors through Downtown. Likewise, La Brea Ave. (Tier 2 project) is the main north/south spine and connects to the Inglewood Civic Center and the new TechTown Campus. Hillcrest Blvd. (Tier 2 project), another key north/south corridor, is a wide and pleasant street that links to the future LA Stadium

and Entertainment District to the south. These streets were selected as priorities because of their significance as active transportation corridors (especially as the park-once district is established throughout Downtown Inglewood), and the potential they have to realize first/last mile improvements along their lengths.



## 1. La Brea Ave.

Despite the fact that La Brea Ave. is a major thoroughfare for people moving to and through the neighborhood, crosswalks are scarce, curb-to-curb distances are wide, and traffic can sometimes move swiftly. The sidewalks can be infilled with street trees and pedestrian lighting and as the street approaches Florence Ave., visual enhancements can be added to the underpass.



## 2. Regent St.

Improvements to Regent St. are centered around a new bikeway, with safe and pleasant facilities for people riding their bikes, along with improvements for pedestrians, such as corner bulb-outs, addition of trees and wayfinding signage, and sidewalk lighting.



## 3. Hillcrest Blvd.

Hillcrest is mainly residential in character and has tall, mature street trees within a sidewalk parkway and also in a landscaped center median, which can be infilled. The main elements that are missing along Hillcrest Blvd. are high-visibility crosswalks, pedestrian lighting, wayfinding, and bike sharrows.



## 4. Market St.

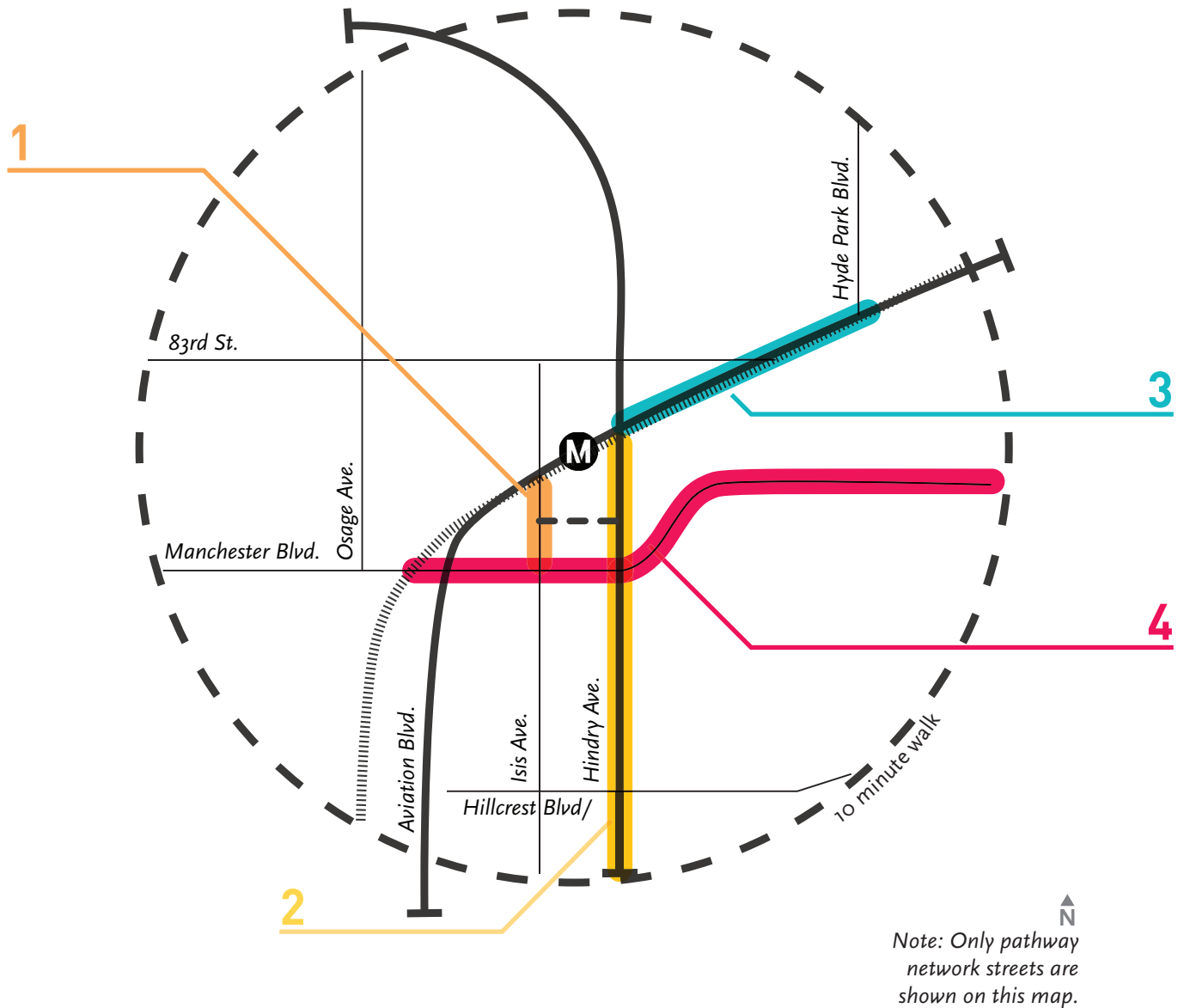
Between the Florence Ave. and Regent St., Market St. does not have all of the amenities and enhanced design elements that the blocks south of Regent St. do. Extending this character north and adding station wayfinding, will help to close the gap between Downtown and the station.



## Other Streets

- > Florence Ave., although a key Arterial Pathway, was not included, as many improvements are currently underway as part of the Crenshaw/LAX Line construction.
- > Prairie Ave. and Manchester Blvd., although key connections to the future LA Stadium and Entertainment District, were not selected as a Tier 2 projects given their distance from the Downtown Inglewood Station.

## Westchester/Veterans Station Tier 2 Projects



All Westchester/Veterans Station Tier 2 projects are located within Inglewood city boundaries and strive to increase connections from destinations and areas within the city, to the station. For example, Manchester Blvd, Hindry Ave., and Florence Ave. (Tier 2 projects) works to create a safe bicycle connection across the I-405 to

the Regent Bike Boulevard so that people can get into Downtown and residential neighborhoods east of the freeway. The proposed bicycle facility on Manchester Blvd. also closes a bicycle gap between the City of Los Angeles and Inglewood. Isis Ave., the fourth Tier 2 project will act as a key pedestrian connector between the proposed

transit-oriented arts cluster and the future station. Hindry Ave. and Isis Ave. have a proposed plaza and arts park at Manchester Blvd. that would further benefit first/last mile connections and transit riders.



## 1. Isis Ave.

Isis is envisioned as a closed-off, pedestrian-oriented street that can accommodate special events, food trucks, vendors, and other attractions. This vision is informed by the area's Draft Transit-Oriented Development (TOD) Plan, which has an Arts Cluster & Mixed Use District in this area.



## 2. Hindry Ave.

Hindry Ave. has the potential to become a bike facility because of its long, straight access to and from the Metro station. At the same time, the industrial nature of the street poses some challenges that need to be addressed from a first/last mile perspective. Improvements introduced include both pedestrian and bicycle upgrades.



## 3. Florence Ave.

This segment of Florence Ave. can be enhanced as two-way cycle track, utilizing the space between the retaining wall of the Metro Crenshaw/LAX light-rail alignment and the curb edge. This segment will allow cyclists to connect to the Hindry Ave. bike facility, and to the Regent St. bicycle facility, without competing with traffic on Florence Ave.



## 4. Manchester Blvd.

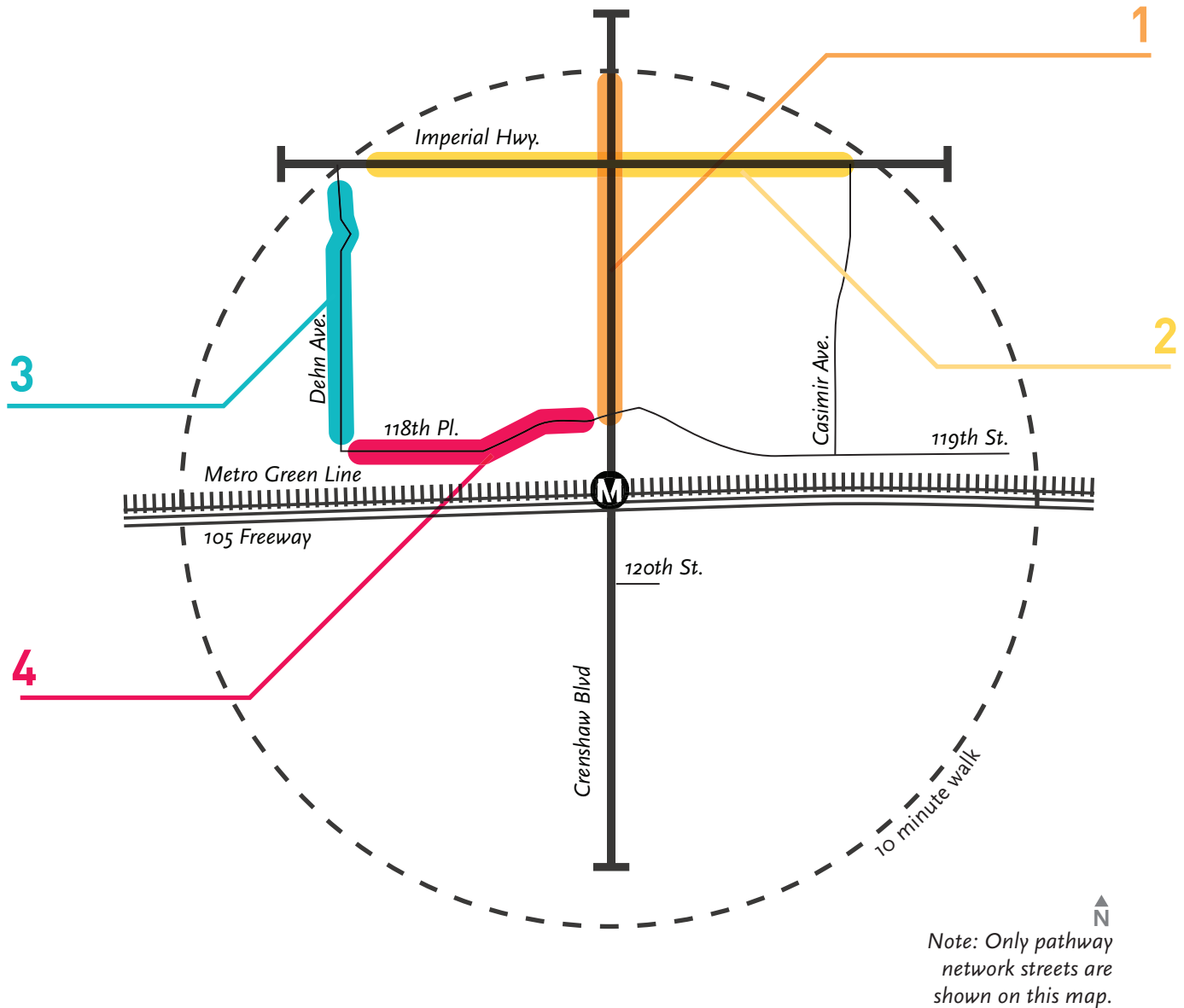
Manchester Blvd. is an important east/west connector. Swiftly-moving vehicles and a wide right-of-way, make it unfriendly in places to people walking and biking. Manchester is also an important transit pathway. Conceptual designs for Manchester Blvd. include a separated cycle track with outboard bus platforms and parking, along with sidewalk and crosswalk enhancements for pedestrians.



## Other Streets

> 83rd St., Manchester Blvd. (west), Osage Ave., and Hyde Park Blvd. all fall outside of City of Inglewood jurisdiction, and were not selected as Tier 2 projects.

# Crenshaw Green Line Station Tier 2 Projects



The Crenshaw Green Line Station east/west Tier 2 projects include the main Pathway Arterial, Imperial Hwy. and the smaller, more residential, 118th Pl. North/south priorities include Crenshaw Blvd. and Dehn Ave. Improvements along Crenshaw Blvd. and Imperial Hwy., include specifications for pedestrian improvements, visual enhancements, and enhancements at bus stops. These north/south

connectors are important for those living and visiting the future District Center to the north of the station. Improvements along the residential streets focus on the walking environment with landscaping and pedestrian lighting. Each Tier 2 project represents a significant opportunity to improve first/last mile connections, because pedestrian and bicycle amenities

are currently limited in the area. Since the Inglewood city boundary is just north of the station, important improvements directly at the station (i.e. at the I-105 underpass), for example visual enhancements, wayfinding, and lighting, are not indicated as Tier 2 projects.

## 1. Crenshaw Blvd.

Anyone who walks, bikes, or otherwise travels to the Crenshaw Green Line Station, uses Crenshaw Blvd. to access the station. The station itself is elevated above Crenshaw, within the right-of-way of the 105 Freeway. This makes Crenshaw Blvd. a critical focus for the station area. Improvements should be made to bus stop, crosswalks, and sidewalks.



## 2. Imperial Hwy.

This street is extremely wide and auto-oriented and its character changes east and west of Ardath Ave., where it widens out even further. A key goal is to integrate improvements for pedestrians, such as enhanced and new crosswalks, lighting, trees, and art on utility boxes.



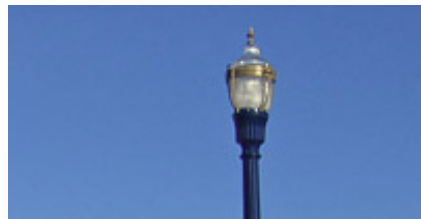
## 3. Dehn Ave.

Dehn Ave. is a low-scale residential street, with consistent sidewalks and landscaped parkways. Despite its friendly character, it is missing some critical first/last mile elements, such as lighting, trees, and curb ramps. Dehn Ave. connects to the Bennett / Kew Elementary School.



## 4. 118th Pl.

Dehn Ave. dead ends into 118th Pl., so together these streets act as a continuous pathway to and from the Metro station. 118th Pl. is almost identical in scale and character to Dehn Ave., with one lane in each direction, parking on either side, and continuous sidewalks and parkways. Improvements recommended for 118th Pl. are similar to those proposed for Dehn Ave.



## Other Streets

- > All other projects not chosen as Priorities fall outside of the City of Inglewood jurisdiction.





# Recommendation

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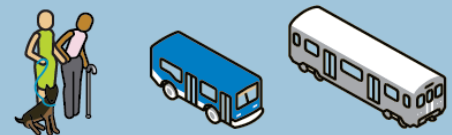
## A. ADOPT Inglewood First/Last Mile Plan



# Background

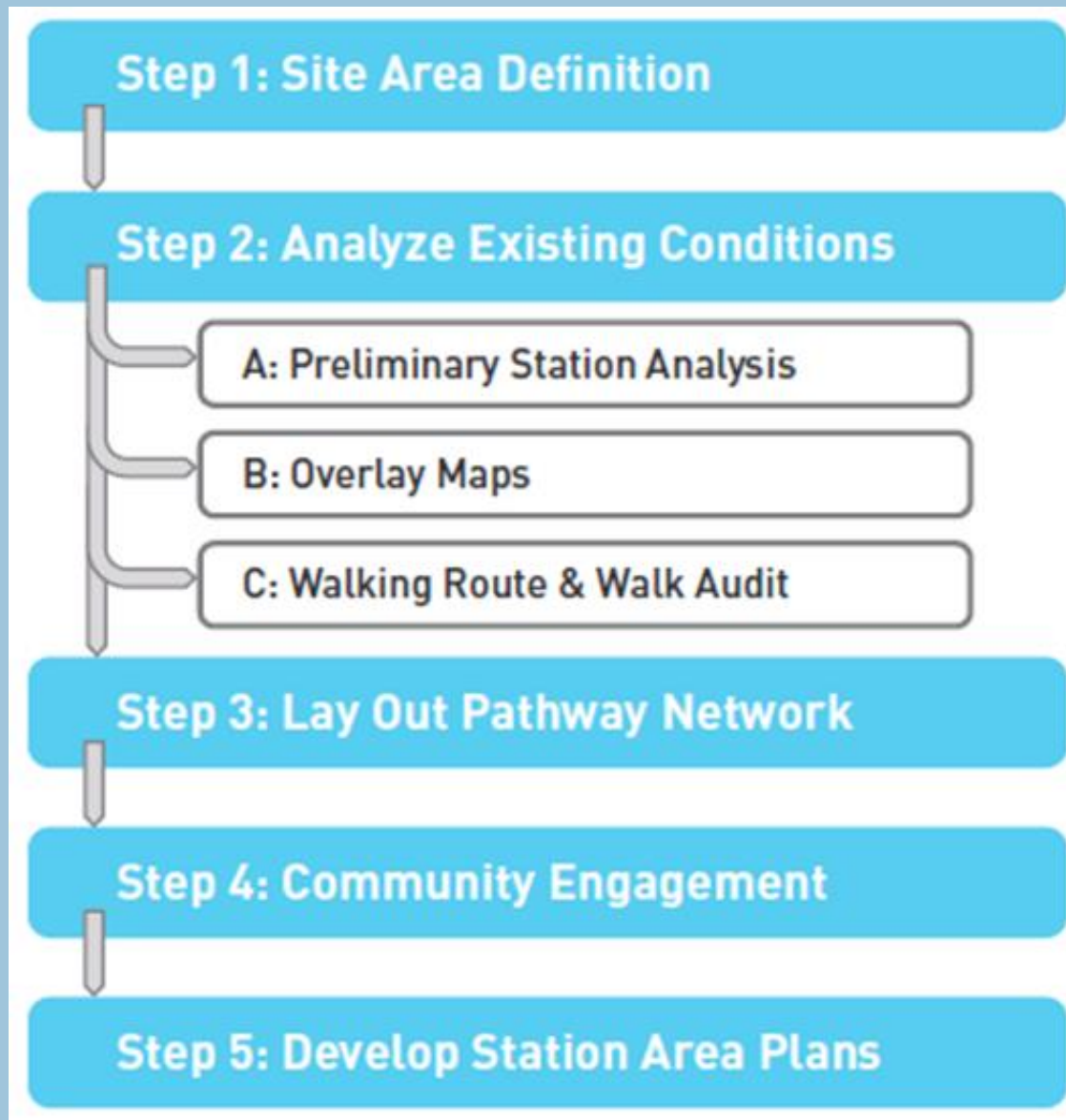
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- First/Last Mile (FLM) planning for 4 stations within and around the City of Inglewood
  - Fairview Heights station (Crenshaw/LAX Line)
  - Downtown Inglewood station (Crenshaw/LAX Line)
  - Westchester/Veterans station (Crenshaw/LAX Line)
  - Crenshaw station (Green Line)
- Agreement with Metro and the City of Inglewood on 3% local match contribution



# Process

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# Community Engagement

- Executed FLM methodology
  - 3 days of walk audits at all 4 stations
  - 4 innovative community events featuring:
    - Pop-up and interactive elements
    - Traditional workshop discussions
    - Giveaways





# Proposed FLM Improvements

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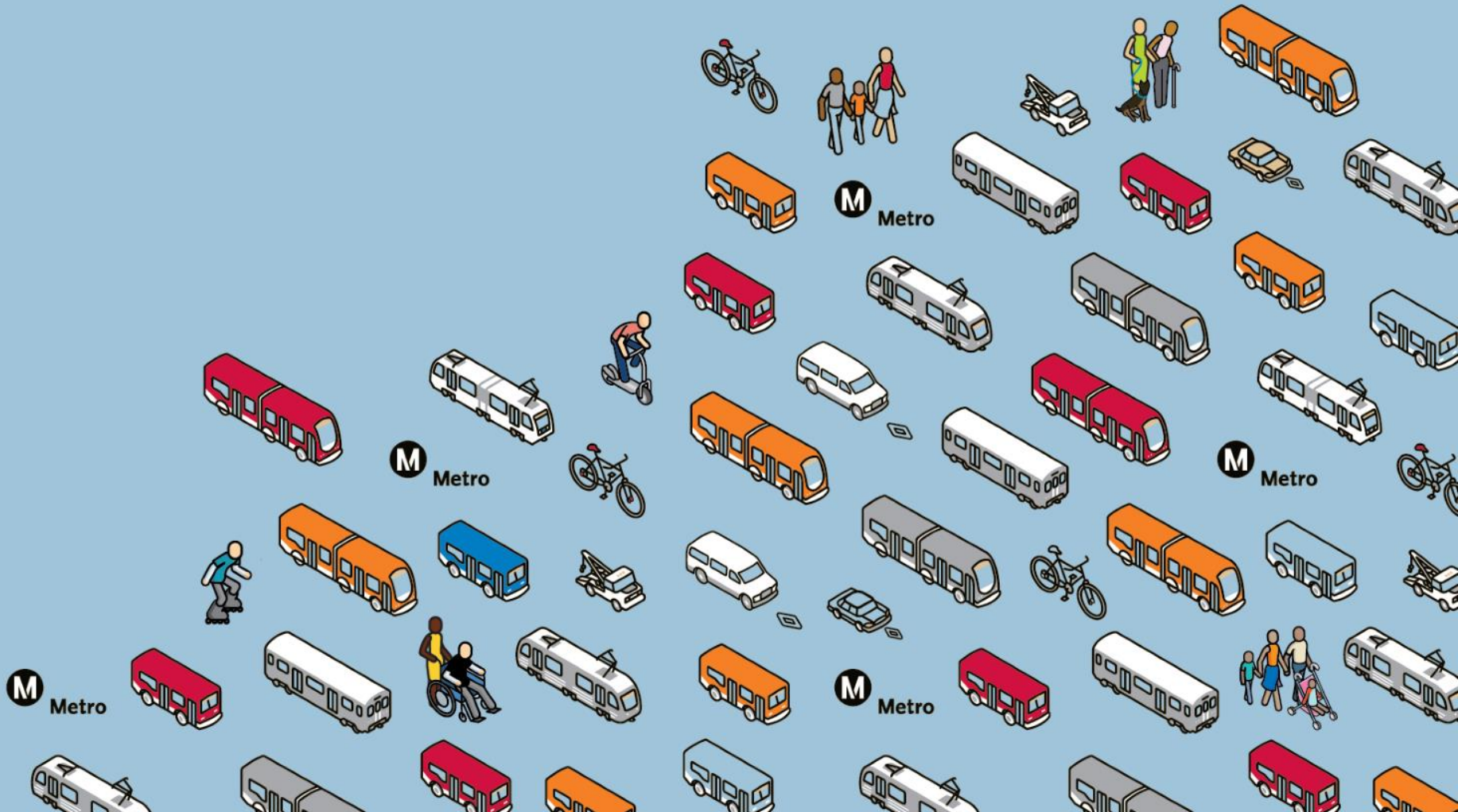
- Range of pedestrian/bicycle improvements:
  - Enhanced crosswalks
  - Street trees and planting
  - Pedestrian-scale lighting
  - Bicycle facilities
  - Others
- Proposed projects to complement committed efforts around the city



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# Thank you

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**Board Report**

**File #:** 2018-0802, **File Type:** Program

**Agenda Number:** 16.

**PLANNING AND PROGRAMMING COMMITTEE  
FEBRUARY 20, 2019**

**SUBJECT: MEASURE M MULTI-YEAR SUBREGIONAL PROGRAM - NORTH COUNTY  
SUBREGION**

**ACTION: APPROVE RECOMMENDATIONS**

**RECOMMENDATION**

CONSIDER:

A. APPROVING:

1. programming of \$16,570,590 in Measure M Multi-Year Subregional Program (MSP) - Active Transportation Program (Attachment A);
2. programming of \$13,143,260 in Measure M MSP - Transit Program (Attachment B);
3. inter-program borrowing from subregion's Measure M MSP - Transit Program and programming of \$8,051,220 in Measure M MSP - Highway Efficiency Program (Attachment C); and

B. AUTHORIZING the CEO or his designee to negotiate and execute all necessary agreements for approved projects.

**ISSUE**

Measure M MSPs are included in the Measure M Expenditure Plan. All MSP funds are limited to capital projects. Each Subregion is required to develop the MSP five-year plan (Plan) and project list. Based on the amount provided in the Measure M Expenditure Plan, a total amount of \$44,836,991 was forecasted to be available for programming in Fiscal Year (FY) 2017-18 to FY 2021-22, to the North County Subregion in two Programs: 1) Active Transportation (expenditure line 52); and 2) Transit (expenditure line 64). The Subregion identified two priority projects that are eligible for the Highway Efficiency Program (expenditure line 81 - funds scheduled to be available in 2048) and elected to borrow from the Transit Program to accelerate the two highway projects. Board approval is necessary to program the funds to these projects and serve as the basis for Metro to enter into Funding Agreements with the respective implementing agencies.

## **DISCUSSION**

In June 2017, the Metro Board of Directors approved the adoption of the Measure M Master Guidelines (Guidelines), with two amendments and five approved motions. Subsequently, the Administrative Procedures for Measure M MSP were signed by the CEO on February 2, 2018.

The North County Subregion consists of member agencies from the cities of Lancaster, Palmdale, Santa Clarita and adjacent unincorporated area of Los Angeles County (5<sup>th</sup> Supervisorial District). The North County Transportation Coalition Joint Powers Authority (NCTC JPA) was formed in May 2018 and led the Plan development process, which included working with the member agencies along with the public participation process in the Antelope and Santa Clarita Valleys. The NCTC JPA Governing Board also adopted Subregional Qualitative Performance Measures including Mobility, Economic Vitality, Accessibility, Safety and Sustainability & Quality of Life, per the Administrative Procedures.

In the last several months, Metro staff worked closely with the NCTC JPA and the implementing agencies on project eligibility reviews of the proposed projects. For those proposed projects that are to be programmed in FY 2018-19 and FY 2019-20 (near term - first two programming years), Metro required a detailed project scope of work during staff review for eligibility and program nexus during the Plan development process, i.e. project location and limits, length, project elements, project phase (s), total project expenses and funding requested, and project schedule, etc. This level of details will ensure timeliness of the Project Funding Agreements execution once the Metro Board approves the Plan. For those proposed projects that will have programming funds in FY 2020-21 and beyond, Metro accepted high level (but focused and relevant) project scope of work during the review process. Metro staff will work with the Subregion and the implementing agencies on the details through a future annual update process. Those projects will receive conditional approval as part of this approval process. However, final approval of funds for those projects shall be contingent upon the implementing agency demonstrating the eligibility of each project as required in the Guidelines.

### **Equity Platform**

Consistent with Metro's Equity Platform, the MSP outreach effort recognizes and acknowledges the need to establish comprehensive, multiple forums to meaningfully engage the community to comment on the proposed projects under all Programs. NCTC JPA along with the cities of Lancaster, Palmdale, Santa Clarita and adjacent unincorporated area of Los Angeles County undertook an extensive outreach effort and invited the general public to a series of public workshops and meetings. Metro will continue to work with the Subregion to seek opportunities to reach out to a broader constituency of stakeholders.

## **DETERMINATION OF SAFETY IMPACT**

Programming of Measure M MSP funds to the North County Subregional projects will not have any adverse safety impacts on Metro's employees or patrons.

## **FINANCIAL IMPACT**

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In Fiscal Year (FY) 2018-19, \$500,000 is budgeted in Cost Center 0441 (subsidies budget - Planning) for the Active Transportation Program (Project # 474501) and \$160,000 is budgeted in Cost Center 0441 (subsidies budget - Planning) for the Transit Program (Project #474502). Since these are multi-year projects, Cost Centers 0441 (Planning - Subsidies to Others) and 0442 (Highway Subsidies) will be responsible for budgeting in future years.

### Impact to Budget

The sources of funds for these projects are Measure M Transit, First/Last Mile (Capital) and Highway, Active Transportation, Complete Streets (Capital). These fund sources are not eligible for Metro bus and rail operating and capital expenditures.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Recommendation supports the following goals of the Metro Vision 2028 Strategic Plan:

Goal 1: Provide high-quality mobility options that enable people to spend less time traveling by alleviating the current operational deficiencies and improving mobility along the projects.

Goal 4: Transform LA County through regional collaboration by partnering with the Council of Governments and the local jurisdictions to identify the needed improvements and take the lead in development and implementation of their projects.

### **ALTERNATIVES CONSIDERED**

The Board could elect not to approve the programming of funds for the Measure M MSP projects for the North County Subregion. This is not recommended as the proposed projects were developed by the Subregion in accordance with the Measure M Ordinance, Guidelines and the Administrative Procedures.

### **NEXT STEPS**

Upon Board approval, respective implementing agencies will be notified, and Funding Agreements will be executed with those who have funds programmed in FY 2018-19 and FY 2019-20. Staff will continue to work with the NCTC JPA and the implementing agencies to identify and implement projects. Annual updates will be provided to the Board.

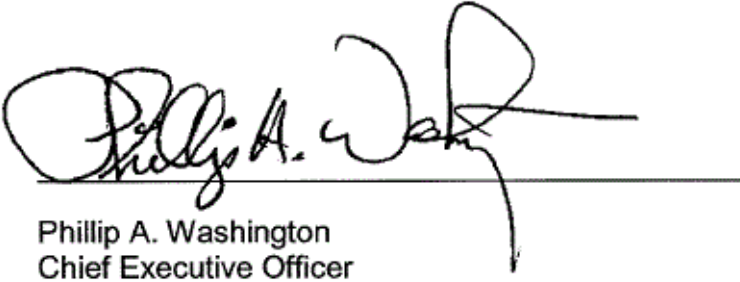
### **ATTACHMENTS**

Attachment A - Active Transportation Program Project List  
Attachment B - Transit Program Project List  
Attachment C - Highway Efficiency Program Project List

Prepared by: Fanny Pan, DEO, Countywide Planning & Development, (213) 418-3433  
Laurie Lombardi, SEO, Countywide Planning & Development, (213) 418-3251

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Reviewed by: Therese W. McMillan, Chief Planning Officer, (213) 922-7077



Phillip A. Washington  
Chief Executive Officer



**North County Subregion  
Measure M Multi-Year Subregional Plan - Active Transportation Program**

	Agency	Project ID No.	Project/Location	Funding Phases	FY 2018-19	FY2019-20	FY2020-21	FY 2021-22	Total Program
1	Lancaster	MM4501.01	Avenue I: Sierra Hwy to 10th Street West	PS&E Construction		\$ 91,348	\$ 411,065	\$ 411,065	\$ 913,478
2	Lancaster	MM4501.02	Avenue I: 15th Street West to 30th Street West	PS&E Construction		189,017	850,576	850,576	1,890,169
3	Lancaster	MM4501.03	Avenue L: 15th Street West to 40th Street West *	PS&E Construction			580,450	2,612,025	3,192,475
4	Lancaster	MM4501.04	Challenger Way: Avenue I to Avenue L *	PS&E Construction			295,020	1,204,975	1,499,995
5	Lancaster	MM4501.05	Sierra Hwy: Avenue J to Avenue L	Construction	1,267,333				1,267,333
6	Palmdale	MM4501.06	Avenue R Complete Street & Safe Routes to School Proj	PS&E, ROW Construction		1,695,140	1,000,000		2,695,140
7	Santa Clarita	MM4501.07	Bicycle Network Connectivity: Calgrove Blvd., McBean Pkwy, Valencia Blvd, Magic Mountain Pkwy	PS&E Construction		672,000			672,000
8	Santa Clarita	MM4501.08	Citywide Bicycle Facilities: Copper Hill Dr., Plum Canyon Rd., Sierra Hwy, Lost Canyon Rd., Via Princessa	PS&E Construction	648,000				648,000
9	Santa Clarita	MM4501.09	Santa Clara River Trail Gap Closure Design: Five Knolls to Discovery Park *	PS&E ROW			672,000		672,000
10	Santa Clarita	MM4501.10	Sierra Highway Sidewalk Improvements: Scherzinger Lane to Skyline Ranch Road	PS&E Construction	624,000				624,000
11	Santa Clarita	MM4501.11	Valencia Industrial Center Bicycle and Pedestrian Imp. Phase I: San Francisquito Trail to Avenue Scott E *	PS&E, ROW Construction				696,000	696,000
12	LA County	MM4501.12	Elizabeth Lake Road Bikeways: Between Lake Hughes Rd. & Johnson Rd., and Dianron Rd. & 10th St. W	PS&E ROW		150,000	450,000	450,000	1,050,000

	Agency	Project ID No.	Project/Location	Funding Phases	FY 2018-19	FY2019-20	FY2020-21	FY 2021-22	Total Program
13	LA County	MM4501.13	Lake Los Angeles Pedestrian Plan Implementation Phase 1: 170th St. E, Avenue N, 165th St. E, Avenue N-8, 180th St. E, Avenue P-8, 160th St. E, Avenue Q	PS&E ROW	100,000	150,000	250,000	250,000	750,000
<b>Total Programming Amount</b>					<b>\$ 2,639,333</b>	<b>\$ 2,947,505</b>	<b>\$ 4,509,111</b>	<b>\$ 6,474,641</b>	<b>\$ 16,570,590</b>

\* Conditional programming approval as only high level scope of work was developed and reviewed. Future annual update process will reconfirm the programming.



**North County Subregion  
Measure M Multi-Year Subregional Plan - Transit Program**

	Agency	Project ID No.	Project/Location	Funding Phases	FY 2018-19	FY2019-20	FY2020-21	FY 2021-22	Total Program
1	Palmdale	MM4502.01	Palmdale Transportation Center Transit and Infrastructure Design Project	PS&E	\$ 250,000	\$ 875,000	\$ 875,000		\$ 2,000,000
2	Santa Clarita	MM4502.02	Valencia Industrial Center Bus Stop Improvement *	PS&E Construction			892,000		892,000
3	Santa Clarita	MM4502.03	Vista Canyon Bus Service Expansion *	Vehicles/ Equipment			620,000	1,560,000	2,180,000
4	Santa Clarita	MM4502.04	Vista Canyon Transportation Center	ROW Construction	288,000	1,440,000	1,488,000		3,216,000
5	LA County	MM4502.04	Vista Canyon Transportation Center - Transit Capital Jurisdictional Share	Construction		1,000,000	1,000,000		2,000,000
6	LA County	MM4502.05	North County Bus Stop Improvements: Santa Clarita and Antelope Valley	PS&E Construction	308,000	400,000	1,178,990	968,270	2,855,260
<b>Total Programming Amount</b>					<b>\$ 846,000</b>	<b>\$ 3,715,000</b>	<b>\$ 6,053,990</b>	<b>\$ 2,528,270</b>	<b>\$ 13,143,260</b>

\* Conditional programming approval as only high level scope of work was developed and reviewed. Future annual update process will reconfirm the programming.

**North County Subregion  
Measure M Multi-Year Subregional Plan - Highway Efficiency Program**

	Agency	Project ID No.	Project/Location	Funding Phases	FY 2018-19	FY2019-20	FY2020-21	FY 2021-22	Total Program
1	Palmdale	MM5504.01	SR-138 Palmdale Blvd. SR-14 Ramps	Construction		1,117,074	1,117,073	1,117,073	\$ 3,351,220
2	North County Transportation Coalition	MM5504.02	SR-14 Capacity Enhancement/Operational Improvement **	TBD	500,000	1,500,000	1,350,000	1,350,000	4,700,000
<b>Total Programming Amount</b>					<b>\$ 500,000</b>	<b>\$ 2,617,074</b>	<b>\$ 2,467,073</b>	<b>\$ 2,467,073</b>	<b>\$ 8,051,220</b>

\*\* Pending identification of a specific project after initial investigations and consultation with Caltrans and Metro.



## Board Report

File #: 2018-0782, File Type: Contract

Agenda Number: 17.

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### OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE FEBRUARY 21, 2019

**SUBJECT: ARTIFICIAL IVY INSTALLATION AND MAINTENANCE SERVICES**

**ACTION: AWARD CONTRACT**

#### **RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to award a firm fixed unit rate Contract No. OP1212080003367 to Intuitive Real Estate Solutions for a three year program, to provide heavy duty artificial ivy installation and maintenance services as a graffiti deterrent, for a not to exceed amount of \$659,198, effective March 18, 2019.

#### **ISSUE**

Staff recommends the award of a three year firm fixed unit rate contract to Intuitive Real Estate Solutions, to provide heavy duty artificial ivy installation and maintenance services as a graffiti deterrent and support Metro's long lasting practice of zero tolerance for graffiti system-wide.

#### **BACKGROUND**

In September 2016, Intuitive Real Estate Solutions reached out to Metro staff to introduce a heavy duty artificial ivy product and proposed to install it for Proof of Concept purposes.

On February 8, 2017 and April 12, 2017, the artificial ivy product was installed at two (2) Metro stations in a limited quantity. The product has been performing well in withstanding weather conditions; however, since the test areas were limited in size, product effectiveness as a graffiti deterrent require broader application at strategic locations in covering vertical surfaces at areas exposed to vandalism activities.

This program includes the installation of approximately 40,000 square feet of artificial ivy at seven locations within Metro rail system that are highly affected by graffiti. The program also includes monthly inspections and maintenance to ensure the product remains in clean and well maintained conditions, free of graffiti and any other vandalism activities.

#### **DISCUSSION**

Intuitive Real Estate Solutions is a Metro Certified SBE and has made a 97.72% SBE participation

commitment.

The heavy duty artificial ivy product proposed by Intuitive Real Estate Solutions consists of one (1) sq. ft. tiles made of 100% recycled low-density polyethylene. The ivy material is ultra violet resistant and fire retardant with a minimum life expectancy of seven (7) years in an outdoor environment, exposed to direct sunlight and other forms of inclement weather conditions.

This product is an added measure to the graffiti abatement and deterrent programs currently available at Metro.

### **DETERMINATION OF SAFETY IMPACT**

Approval of this item will not have a direct impact on safety. This item however, will further enhance Metro stations cleanliness and overall appearance, providing aesthetically attractive and sustainable coverage for vertical surfaces while acting as a graffiti deterrent, protecting Metro's assets, and enhancing customers' transit experience.

### **FINANCIAL IMPACT**

The total three year contract value is \$659,198. Funding of \$65,000 for FY19 is included in the FY19 budget under Account 50320 Contract Services and various operating projects.

Since this is a multi-year contract, the cost center manager and Sr. Executive Officer, Maintenance and Engineering will be accountable for budgeting the cost in future years.

### **Impact to Budget**

The current source of funds for this action include Proposition A/C, Measure R/M, and Transportation Development Act. Use of these funding sources currently maximizes funding allocation given approved funding provisions and guidelines.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Approval of this item supports the following Metro Strategic Goal 2: Deliver outstanding trip experiences for all users of the transportation system. The sustainable artificial ivy facade will contribute to improving facilities' overall condition and cleanliness.

### **ALTERNATIVES CONSIDERED**

Staff considered installation and maintenance of heavy duty artificial ivy as a graffiti deterrent throughout Metro facilities utilizing Metro in-house staff. This method would require the hiring of additional personnel, and purchase of additional equipment, vehicles, and supplies to support this program. Staff's assessment indicates that this method is not a cost-effective option for Metro.

### **NEXT STEPS**

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Upon approval by the Board, staff will execute Contract No. OP1212080003367 with Intuitive Real Estate Solutions, effective March 18, 2019, for a three-year program to provide heavy duty artificial ivy installation and maintenance services.

**ATTACHMENTS**

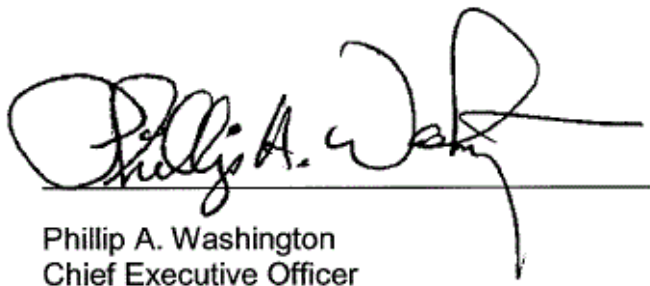
Attachment A - Artificial Ivy Installation Pictures

Attachment B - Procurement Summary

Attachment C - DEOD Summary

Prepared by: Brady Branstetter, DEO, Facilities Maintenance, (213) 922-6767  
Lena Babayan, Senior Director, Facilities Maintenance, (213) 922-6765

Reviewed by: James T. Gallagher, Chief Operations Officer, (213) 418-3108  
Debra Avila, Chief, Vendor/Contract Management Officer, (213) 418-3051



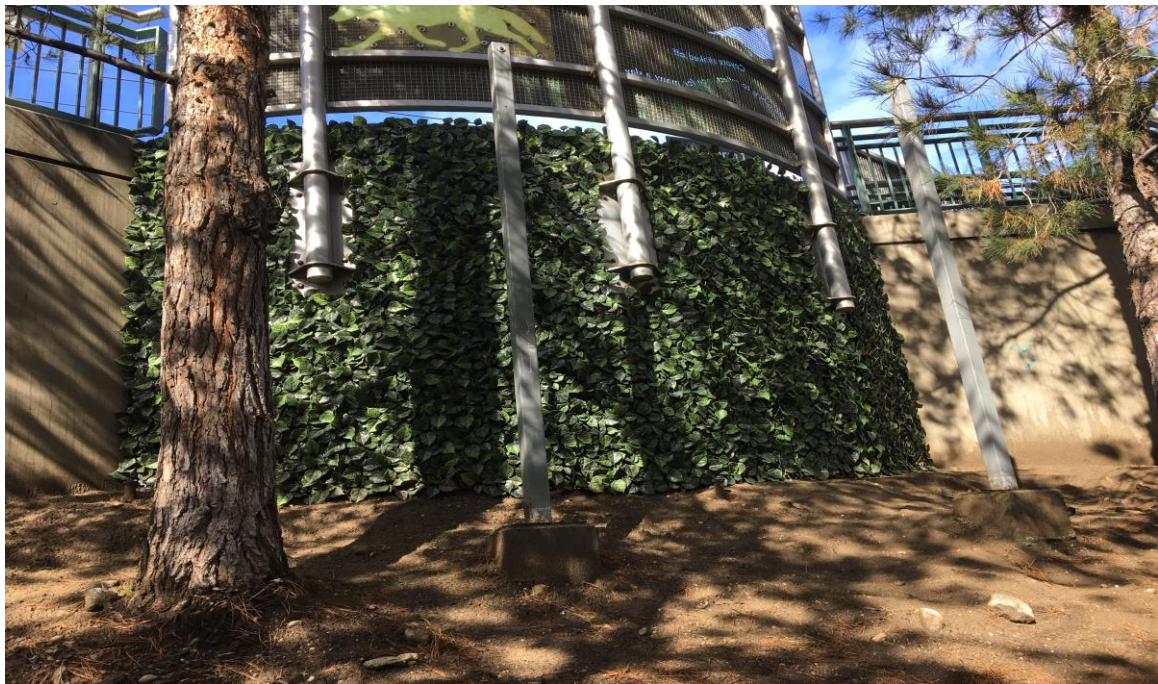
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Phillip A. Washington  
Chief Executive Officer

# ATTACHMENT A ARTIFICIAL IVY INSTALLATION



**MBL SLAUSON STATION**



**PGL LINCOLN CYPRESS STATION**

**PROCUREMENT SUMMARY  
ARTIFICIAL IVY INSTALLATION AND MAINTENANCE SERVICES  
OP1212080003367**

1.	<b>Contract Number: OP1212080003367</b>	
2.	<b>Recommended Vendor :</b> Intuitive Real Estate Solutions	
3.	<b>Type of Procurement (check one):</b> <input type="checkbox"/> IFB <input checked="" type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	<b>Procurement Dates:</b>	
	A. <b>Issued:</b> September 28, 2018	
	B. <b>Advertised/Publicized:</b> September 28, 2018	
	C. <b>Pre-Proposal/Pre-Bid Conference:</b> October 9, 2018	
	D. <b>Proposals/Bids Due:</b> October 30, 2018	
	E. <b>Pre-Qualification Completed:</b> December 28, 2018	
	F. <b>Conflict of Interest Form Submitted to Ethics:</b> December 21, 2018	
	G. <b>Protest Period End Date:</b> February 25, 2019	
5.	<b>Solicitations Picked up/Downloaded:</b> 15	<b>Bids/Proposals Received:</b> 3
6.	<b>Contract Administrator:</b> Rommel Hilario	<b>Telephone Number:</b> (213) 922-4654
7.	<b>Project Manager:</b> Shaunt Avanesian	<b>Telephone Number:</b> (213) 922-5931

#### **A. Procurement Background**

This Board Action is to approve a firm fixed unit rate contract in support of Facilities Maintenance to provide, install, and maintain artificial ivy at various rail stations as a method of graffiti deterrence. The artificial ivy material consists of UV resistant polyethylene which is intended to resemble ivy plant material, and will be strategically placed at locations known for graffiti vandalism issues.

Through this program, approximately 40,000 square feet of artificial ivy will be installed at seven various locations within Metro rail system. The program also includes monthly inspections and maintenance to ensure the product remains in clean and well maintained conditions, free of graffiti and any other vandalism activities.

On September 28, 2018, Request for Proposals (RFP) No. OP57524 was released in the Small Business Enterprise Set-Aside program, and was issued as a competitive negotiated procurement in accordance with Metro's Acquisition Policy.

Two amendments were issued during the solicitation phase of this RFP:

- Amendment No. 1, issued on October 2, 2018, extended the proposal due date;



- Amendment No. 2, issued on October 11, 2018, included pre-proposal documents, including the agenda, sign-in sheets, planholder's list, and a supplemental list of completed/current projects form.

A pre-proposal conference was held on October 9, 2018. A total of fifteen participants representing seven firms were in attendance.

On October 30, 2018, Metro received three proposals from three firms as follows, in alphabetical order:

1. CR&A Custom Apparel, Inc. (dba) CR&A Custom, Inc.
2. Intuitive Real Estate Solutions
3. Singh Group, Inc.

## **B. Evaluation of Proposals**

The Proposal Evaluation Team (PET), consisting of staff from Metro's Facilities Maintenance departments was convened and conducted a comprehensive technical evaluation of the proposals received.

The RFP required that all proposals shall be evaluated first on the minimum qualifications (pass/fail) basis. Any proposer that received a single fail for any of the minimum qualifications, as defined, would be eliminated from further consideration. The minimum qualifications are as follows:

1. Contractor shall demonstrate a minimum of three (3) years experience applying graffiti deterrent products or abatement services for a minimum of three (3) public or private entity clients for which it has performed work in accordance with the tasks and frequencies outlined in the statement of work.
2. Contractor must hold a valid, current State of California General Contractors License Class B and submit a copy with the bid documents. All licenses shall remain valid through the contract period of performance.

All three proposals met the minimum qualification requirements and were further evaluated based on the following evaluation criteria and weights:

### Degree of the Contractor's (Firm and Staff)

- |                         |     |
|-------------------------|-----|
| • Skills and Experience | 40% |
| • Product Effectiveness | 30% |
| • Cost Proposal         | 30% |



Following is a summary of the PET scores:

1	FIRM	Average Score	Factor Weight	Weighted Average Score	Rank
2	<b>Intuitive Real Estate Solutions</b>				
3	Degree of the Contractor's (Firm and Staff) Skills & Experience	85.75	40%	34.30	
4	Product Effectiveness	94.00	30%	28.20	
5	Cost	100.00	30%	30.00	
6	<b>Total</b>		<b>100.00%</b>	<b>92.50</b>	<b>1</b>
7	<b>Singh Group Inc.</b>				
8	Degree of the Contractor's (Firm and Staff) Skills & Experience	76.75	40%	30.70	
9	Product Effectiveness and Specifications	96.00	30%	28.80	
10	Cost	74.00	30%	22.20	
11	<b>Total</b>		<b>100.00%</b>	<b>81.70</b>	<b>2</b>
12	<b>CR&amp;A Custom Apparel, Inc. (dba) CR&amp;A Custom, Inc.</b>				
13	Degree of the Contractor's (Firm and Staff) Skills & Experience	82.50	40%	33.00	
14	Product Effectiveness and Specifications	66.00	30%	19.80	
15	Cost	74.00	30%	22.20	
16	<b>Total</b>		<b>100.00%</b>	<b>75.00</b>	<b>3</b>

**C. Cost/Price Analysis**

The recommended price has been determined to be fair and reasonable based upon adequate competition, price analysis, fact finding, and technical evaluation which included a review of equipment specifications as stated in the statement of work.

<b>PROPOSER</b>	<b>PROPOSAL AMOUNT</b>	<b>METRO ICE</b>	<b>AWARD AMOUNT</b>
Intuitive Real Estate	\$659,198	\$529,110	\$659,198
CR&A	\$892,454		
Singh Group, Inc.	\$894,100		

**D. Background on Recommended Contractor**

Intuitive Real Estate Solutions (Intuitive), a Los Angeles, CA based company, has been protecting real estate property from graffiti and vandalism through installation of glass/window like poly-carbonate products at vacant properties since 2013. In 2015, Intuitive partnered with Ivy-it Inc. and began manufacturing and installing a heavy duty, 100% recycled, low-density polyethylene product which resembled ivy plants. The ivy material is ultra violet resistant and fire retardant with a minimum life expectancy of seven years in an outdoor environment, exposed to direct sunlight and other forms of inclement weather conditions.

In 2017, Intuitive installed heavy duty artificial ivy product at two Metro locations for a pilot program. The product has been performing well in withstanding weather conditions, however, since the test areas were limited in size, product effectiveness as a graffiti deterrent require broader application in covering vertical surfaces at areas exposed to vandalism activities. Other artificial ivy customers include the cities of Riverside, Lynnwood, Bell Gardens and Anaheim.

## DEOD SUMMARY

ARTIFICIAL IVY INSTALLATION AND MAINTENANCE SERVICES/  
OP1212080003367**A. Small Business Participation**

Pursuant to Metro's Board-approved policy, competitive acquisitions with three or more Small Business Enterprise (SBE) certified firms within the specified North American Industry Classification System (NAICS) as identified for the project scope shall constitute Small Business Set-Aside procurement. Accordingly, the Contract Administrator advanced the solicitation, including posting the solicitation on Metro's website, advertising, and notifying certified small businesses as identified by NAICS code(s) that this solicitation was open to **SBE Certified Small Businesses Only**.

Intuitive Real Estate Solutions, an SBE Prime, is performing 97.72% of the work with its own workforce, and made a total SBE commitment of 97.72%. The Prime also listed one (1) non-SBE firm, Diamond Construction Co., as a subcontractor on this project.

**SMALL BUSINESS PRIME (SET-ASIDE)**

	<b>SBE Prime Contractor</b>	<b>SBE % Committed</b>
1.	Intuitive Real Estate Solutions (Prime)	97.72%
	<b>Total Commitment</b>	97.72%

**B. Living Wage and Service Contract Worker Retention Policy Applicability**

The Living Wage and Service Contract Worker Retention Policy is not applicable to this contract.

**C. Prevailing Wage Applicability**

Prevailing Wage requirements are applicable to this project. DEOD will monitor contractors' compliance with the State of California Department of Industrial Relations (DIR), California Labor Code, and, if federally funded, the U S Department of Labor (DOL) Davis Bacon and Related Acts (DBRA). Trades that may be covered include: surveying, potholing, field, soils and materials testing, building construction inspection, construction management and other support trades.

**D. Project Labor Agreement/Construction Careers Policy**

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract. Project Labor Agreement/Construction Careers Policy is applicable only to construction contracts that have a construction contract value in excess of \$2.5 million.



## Board Report

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File #: 2018-0797, File Type: Contract

Agenda Number: 21.

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### OPERATIONS, SAFETY AND CUSTOMER EXPERIENCE COMMITTEE FEBRUARY 21, 2019

**SUBJECT: SYSTEMWIDE BUS NETWORK RESTRUCTURING PLAN**

**ACTION: APPROVE MODIFICATION**

#### **RECOMMENDATION**

APPROVE Modification No. 1 to Task Order No. PS878320003041, under Contract No. PS4010-3041-F-XX, with Cambridge Systematics, Inc. for additional enhancements to the systemwide bus network restructuring plan for a firm fixed price of \$764,325, increasing the total Task Order value from \$1,295,762 to \$2,060,087, and extending the period of performance through December 30, 2021.

#### **ISSUE**

The NextGen Bus Study is to design a new bus network that is more relevant, reflective of, and attractive to the residents of LA County. We believe this redesigned network will improve service to current customers, attract new customers, and win back past customers.

As we progress through the study, it is necessary for additional tasks to be completed to ensure comprehensive and effective public outreach and final implementation.

As the Modification amount exceeds Metro's Chief Executive Officer's delegation of contracting authority, staff is requesting Board approval for the task order modification.

#### **BACKGROUND**

In November 2017, Cambridge Systematics, Inc. was awarded the Systemwide Bus Network Restructuring Plan task order for an amount of \$1,295,762. As the project moves forward, additional technical work is necessary to address several new enhancements which were not originally included. These enhancements include improved network optimization, stakeholder project team coordination, public outreach, implementation support and evaluation of results.

#### **DISCUSSION**

**Network Optimization** - Given the number of new findings from preliminary data on markets and travel demand, there is a need to delve further into this new data. The data will be analyzed to

integrate with traditional route segment evaluation information in order to develop a service concept that results in new routes and services. Further, to support the Board-approved MicroTransit and Mobility-On-Demand (MOD) pilot projects and their finalized service zones, additional work is needed to interface these projects to ensure coordinated and synergistic services as part of the overall transit network. Towards the end of the project, additional work will be needed to develop a Phasing Plan for implementation.

**Stakeholder project team coordination** - With the Bus Rapid Transit (BRT) Visioning Study and Long Range Transportation Plan (LRTP) underway, the consultant team must engage with these other projects to ensure coordinated strategies and timeline so service can be optimized with emerging projects such as MicroTransit and MOD. Coordination is also needed with municipal transit operators such as LADOT and Santa Monica Big Blue Bus to ensure connecting services are coordinated to encourage overall transit use.

**Public outreach** - Extensive public outreach and stakeholder engagement is critical to the success of this project. Initially, this project separated the technical and outreach consultants into separate contracts. As a result, the technical consultants were not budgeted for working group meetings or stakeholder support. Given the significant outreach and stakeholder engagement to date and anticipated through the remainder of the project, there will be additional need for technical consultants to participate and support first-hand from these public outreach activities.

**Implementation Support and Evaluation of Results** - While the study is critical to planning this project, the implementation and subsequent evaluation of results is critical to address outstanding issues quickly and measure effectiveness of service changes. The technical consultant will be needed to make refinements to service proposals and recommend improvements to Standard Operating Procedures (SOPs) with the goal of maximizing success and effectiveness of the NextGen Bus Plan. The technical consultants will assist in implementation with pre-scheduling work, optimizing operational challenges such as turnaround loops and layovers, and establishing accurate travel times for new route segments and service in new areas. Once service changes are implemented, the technical consultant will be retained to evaluate the results of the NextGen Bus Plan.

**Speed and Reliability improvements on 5 corridors** - Pursuant to the CEO's Ridership Action Plan effort to improve speed and reliability of the transit system, staff identified 5 bus corridors to dissect and develop transit priority programs for consideration. This detailed level of effort requires additional support from the technical consultant to develop specific solutions for each congestion hotspot along each of the 5 corridors.

## **DETERMINATION OF SAFETY IMPACT**

Conducting this study will not have any impacts on the safety of our customers and/or employees.

## **FINANCIAL IMPACT**

The FY19 budget includes \$400,000 in Cost Center 3151, Account 50316 - Professional & Technical Services, Project 306004 - Service Planning & Enhancements. Since this is a multi-year contract, the Cost Center Manager and Chief Operations Officer will be responsible for budgeting future years for

the balance of the remaining project budget.

### Impact to Budget

The current source of funds for this action will include Measure R Administration funds. Use of these funding sources maximizes established funding provisions and guidelines. These funds are not eligible for operating or capital functions.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Approval of this recommendation supports the following Metro Strategic Plan Goal 2) Deliver outstanding trip experiences for all users of the transportation system. This project will improve safety, service, and reliability in an effort to provide a world-class transportation system that enhances quality of life for all who live, work, and play within LA County.

### **ALTERNATIVES CONSIDERED**

Staff considered conducting additional study using in-house resources. The alternative is not recommended as extensive public outreach is critical to success but resource intensive, and the bus system continues to be misaligned with current day travel demand, infrastructure and travel options and there are insufficient in-house resources to conduct the study and develop a Plan of this magnitude.

### **NEXT STEPS**

Upon Board approval, staff will execute a task order modification with Cambridge Systematics, Inc. under the Countywide Planning Services Bench Contract No. PS4010-3041-F-XX, Task Order No. PS878320003041 to provide additional enhancements to the systemwide bus network restructuring plan.

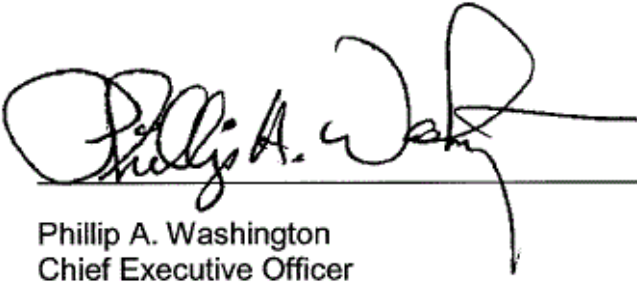
### **ATTACHMENTS**

Attachment A - Procurement Summary  
Attachment B - Task Order/Modification Log  
Attachment C - DEOD Summary

Prepared by: Stephen Tu, Sr. Mgr., Service Planning, Scheduling and Analysis, (213) 418-3005

Conan Cheung, SEO, Service Planning, Scheduling and Analysis, (213) 418-3034

Reviewed by: James T. Gallagher, Chief Operations Officer, (213) 418-3108  
Debra Avila, Chief Vendor/Contract Management Officer, (213) 418-3051



Phillip A. Washington  
Chief Executive Officer



## PROCUREMENT SUMMARY

SYSTEMWIDE BUS NETWORK RESTRUCTURING PLAN / PS4010-3041-F-XX  
TASK ORDER NO. PS878320003041

1.	<b>Contract Number:</b> PS4010-3041-F-XX Task Order No. PS878320003041		
2.	<b>Contractor:</b> Cambridge Systematics, Inc.		
3.	<b>Mod. Work Description:</b> Additional enhancements		
4.	<b>Contract Work Description:</b> Develop Systemwide Bus Network Restructuring Plan		
5.	<b>The following data is current as of:</b> January 11, 2019		
6.	<b>Contract Completion Status</b>		<b>Financial Status</b>
	<b>Task Order Awarded:</b>	11/16/2017	<b>Task Order Award Amount:</b> \$1,295,762
	<b>Notice to Proceed (NTP):</b>	12/19/2017	<b>Total of Modifications Approved:</b> \$0
	<b>Task Order Complete Date:</b>	6/1/2019	<b>Pending Modifications (including this action):</b> \$764,325
	<b>Current Est. Complete Date:</b>	12/30/2021	<b>Current Task Order Value (with this action):</b> \$2,060,087
7.	<b>Contract Administrator:</b> Anush Beglaryan		<b>Telephone Number:</b> (213) 418-3047
8.	<b>Project Manager:</b> Conan Cheung		<b>Telephone Number:</b> (213) 418-3034

**A. Procurement Background**

This Board Action is to approve Modification No. 1 to Task Order No. PS878320003041, under Contract No. PS4010-3041-F-XX in support of additional enhancements to the Systemwide Bus Network Restructuring Plan including improved network optimization, stakeholder project team coordination, public outreach, and implementation support and evaluation of results.

All Task Orders and Modifications are handled in accordance with Board approved authority levels and Metro's Acquisition Policy. This Task Order type is firm fixed price. All other terms and conditions remain in effect.

In November 2017, Metro's Board of Directors approved Task Order No. PS878320003041 for the firm fixed price of \$1,295,762 for the development of a Systemwide Bus Network Restructuring Plan issued to Cambridge Systematics, Inc., a contractor on the Bench, Discipline 1 (Transportation Planning).

Refer to Attachment B, Task Order/Modification Log for details on Task Orders and Modifications issued to date.

**B. Cost Analysis**

The recommended price has been determined to be fair and reasonable based upon cost analysis, technical evaluation and independent cost estimate (ICE). All contract direct labor rates remain unchanged from original awarded task order.

<b>Proposal Amount</b>	<b>Metro ICE</b>	<b>Negotiated Amount</b>
\$764,325	\$749,525	\$764,325

## TASK ORDER / MODIFICATION LOG

TASK ORDER NO. PS878320003041

## SYSTEMWIDE BUS NETWORK RESTRUCTURING PLAN / PS4010-3041-F-XX

<b>Mod. No.</b>	<b>Description</b>	<b>Status (approved or pending)</b>	<b>Date</b>	<b>\$ Amount</b>
1	Additional enhancements such as improved network optimization, public outreach, and stakeholder project team coordination	Pending	2/28/2019	\$764,325
	<b>Modification Total:</b>			<b>\$764,325</b>
	<b>Original Task Order Amount:</b>		11/16/2017	<b>\$1,295,762</b>
	<b>Total:</b>			<b>\$2,060,087</b>

## DEOD SUMMARY

## SYSTEMWIDE BUS NETWORK RESTRUCTURING/PS4010-3041-F-XX

**A. Small Business Participation**

Cambridge Systematics made a 60.43% Small Business Enterprise (SBE) commitment. The project is 47% complete and the current SBE participation is 68.99%. Cambridge Systematics is currently exceeding their SBE commitment.

<b>Small Business Commitment</b>	<b>60.43% SBE</b>	<b>Small Business Participation</b>	<b>68.99% SBE</b>
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	<b>SBE Subcontractors</b>	<b>% Committed</b>	<b>Current Participation<sup>1</sup></b>
1.	Here Design Studio	3.86%	3.29%
2.	Transportation Management & Design	56.57%	65.70%
	<b>Total</b>	<b>60.43%</b>	<b>68.99%</b>

<sup>1</sup>Current Participation = Total Actual amount Paid-to-Date to DBE firms ÷ Total Actual Amount Paid-to-date to Prime.

**B. Living Wage and Service Contract Worker Retention Policy Applicability**

The Living Wage and Service Contract Worker Retention Policy is not applicable to this modification.

**C. Prevailing Wage Applicability**

Prevailing wage is not applicable to this modification.

**D. Project Labor Agreement/Construction Careers Policy**

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract. Project Labor Agreement/Construction Careers Policy is applicable only to construction contracts that have a construction contract value in excess of \$2.5 million.



## Board Report

File #: 2018-0820, File Type: Motion / Motion Response

Agenda Number: 22.

Meeting\_Body

**OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE  
EXECUTIVE MANAGEMENT COMMITTEE  
FEBRUARY 21, 2019**

**SUBJECT: ELECTION DAY FREE TRANSIT SERVICE MOTION 40 RESPONSE**

**ACTION: APPROVE RECOMMENDATION**

### **RECOMMENDATION**

APPROVE the recommendation to make free transit permanent on regular federal and statewide election days in response to Motion 40 entitled Free Transit on Election Day.

### **ISSUE**

On Thursday, October 18, 2018, Motion 40 was introduced by Directors Garcetti, Kuehl, Ridley-Thomas and Garcia (Attachment A) requesting staff to:

- A. Provide transit services free of fare on the November 6, 2018 election day;
- B. Partner with Access Services to examine providing enhanced and/or reduced-fare services on November 6, 2018 election day; and
- C. In consultation with the Los Angeles County Registrar-Recorder/County Clerk, report back to the Board by the February 2019 cycle on whether or not to make free transit permanent on federal and statewide election days.

### **BACKGROUND**

In response to the October 2018 board approved motion, Metro offered free bus, rail, and bike transit service on Tuesday, November 6, 2018; from 12:00 am to 11:59 pm. Specifically, Metro operated normal weekday service and proactively informed customers regarding the free service to help encourage voter turnout and deliver greater transportation access to get to polls.

### **DISCUSSION**

General Elections are held statewide, every two years, and are not limited to voters in a particular party or a specific locality. The last General Election was held on Tuesday, November 6, 2018. Presidential Primary Elections are held every four years and the last election was held on Tuesday,

June 7, 2016. Also, Statewide Direct Primary Elections are held every four years and the last election was held on Tuesday, June 5, 2018.

Los Angeles County Registrar-Recorder/County Clerk Registered Voter Information

The Los Angeles County Registrar-Recorder/County Clerk’s office has many functions including the registration of voters, maintenance of voter files, conduct of federal, state, local and special elections and the verification of initiative, referendum and recall petitions. Currently, there are over 5 million registered voters in Los Angeles County, as well as 5,000 voting precincts established for countywide elections.

Table 1.1 shows Los Angeles County registered voter statistics for General Elections and Presidential Primary Elections for the past 12 years. General Election voter registration in LA County increased from 4,544,455 to 5,163,858 during 2014 to 2018, a 14% increase. Presidential Primary Election voter registration in LA County increased from 4,450,035 to 4,799,548, during 2012 to 2016, an 8% increase.

**Table 1.1 - Los Angeles County Registered Voter Information**

<b>General Election</b>					
Year	2006	2010	2014	2018	Increase
Registered Voters	3,899,397	4,421,019	4,544,455	5,163,858	14%
<b>Presidential Primary Election</b>					
Year	2004	2008	2012	2016	Increase
Registered Voters	3,670,157	3,951,957	4,450,035	4,799,548	8%

*\*Percent change is calculated for the last two elections.*

In addition, the California Secretary of State produces a Report of Registration, as required by law, detailing voter registration levels throughout California at specific times prior to each statewide election. Data published by the California Secretary of State and the Los Angeles County Registrar-Recorder/County Clerk both suggest that voter registration at the local and state levels have been gradually increasing for both General and Primary Elections.

Metro Free Transit Service General Election Overview

Metro provided free service on Election Day in support of voters who opted to take public transportation to the polls. Specifically, Metro offered free bus, rail and bike service on Tuesday, November 6, 2018 during 12:00 am to 11:59 pm. Communication regarding free transit service during Election Day was continuous and staff was placed at strategic locations to share info on the free service, answer any questions, and ensure that service was safe and reliable. Staff reviewed and compared Election Day TAP numbers on the rail system with the prior week’s Tuesday numbers and determined a 5.3% customer increase for Election Day Rail service. Staff also reviewed and compared Metro bus service automatic passenger count (APC) data averages for all Tuesdays in October and November 2018 and determined a 5.1% increase for Election Day Bus service. Lastly, Metro Bike Share also experienced a daily ridership increase of 13% with the free rides on Election Day.

TAP Partner Agencies who also chose to participate in providing free service on Election Day included: Access Services, Baldwin Park Transit, Los Angeles Department of Transportation (LADOT), Long Beach Transit, Pasadena Transit, and Santa Clarita Transit.

Providing permanent free transit on regular federal and statewide election days will require proactive and timely interdepartmental and interagency planning and coordination with the necessary stakeholders. Interdepartmental coordination must include, but is not limited to, the following departments: Operations, TAP (including Revenue), Bike Share, Security and Law Enforcement, Communications, and Metro's Board of Directors. Also, interagency coordination must take place with all TAP and law enforcement partner agencies that may choose to provide and/or support permanent free service on federal and statewide election days. All stakeholders, including our customers, play a critical role in the successful delivery of Metro projects and programs, inclusive of providing safe and reliable transit service to our customers.

#### Revenue Impact

Metro estimates a *daily* bus and rail fare revenue impact in the amount of \$630,749 for providing free transit on federal and statewide election days. This includes any single day fares paid with cash or stored value for Metro Bus and Rail service. It does not include the revenue impact to any other municipalities or transit agencies.

#### Considerations and Recommendation

After this careful review of this past election's ridership along with revenue impact analysis, staff has determined that making free transit permanent on regular federal and statewide election days will positively affect voters in Los Angeles County. Metro's mission is to provide a world-class transportation system that enhances the quality of life for all who live, work and play within LA County, which includes increasing prosperity for all by removing voting mobility barriers. Therefore, Metro supports the recommendation of making free transit permanent on regular federal and statewide election days.

### **DETERMINATION OF SAFETY IMPACT**

Approval of this item will have no impact on the safety of our customers and employees. Metro is committed to delivering service that is safe and reliable for our customers.

### **FINANCIAL IMPACT**

All costs relative to making free transit permanent on regular federal and statewide election days will be reviewed and approved during the regular budget process. Since this is a multi-departmental effort, the respective Departmental project managers will be responsible for budgeting all internal and external expenses related to making free transit permanent on federal and statewide election days.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Approval of this recommendation supports the following Metro Strategic Plan Goal: 3) Enhance communities and lives through mobility and access to opportunity. Metro will continue work towards

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making Los Angeles County's transportation system more accessible, inclusive, and responsive to the needs of the diverse communities it serves.

**NEXT STEPS**

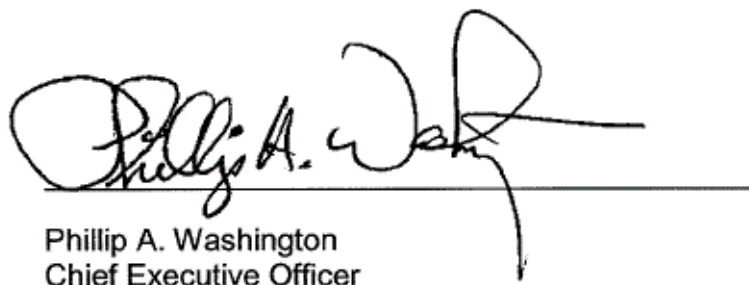
Staff will continue internal and external planning and coordination efforts in support of making free transit permanent on federal and statewide election days. This includes partnering with Access Services and any partner agencies who wish to participate in providing enhanced and/or reduced-fare services on regular federal and statewide election days in an effort to reduce mobility barriers to voting individuals throughout Los Angeles County.

**ATTACHMENTS**

Attachment A - Item 40: Free Transit Service Election Day Motion

Prepared by: David Sutton, EO Finance (213) 922-4036  
Nancy Saravia, Sr. Mgr., Transportation Planning (213) 922-1217  
Diane Corral-Lopez, EO Admin & Finance (213) 922-7676

Reviewed by: James T. Gallagher, Chief Operations Officer (213) 418-3108  
Nalini Ahuja, Chief Financial Officer (213) 922-3088



Phillip A. Washington  
Chief Executive Officer



# Metro



## Board Report

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**File #:** 2018-0687, **File Type:** Motion / Motion Response

**Agenda Number:** 40.

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**EXECUTIVE MANAGEMENT COMMITTEE  
OCTOBER 18, 2018**

**Motion by:**

**GARCETTI, KUEHL, RIDLEY-THOMAS, AND GARCIA**

**Item 40: Free Transit Service on Election Day**

MTA should help reduce the barriers to voting for the individuals that rely on MTA for mobility. In the June 2018 primary election, Los Angeles County saw a voter turnout of just 28%, which is the second lowest of the 47 California counties that reported. Additionally, studies have shown that minority, low-income, persons with disabilities, and youth voters in particular have consistently lower turnout than average. These populations are also the ones most reliant on MTA for mobility.

Voters cannot reach polls without adequate means of transportation. The Massachusetts Institute of Technology's 2016 Survey of the Performance of American Elections (SPAЕ) found that approximately 30% of nonvoters across the country claimed that the lack of transportation to the polls was a factor for not voting. In California, that number rose to 51%.

Additionally, SPAЕ and similar studies showed that lack of access to transportation to get to polls disproportionately affects minority, low-income, persons with disabilities, and youth voters. For example, over 50% of non-voters said that a disability or illness was a factor in deciding not to vote and turnout for persons with disabilities has been declining.

To encourage voter turnout, transit operators across the country provide free public transportation on Election Day. Larger cities include Houston, Dallas, San Antonio, Tampa, Kansas City, and Durham. In Minnesota, public transportation agencies are required by law to provide free rides on Election Day. The number of transit operators taking this approach continues to grow, and MTA should ensure that it does not fall behind.

**SUBJECT: FREE TRANSIT SERVICE ON ELECTION DAY**

**RECOMMENDATION**

APPROVE MOTION by Garcetti, Kuehl, Ridley-Thomas and Garcia that the Board direct the CEO to:

- A. provide transit services free of fare on the November 6, 2018 election day;
- B. partner with Access Services to examine providing enhanced and/or reduced-fare services on the November 6, 2018 election day; and
- C. in consultation with the Los Angeles County Registrar-Recorder/County Clerk, report back to the Board by the February 2019 cycle on whether or not to make free transit permanent on federal and statewide election days.



## Board Report

File #: 2018-0019, File Type: Contract

Agenda Number: 24.

### OPERATIONS, SAFETY AND CUSTOMER EXPERIENCE COMMITTEE FEBRUARY 21, 2019

**SUBJECT: SAFETY ENGAGEMENT AND RECOGNITION PROGRAM**

**ACTION: AWARD CONTRACTS**

#### **RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to:

- A. AWARD Contract No. PS52341001 to CASCO International, Inc. (C.A. Short Company) for the implementation of a safety engagement and recognition program in an amount not to exceed \$300,000 for the two-year pilot program effective March 1, 2019, and for the agency-wide program implementation, if selected, in the amount of \$6,750,000 for the first three-year option, and \$4,500,000 for the second two-year option, for a combined total amount of \$11,550,000, inclusive of sales tax, subject to resolution of protest(s), if any;
- B. AWARD Contract No. PS52341002 to MTM Recognition Corporation for the implementation of a safety engagement and recognition program in an amount not to exceed \$287,188 for the two-year pilot program effective March 1, 2019, and for the agency-wide program implementation, if selected, in the amount of \$7,033,164 for the first three-year option, and \$4,688,776 for the second two-year option, for a combined total amount of \$12,009,128, inclusive of sales tax, subject to resolution of protest(s), if any; and
- C. AWARD Contract No. PS52341003 to The Peavey Corporation for the implementation of a safety engagement and recognition program in an amount not to exceed \$300,000 for the two-year pilot program effective March 1, 2019, and for the agency-wide program implementation, if selected, in the amount of \$6,570,000 for the first three-year option, and \$3,622,500 for the second two-year option, for a combined total amount of \$10,492,500, inclusive of sales tax, subject to resolution of protest(s), if any.

After the initial two-year pilot program, depending on the results of the pilot, staff will return to the Board for approval to exercise the options with a selected firm to implement the agency-wide safety engagement and recognition program.

#### **ISSUE**

In July 2018, the FTA adopted new safety regulations requiring grantees to implement Safety

Management Systems (SMS) including the adoption of an Agency Safety Plan as well as other elements. One of these elements, or core principles of SMS, is Safety Promotion which includes regular safety communication to build a strong safety culture. The goal of the Safety Engagement and Recognition Program is to build a positive narrative about the importance of safety, improving Metro's safety culture and serving as an important counterbalance to safety related discipline that occurs in our operation.

Safety awards and recognition can be useful tools for reinforcing desired behaviors. In terms of safety programs, organizations use awards and recognition to help engage employees, maintain enthusiasm, and increase participation in safety efforts, and show appreciation to individuals or groups for their contributions to safety. Such programs can also help in reducing costs associated with employee and third-party injuries. The safety culture in every organization contributes positively or negatively to the safety and health of its employees, and a safety awards and recognition program is one component of a comprehensive safety and health program.

## **BACKGROUND**

Currently, Metro's safety awards and recognition programs are in need of revitalization. Divisions develop site-specific local safety awards programs, which vary by location and department. This pilot Safety Engagement and Recognition Program will help identify new approaches in safety recognition, and if deployed agency-wide, will centralize this program, standardize recognition criteria and elevate safe work expectations. The recommended pilot program is an innovative approach to improving Metro's safety and recognition programs.

## **DISCUSSION**

The primary objectives of the recommended Safety Engagement and Recognition Program pilot are to reduce industrial injuries, injuries to third parties, general liability claims, workers compensation claims, and unsafe behaviors by promoting and recognizing safe work practices and safe behaviors.

According to a 2010 OSHA memo related to safety incentive programs, "A positive safety incentive program encourages or rewards workers for reporting injuries, illnesses, near-misses, or hazards; and/or recognizes, rewards, and thereby encourages worker involvement in the safety and health management system. Such an incentive program can be a good thing and an acceptable part of a quality safety and health system."

Employee safety is important in every organization. Good safety practices affect all aspects of an organization including expenses, productivity and employee retention. Employees must be engaged in safe work habits, report hazardous conditions/near-miss incidents and suggest improvements in safety and health standards at work to keep Metro a safe organization. The Safety Engagement and Recognition Program pilot will recognize employee contributions and help continuously improve safety practices at Metro.

Without a robust awards and recognition program, injuries and accidents may increase. Areas of concern include:

- Low safety engagement
- Increased vehicle accidents
- Increased worker's compensation claims
- Increased public liability claims
- Increased claims payouts

The Safety Engagement and Recognition Program contracts entail the services of qualified firms to develop, implement, and manage a quality and effective corporate Safety Engagement and Recognition Program. Metro will align with firms who can deliver exceptional customer service and provide turnkey programs that meet the needs of Metro's diverse workforce and present it in such a way as to excite and motivate Metro's valued employees towards safer work practices.

Contracting this function to safety engagement, awards and recognition firms allows for the application of many years of industry knowledge, and the integration of related technologies. This will help Metro to identify safety recognition programs requiring modification, and to design plans that directly impact safety. These firms can guide Metro in assessing our safety awards programs, identifying areas for increased success, and strategizing implementation of a well-structured awards and recognition program.

The project includes three selected firms to implement pilot programs at Metro Divisions 1, 2, and 13 for a period of two years; each firm will randomly be assigned a specific Division. This competition between firms will afford Metro to evaluate different strategies that each firm proposes and select the most advantageous and effective solution that meets the objectives of the program.

At the end of two years, the firms who participated in the pilot will be reviewed and evaluated against a pre-determined formula included in the RFP. The formula will compare changes in claims rates for workers' compensation and general liability claims over the two-year pilot period for each participating Division to the change in the claims rates for the non-participating Divisions.

Ultimately, the firm, if any, whose program proves to be effective and most advantageous to Metro, will be recommended to implement their program agency-wide.

### **DETERMINATION OF SAFETY IMPACT**

Awarding the contracts for piloting a Safety Engagement and Recognition Program is expected to further engage frontline employees, improve recognition for working safely, reduce accidents and injuries, thus, improving safety for Metro's customers, staff, and the community.

### **FINANCIAL IMPACT**

The funding for six months of \$220,000 for this action is included in the FY19 budget in cost center 6810, Corporate Safety, under project 306006 (System wide Bus Ops Mgmt. & Admin). Since these are multi-year contracts, the Project Manager and the Chief Risk, Safety, and Asset Management Officer will be accountable for budgeting the cost in future years.

### Impact to Budget

Approval of this action is included in the FY19 budget. The sources of funds for this action are bus operations eligible and include fares and sales tax revenues. No other sources of funds were considered for this activity because the services exclusively support bus operations.

If this pilot is deemed successful, staff will return to the Board for a full implementation plan of the program at Metro.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Strategic Plan Goal #5 is to, "Provide responsive, accountable governance within the Metro organization." Initiative 5.6 states, "Metro will foster and maintain a strong safety culture." Preventing accidents and reducing injuries helps Metro mitigate worker's compensation and public liability claims. Through investment in the pilot Safety Engagement and Recognition Program, Metro will be further elevating its strong safety culture.

Strategic Plan Goal #2 is to, "Deliver outstanding trip experience for all users of the transportation system." Further elevating Metro employee safety engagement and added recognition for safe work behaviors through this program should improve employees' outlook on daily work and elevate safety. Recognizing employees for safe behaviors reinforces the message that at Metro, "Safety is Priority #1," which translates into caring more about their job performance, their passengers and ultimately elevating safety.

### **ALTERNATIVES CONSIDERED**

The Board may choose not to award these Contracts and to not provide a Safety Engagement and Recognition Program. This choice is not recommended due to the potential for significantly improving safety engagement and recognition of employees through this pilot program.

### **NEXT STEPS**

Upon approval by the Board, staff will execute Contract No. PS52341001 to CASCO International, Inc. (C.A. Short Company), Contract No. PS52341002 to MTM Recognition Corporation, and Contract No. PS52341003 to The Peavey Corporation for the development, implementation, and management of the two-year pilot safety engagement and recognition program. At the end of the pilot term, no earlier than 2020, staff will report to the Board with the results of the pilot program and depending on the pilot results, seek approval to exercise the first three-year option with the best performing firm for the agency-wide safety engagement and recognition program implementation.

### **ATTACHMENTS**

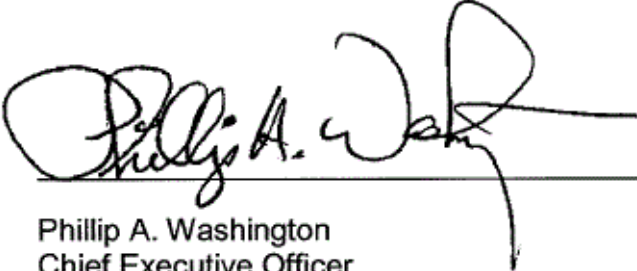
Attachment A - Procurement Summary

Attachment B - DEOD Summary

Prepared by: Raymond Lopez, DEO, Corporate Safety, (213) 922-4065

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Reviewed by: Greg Kildare, Chief Risk, Safety & Asset Management Officer, (213) 922-4971  
Debra Avila, Chief Vendor/Contract Management Officer,  
(213) 418-3051



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Phillip A. Washington  
Chief Executive Officer

## PROCUREMENT SUMMARY

SAFETY ENGAGEMENT AND RECOGNITION PROGRAM/  
PS52341001, PS52341002, PS52341003

1.	<b>Contract Number:</b> PS52341001, PS52341002, PS52341003	
2.	<b>Recommended Vendor:</b> CASCO International, Inc. (C.A. Short Company) MTM Recognition Corporation The Peavey Corporation	
3.	<b>Type of Procurement (check one):</b> <input type="checkbox"/> IFB <input checked="" type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	<b>Procurement Dates:</b>	
	A. Issued: 6/8/18	
	B. Advertised/Publicized: 6/8/18	
	C. Pre-Proposal Conference: 6/13/18	
	D. Proposals Due: 7/16/18	
	E. Pre-Qualification Completed: 9/19/18	
	F. Conflict of Interest Form Submitted to Ethics: 8/31/18	
	G. Protest Period End Date: 2/25/19	
5.	<b>Solicitations Picked up/Downloaded:</b> 54	<b>Bids/Proposals Received:</b> 3
6.	<b>Contract Administrator:</b> Ana Rodriguez	<b>Telephone Number:</b> (213) 922-1076
7.	<b>Project Manager:</b> Raymond Lopez	<b>Telephone Number:</b> (213) 922-4065

**A. Procurement Background**

Two solicitations were previously issued as follows:

1. Request for Proposals (RFP) No. PS36101 was issued on 01/27/17 as a small business prime and was open to Metro's SBE certified firms. Metro did not receive any proposals for this solicitation.
2. Request for Proposals (RFP) No. PS39967 was issued on 04/01/17 with a 10% DBE Goal. Metro received one proposal; however, the proposal was determined to be non-responsive due to not meeting the DBE goal.

This Board Action is to approve Contract Numbers PS52341001, PS52341002, and PS52341003 to CASCO International, Inc. (C.A. Short), MTM Recognition Corporation, and The Peavey Corporation, respectively, in support of Metro's Safety Engagement and Recognition Program. Board approval of contract awards are subject to resolution of any properly submitted protest.

RFP No. PS52341 was issued in accordance with Metro's Acquisition Policy and the contract type is firm fixed price.

One amendment was issued during the solicitation phase of this RFP:



- Amendment No. 1, issued on July 6, 2018, extended the proposal due date.

A pre-proposal conference was held on June 13, 2018 and was attended by eight participants representing seven firms. A total of 13 questions were received and responses were provided prior to the proposal due date.

On July 16, 2018, Metro received three proposals from the firms listed below in alphabetical order:

1. CASCO International, Inc. (C.A. Short Company)
2. MTM Recognition Corporation
3. The Peavey Corporation

## **B. Evaluation of Proposals**

The Proposal Evaluation Team (PET) consisting of staff from Metro's Corporate Safety, Bus Operations, Maintenance Operations, and representatives from the Amalgamated Transit Union (ATU) and the International Sheet Metal, Air, Rail and Transportation Workers Union (SMART) was convened and conducted a comprehensive technical evaluation of the proposals received.

The RFP required that all proposals shall be evaluated first on the minimum qualifications (pass/fail) basis. Any proposer that received a single fail for any of the minimum qualifications, as defined, would be eliminated from further consideration. The minimum qualifications are as follows:

1. A minimum of five years experience successfully managing and providing employee safety engagement and recognition programs.
2. Provided safety recognition program services for at least five distinct entities with at least 2,000 employees.
3. Provide a letter from your firm's financial officer or accountant attesting that the firm's gross revenues exceed \$2 million annually for the last three years.

All three proposals met the minimum qualification requirements and were further evaluated based on the following evaluation criteria and weights:

- |   |            |
|---|------------|
| • Degree of the Prime's Skills and Experience               | 30 percent |
| • Proposer's Team   | 15 percent |
| • Technical Capacity and Effectiveness of Execution of Plan | 35 percent |
| • Cost Proposal   | 15 percent |
| • DBE Participation   | 5 percent  |

Several factors were considered when developing these weights, giving the greatest importance to technical capacity and effectiveness of execution of plan.

Between July 17, 2018 and July 26, 2018, the PET conducted its independent evaluation of the proposals. All three proposals received were determined to meet the minimum qualifications, and were subsequently evaluated based on the evaluation criteria above. The three firms were also invited to participate in interviews.

On August 3, 2018 the PET interviewed the three proposing firms. The firms were requested to focus their presentation on providing specifics and details on their implementation plan for Metro's program and to demonstrate how Metro employees would experience the program. In general, all firms provided an overview of their program and the recognition and awards that would be available to the employees. In addition, the proposing teams responded to the questions from the PET regarding the level of administrative burden to Metro, the level of support they would provide, the training that would be provided to employees, and the tax implications of their rewards program. In order to obtain the best pricing for Metro, a Best and Final Offer (BAFO) request was sent to all three firms who responded with their final pricing. All three firms have committed to the DBE incentive program and the proposer's DBE score was factored into the Proposer's final evaluation total score.

The following is a summary of the PET scores:

1	Firm	Average Score	Factor Weight	Weighted Average Score	Rank
2	<b>The Peavey Corporation</b>				
3	Degree of the Prime's Skills and Experience	89.33	30.00%	26.80	
4	Proposer's Team	37.33	15.00%	5.60	
5	Technical Capacity and Effectiveness of Execution of Plan	71.14	35.00%	24.90	
6	Cost Proposal	100.00	15.00%	15.00	
7	DBE Participation Incentive	100.00	5.00%	5.00	
8	<b>Total</b>		<b>100.00%</b>	<b>77.30</b>	<b>1</b>
9	<b>C.A. Short Company</b>				
10	Degree of the Prime's Skills and Experience	78.67	30.00%	23.60	
11	Proposer's Team	47.33	15.00%	7.10	
12	Technical Capacity and Effectiveness of Execution of Plan	82.86	35.00%	29.00	
13	Cost Proposal	90.84	15.00%	13.63	
14	DBE Participation Incentive	65.20	5.00%	3.26	
15	<b>Total</b>		<b>100.00%</b>	<b>76.59</b>	<b>2</b>

<b>16</b>	<b>MTM Recognition Corporation</b>				
<b>17</b>	Degree of the Prime's Skills and Experience	76.00	30.00%	22.80	
<b>18</b>	Proposer's Team	46.00	15.00%	6.90	
<b>19</b>	Technical Capacity and Effectiveness of Execution of Plan	83.43	35.00%	29.20	
<b>20</b>	Cost Proposal	87.40	15.00%	13.11	
<b>21</b>	DBE Participation Incentive	62.40	5.00%	3.12	
<b>22</b>	<b>Total</b>		<b>100.00%</b>	<b>75.13</b>	<b>3</b>

As stated in the RFP, Metro intended to award up to three contracts for the services during the pilot program. Based on the evaluation, the recommended firms are listed below in alphabetical order:

<b>Contract No.</b>	<b>Firm</b>
PS52341001	CASCO International, Inc. (C.A. Short Company)
PS52341002	MTM Recognition Corporation
PS52341003	The Peavey Corporation

### **C. Price Analysis**

The recommended pricing has been determined to be fair and reasonable based upon adequate competition, independent cost estimate, price analysis, technical evaluation, and fact finding.

	<b>Proposer Name</b>	<b>BAFO Proposal Amount (Base + Options)</b>	<b>Metro ICE</b>	<b>Award Amount (Base+Options)</b>
1	C.A. Short Company	\$11,550,000 (Base \$300,000 Options \$11,250,000)	\$10,653,600	\$11,550,000 (Base \$300,000 Options \$11,250,000)
2	Peavey Corporation	\$10,492,500 (Base \$300,000 Options \$10,192,500)		\$10,492,500 (Base \$300,000 Options \$10,192,500)
3	MTM Recognition	\$12,009,128 (Base \$287,188 Options \$11,721,940)		\$12,009,128 (Base \$287,188 Options \$11,721,940)

### **D. Background on Recommended Contractors**

#### CASCO International, Inc. (C.A. Short Company)

C.A. Short was founded in 1937 and is headquartered in North Carolina with locations all across the United States. C.A. Short provides employee recognition

services, service and performance awards, OSHA compliant safety incentive awards, instant award programs, and offers an online engagement platform.

#### The Peavey Corporation

The Peavey Corporation (Peavey) has been in business for 48 years and is based in Kansas. In 1990, Peavey developed a unique game-card based incentive program tied to the safety industry which they have been successfully implementing to assist organizations in improving safety. They have experience with large organizations such as DHL, Bechtel-Canada, PNM Resources, Ceva Freight, and the Missouri Department of Transportation.

#### MTM Recognition Corporation

MTM Recognition Corporation (MTM) is located in Oklahoma. MTM has provided recognition awards and solutions for large and small corporations and organizations since 1971. Over the last 47 years, MTM has worked with many organizations such as Fortune 100 corporations, governments, and sports teams, to provide recognition programs. Some of their clients include the Washington Metropolitan Area Transit Authority, City of Dallas, the United States Navy, Adobe, McDonald's, DQ, Alg, Lowes, HNTB, and Farmers Insurance.

## DEOD SUMMARY

**SAFETY ENGAGEMENT AND RECOGNITION PROGRAM/  
PS52341001, PS52341002, PS52341003**

**A. Small Business Participation**

The Diversity and Economic Opportunity Department (DEOD) did not recommend a Disadvantaged Business Enterprise (DBE) goal for this solicitation based on the lack of apparent subcontracting opportunities. Notwithstanding, DEOD worked with the Project Manager and Contract Administration to develop evaluation criteria to incentivize proposers to utilize DBE firms. All three proposers, through their outreach efforts, were able to identify DBE firms to provide various services. CASCO made a 5.00% DBE commitment, MTM Recognition made a 5.01% DBE commitment, and The Peavey Corporation made a 7.67% DBE commitment.

Prime: C.A. Short Company (CASCO)

	<b>DBE Subcontractors</b>	<b>% Committed</b>
1.	Nay's Tacos, Inc.	3.83%
2.	FastSigns 68001	1.17%
	<b>Total Commitment</b>	<b>5.00%</b>

Prime: MTM Recognition Corporation

	<b>DBE Subcontractors</b>	<b>% Committed</b>
1.	CSL Advertising	5.01%
	<b>Total Commitment</b>	<b>5.01%</b>

Prime: The Peavey Corporation

	<b>DBE Subcontractors</b>	<b>% Committed</b>
1.	Nay's Tacos	7.67%
	<b>Total Commitment</b>	<b>7.67%</b>

**B. Living Wage and Service Contract Worker Retention Policy Applicability**

The Living Wage and Service Contract Worker Retention Policy is not applicable to this contract.

**C. Prevailing Wage Applicability**

Prevailing wage is not applicable to this contract.

**D. Project Labor Agreement/Construction Careers Policy**

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract. Project Labor Agreement/Construction Careers Policy is applicable only to construction contracts that have a construction contract value in excess of \$2.5 million.

**Board Report**

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**File #:** 2018-0803, **File Type:** Contract**Agenda Number:** 26.

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**CONSTRUCTION COMMITTEE  
FEBRUARY 21, 2019****SUBJECT: METRO PILOT BUSINESS INTERRUPTION FUND (BIF)****ACTION: APPROVE RECOMMENDATIONS****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer (CEO) to:

- A. AWARD a two-year base period, firm fixed price Contract No. PS56079000 with Pacific Coast Regional Small Business Development Corporation (PCR) to serve as the fund administrator for Metro's Pilot Business Interruption Fund (BIF) in the amount of \$1,585,246 with two, one-year options, in the amounts of \$720,882 and \$650,306, respectively, with an optional start-up of \$391,576 for the inclusion of future new rail lines in this pilot, for a total amount of \$3,348,010;
- B. EXPAND the Pilot Business Interruption Fund to include eligible small "mom and pop" businesses directly impacted by construction of the Purple Line Extension, Section 3; and
- C. RECEIVE AND FILE the status report of the Pilot Business Interruption Fund (BIF).

**ISSUE**

In October 2014, Metro's Board issued Motion 57 (Attachment A) that authorized the CEO to establish a pilot program for a special Business Interruption Fund (BIF) for "mom and pop businesses" located along the Crenshaw Line, the Little Tokyo area along the Regional Connector and Phase I of the Purple Line Extension. Since the adoption of the Motion and the implementation of the BIF, Metro has expanded the program to include "mom and pop" businesses within the 2nd/Broadway segment of Regional Connector including Section 2 of the Purple Line Extension. Metro has continued to provide financial assistance to directly impacted eligible businesses through the contracted professional services of Pacific Coast Regional Small Business Development Corporation (PCR), a Community Development Financial Institution (CDFI) and Small Business Development Center (SBDC) serving as the BIF fund administrator.

The authorization of the professional services contract supports the ongoing implementation of the BIF as approved by Metro's Board of Directors.

## **BACKGROUND**

Upon Board authorization in 2014, Metro staff convened a cross-function team to develop a strategy for the implementation and administration of the BIF. Staff initiated several actions such as: conducted peer agency review of Houston Metro's Business Assistance Fund Program, retained the services of dedicated counsel to provide oversight for the development of business loss claims guidelines and procedures, conducted a meeting with the Design Build Contractors for Crenshaw/LAX and Regional Connector transit projects, identified two approaches for the administration and implementation of the BIF; and conducted a Measure R policy analysis and funding assessment.

The BIF had a soft-launched in February 2015 and formally launched in April 2015. In December 2015, Metro's Board authorized the expansion of the BIF to include "mom and pop" businesses directly impacted by unprecedented full street closures with a duration greater than six continuous months such as the 2nd/Broadway segment of the Regional Connector; and Metro's Board authorized the expansion of the BIF to include Section 2 of the Purple Line Extension in December 2016. The pilot program has been operational for four-years of the authorized eight-year term.

## **DISCUSSION**

As a result of staff's efforts, the agency has provided financial assistance and support to more than 300 "mom and pop" businesses directly impacted by transit rail construction. As of December 13, 2018, Metro has awarded 794 grants exceeding the total amount of \$18.5 million to "mom and pop" businesses throughout the project areas. The early successes of the pilot program are demonstrated in the measures of effectiveness of which 93% of businesses have remained in operation six months post grant award; 86% one-year post grant award; and 82% two years post grant award. Moreover, Metro has helped retain more than 1,200 jobs in the diverse business corridors through the award of BIF grants to "mom and pop" businesses.

This report provides a high-level update on the BIF in relation to small business outreach and engagement, overall performance and utilization including ongoing monitoring and oversight; and preparations for the pilot program assessment.

### **A. Small Business Outreach and Engagement**

Staff, along with PCR, continues to implement various outreach activities and methods to inform and educate small businesses about the BIF, provide direct support throughout the application process and link businesses to other small business support services such as Metro's Crenshaw/LAX Transit Project Pilot Business Solution Center (BSC); Metro's Little Tokyo Community Relations Office and/or the Little Tokyo Small Business Center co-located at Metro's Community Relations office including

PCR’s Small Business Development Corporation; and Metro’s Eat-Shop-Play program.

Recognizing many small businesses are independent and/or family owned and operated, direct proactive outreach and canvassing continues to be the most effective means in engaging small “mom and pop” businesses along each transit project corridor; and providing them with direct support during the BIF application process. Therefore, the following outreach activities are ongoing:

- Metro and PCR continue to advance coordinated outreach and communication strategies to reach businesses in each of the transit rail corridors; such as:
  - Hosting BIF workshops at business locations
  - Partnering with Metro’s BSC to co-host small business informational sessions and workshops
  - Collaborating with Metro’s Eat-Shop-Play to implement innovative strategies to engage small businesses.
- PCR’s Business Advisors continue direct canvassing and provide hands-on support and guidance to business owners.
- Metro staff continues to identify opportunities to collaborate with community leaders, business leaders and stakeholders for the implementation of customized outreach strategies; including participate in community and project meetings along each corridor.
- Staff also continues to leverage various platforms to publicize the pilot program and reach the business community such as: a dedicated BIF website, social media platforms such Facebook and Twitter including The Source and El Pasajero; and local print media publications.

The following table highlights outreach activities by project area.

<b>BIF Outreach Activities by Project Area - Reporting as of CY 2018 Q3</b>					
	<b>Crenshaw/LAX Transit Project</b>	<b>Purple Line Extension, Section 1</b>	<b>Purple Line Extension, Section 2</b>	<b>Little Tokyo Area, Regional Connector</b>	<b>2nd/Broadway Segment, Regional Connector*</b>
Canvassing	85	90	35	16	34
Community Meetings/Events	77	32	20	49	4
Legislative Briefings	8	6	4	2	9
Workshops	19	17	1	10	7
<b>Total</b>	<b>189</b>	<b>145</b>	<b>60</b>	<b>77</b>	<b>54</b>



\*Segment eligibility based on full street closure with duration greater than six continuous months.

**B. Performance and Utilization**

The level of commitment and effort of Metro staff to engage small businesses and achieve the Board of Director’s objective to support “mom and pop” businesses directly impacted by transit rail construction is demonstrated through the measurable outcomes of the pilot program. Eligible “mom and pop” businesses in each transit project area have received BIF grants in accordance to the BIF Administrative Guidelines (Attachment B).

Following summary of BIF grant application metrics through December 13, 2018:

- BIF Applications Submitted: 1,036
  - BIF Applications Awarded: 794
  - BIF Applications Pending Completion: 142
  - BIF Applications Deemed Ineligible: 92
  - BIF Applications Denied: 2
- BIF Grant Payments (total value): \$18,508,832.71

The following table summarizes the BIF application metrics by project area.

<b>BIF Application Metrics by Project Area - Reporting as of 12/13/18</b>					
	<b>Crenshaw/ LAX Transit Project</b>	<b>Purple Line Extension, Section 1</b>	<b>Purple Line Extension, Section 2</b>	<b>Little Tokyo Area, Regional Connector</b>	<b>2nd/ Broadway Segment, Regional Connector*</b>
BIF Applications Submitted	621	226	41	104	44
BIF Grants Awarded	460	180	27	91	36
BIF Applications Pending Completion	97	29	13	3	0
BIF Applications Deemed Ineligible	58	16	0	10	8
BIF Applications Denied	2	0	0	0	0
BIF Grant Amount Awarded	\$10,380,384.01	\$4,594,161.83	\$736,587.60	\$1,847,535.24	\$950,164.03
Business Count	185	70	19	33	23

Businesses Receiving Multiple Grants	125	43	7	29	10
Average BIF Grant Payment	\$22,566.05	\$25,523.12	\$27,281.02	\$20,302.59	\$26,393.44

\*Segment eligibility based on full street closure with duration greater than six continuous months.

The following data summarizes the BIF Measures of Effectiveness.

BIF Measures of Effectiveness - Reporting as of CY 2018 Q3	Goal	Actual
Number of businesses referred to support services post grant award	75%	100%
Number of completed applications processed within 9 business days	100%	97%
Client satisfaction rating (via survey): <= 30 days after grant award	100%	87%
Number of businesses remaining in business post grant award/support for: 6 months (248 remain open out of 267)	100%	93%
Number of businesses remaining in business post grant award/support for: 12 months (187 remain open out of 220)	100%	86%
Number of businesses remaining in business post grant award/support for: 24 months (112 remain open out of 139)	100%	82%

### C. Program Monitoring and Oversight

Over the course of performing oversight and monitoring of the pilot program, Metro staff continues to assess lessons learned and the overall performance of the program. Recognizing the importance to maintain a fiscally prudent yet efficient program that meets the objective of providing access to financial assistance to directly impacted “mom and pop” businesses while maintaining a nexus to Metro’s construction activity; staff continues to maintain the integrity of the program through adherence to the BIF Administrative Guidelines. The BIF is a first-ever pilot program for Metro hence staff continues to assess construction impacts through the coordinated construction verification process including assess the applicability of the program guidelines; and gain lessons learned that have led to adjustments to the pilot program. Throughout the implementation of the pilot, staff has maintained the integrity of the program through consistent and equitable application of the guidelines.

Following are examples of adjustments made to the pilot program through administrative

amendments to the BIF Administrative Guidelines:

- Definition of “mom and pop” businesses: Staff clarified the definition of “mom and pop” businesses as 25 or fewer total full-time employees.
- Commercial property owners: The BIF Administrative Guidelines were amended to include two examples for the calculation of award amount for commercial property owners.
- Maximum grant amount: The guidelines were amended to clarify the language pertaining to maximum allowable annual grant amount.
- Loss of goodwill compensation: In coordination with Metro Real Estate and County Counsel the guidelines were amended to include language pertaining to business owners that receive loss of goodwill compensation.

Furthermore, Metro’s BIF Administrative Guidelines also require an annual audit of the program to be conducted by Metro’s Management Audit Services Department (MASD). The objective of the audit is to determine compliance with the Administrative Guidelines including the Fund Disbursement Procedures. MASD has performed three annual audits in May 2016, September 2017 and October 2018. In addition, the Inspector General (IG) conducted a program audit in July 2018. Although the audits concluded that the pilot program has been administered in accordance to the BIF Administrative Guidelines and Fund Disbursement Procedures, staff continues to perform ongoing oversight of the program and per the recommendation of MASD recently identified opportunities to strengthen the fund administrators’ Standard Operating Procedures (SOPs).

#### **D. Pilot Program Assessment**

Recognizing the BIF is Metro’s first-ever pilot program to provide financial grant assistance to small “mom and pop” businesses directly impacted by transit rail construction, the ability to assess the demonstrated outcomes and impacts to the supported business corridors and the local economy is essential. The opportunity to facilitate a comprehensive assessment of the pilot program will occur upon the completion of the first transit rail construction project for which the BIF provided financial assistance to small businesses; which is the Crenshaw/LAX Transit Project. Staff recognizes the Crenshaw/LAX Transit Project as the “anchor” project for the pilot BIF in that it was the first project in operational state with “mom and pop” businesses experiencing direct impact upon the initial implementation of the program. In addition, as staff continues to assess the construction impacts to the small businesses through the construction verification process, “mom pop businesses” located along Crenshaw/LAX transit corridor have demonstrated an elevated degree of impact based on the construction activity which is demonstrated through the increased number of BIF applications and grantees along the transit rail alignment.

Metro staff will initiate a comprehensive case study assessment of the pilot program upon the completion of the “anchor” transit rail project. Through a comprehensive assessment staff seeks to demonstrate the measurable outcomes and effectiveness of the BIF through in-depth analysis of

economic and socio-economic indicators such as:

- Direct and indirect benefits: Recognizing the BIF compensates impacted businesses for loss of revenue, the compensation provided through the program is a direct benefit to businesses including the local and regional economy.
- Business resiliency: The program strives to help businesses, communities, and the local economy sustain the challenges of construction and remain operational to net the benefits of transit rail construction.
- Socio-cultural direct and indirect benefits: To understand the correlated benefits of the financial and supportive services provided through the program to diverse “mom and pop” businesses such as the South Los Angeles business community which is impacted by the Crenshaw/LAX transit project and includes the Little Tokyo community of the Regional Connector (which is an Environmental Justice community)among others.

Moreover, the comprehensive assessment of the pilot program will also serve as resource to support a policy determination regarding the future state of the BIF. Currently, the pilot program has Board of Directors authorization through October 2022.

### **DETERMINATION OF SAFETY IMPACT**

Approval of this recommendation will not impact the safety of Metro’s patrons or employees.

### **FINANCIAL IMPACT**

Metro Board of Directors directed staff to identify \$10 million in eligible annual funds to support the annually funded pilot program for an estimated forecast of eight-year (8) term thus \$80 million cost for the pilot program. The actual annual cost continues to be assessed based on the actual BIF claims for each existing BIF transit rail project. The administrative cost for the implementation of the pilot program are allocated from Measure R Administration funds, and the remaining for the grant fund are allocated from a combination of Proposition C 25% Direct funding (one third) and Measure R Transit Capital Improvement Sub-fund (two thirds) and/or appropriate sources as identified by Office of Management & Budget (OMB).

#### **Impact to Budget**

Measure R Administration funds were previously identified as eligible for this expense through prior Board of Directors authorization and approval. The annual appropriation of the funding source does not impact transit operations and/or capital projects/programs.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The implementation of the Pilot Business Interruption Fund aligns to strategic goal 3 - enhance

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communities and lives through mobility and access to opportunity; and goal 5 - provide responsive, accountable, and trustworthy governance within the Metro organization.

**ALTERNATIVES CONSIDERED**

1. Utilize Metro staff to perform the fund administration services for BIF. This alternative is not recommended, because Metro does not have the required staffing availability, dedicated resources or expertise to serve as a financial administrator such as those possessed by a community development financial institution. In addition, the program is currently supported by one dedicated FTE that was authorized through the original Board authorization. Any future expansion and/or formulization of the pilot program will require additional Metro staffing.

**NEXT STEPS**

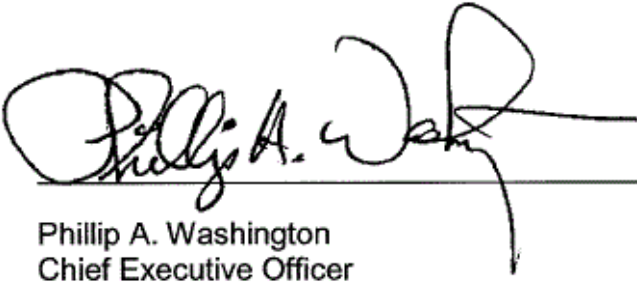
Upon Board approval, staff will execute the contract with Pacific Coast Regional Small Business Development Corporation and will continue to provide BIF status reports to Metro's Board of Directors.

**ATTACHMENTS**

- Attachment A - Motion 57
- Attachment B - BIF Administrative Guidelines
- Attachment C - Procurement Summary
- Attachment D - DEOD Summary

Prepared by: Paula Carvajal-Paez, Business Interruption Fund Manager, Diversity and Economic Opportunity, (213) 922-4258  
Shalonda Baldwin, Deputy Executive Officer, Diversity and Economic Opportunity (213) 418-3265  
Miguel Cabral, Executive Officer, DEOD (213) 418-3270

Reviewed by: Debra Avila, Chief Vendor/Contract Management Officer, Vendor/Contract Management, (213) 418-3051



Phillip A. Washington  
Chief Executive Officer

**Amendment to Item 57**

**Motion by Directors Molina, Dupont-Walker, Ridley-Thomas and Garcetti**

**Business Interruption Fund**

September 18, 2014

**WE, THEREFORE, MOVE that the Board direct the Chief Executive Officer to:**

1. Establish a pilot program for a special **Business Interruption Fund** for mom and pop businesses located along the Crenshaw Line, within the Little Tokyo area along the Regional Connector, **and Phase I of the Purple Line Extension** immediately.
  
2. Define mom and pop businesses as those **meeting the following criteria:**
  - a. Having 25 employees or fewer;
  - b. **A minimal operational history of two years;**
  - c. **Being in good standing with local, state and federal tax requirements; and**
  - d. **Able to produce financial records (i.e. gross receipts, business license information, pay roll taxes and other pertinent financial information) demonstrating the loss of business revenue directly related to the period of construction disruption.**
  
3. Conduct a baseline survey of all businesses within the project areas.

4. **Identify and designate \$10,000,000 of Metro funds annually to be used for the implementation of the Business Interruption Fund. Funds shall be distributed through the project's administration and/or respective Business Solution Center.**
5. **Each business should be eligible for a maximum of \$50,000 annually, not to exceed 60 percent of their annual business revenue loss.**
6. Participation in the program would release MTA and the general contractor from further liability claims for business loss unrelated to specific incidents of damage and would be voluntary.
7. **Direct the Chief Executive Officer to work with Los Angeles County and local cities to seek all appropriate legislation that would temporarily reduce or waive taxes and fees imposed on impacted businesses during transit-related construction activities and work with the Los Angeles County Assessor's Office to immediately initiate outreach activities to businesses impacted by transit-related construction activities in order to inform them of the Assessor's Office Proposition 8/Decline-in-Value Review process.**
8. Report back to Construction Committee monthly, **beginning in October**, with an implementation plan **and report back to the Board of Directors in September 2015 with an evaluation of the program including utilization levels and recommendations for program modification.**





**Metro**

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Metropolitan Transportation Authority

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**Los Angeles County Metropolitan Transportation Authority  
Business Interruption Fund**

**Administrative Guidelines  
Updated 7/19/18**

**I. Introduction**

The Board of Directors of the Los Angeles County Metropolitan Transportation Authority (Metro) on October 2, 2014, voted to immediately establish a pilot Business Interruption Fund (BIF) for “mom and pop” businesses located along three specified Metro construction projects; and on December 3, 2015, voted to expand the BIF for “mom and pop” businesses impacted by unprecedented full street closures with a duration greater than six continuous months along the Metro construction projects as defined below. On December 1, 2016 Metro’s Board voted to expand the BIF to “mom and pop” businesses located along the Purple Line Extension, Section 2. Metro’s goal through the BIF is to mitigate the financial impact of rail construction on small businesses. This goal shall be achieved by awarding small business grants to cover certain fixed operating expenses. The BIF, indeed, is a demonstration of Metro’s commitment to being a trusted community builder, partner, and stakeholder.

Qualifying businesses for BIF awards shall be those with at least two years of operating history along one of the three specified Metro construction corridors; 25 or fewer total full-time employees; in good standing with local, state and federal taxing and licensing authorities; and able to produce financial records demonstrating a loss of business revenue directly related to the period of construction disruption. Owners of commercial properties will also qualify if they can demonstrate that current or future leases have been terminated as a result of certain Metro construction projects. Participation in the BIF will be limited to businesses whose revenues decreased as a result of construction activities from specified Metro construction projects. The BIF will not compensate businesses for interruptions or property damages caused by Metro contractors. These Administrative Guidelines and all other aspects of the Business Interruption Fund are subject to change throughout the course of the program.

**II. General Provisions**

**A. Definitions**

1. **Small “mom and pop” businesses** for the purposes of this program are defined as for-profit businesses or non-religious, non-profit businesses with 25 or fewer total full-time employees meeting the eligibility requirements (as specified in Section II.B).
2. **Relevant Metro Construction Projects** refers to the following:
  - The Crenshaw/LAX Line
  - The Regional Connector (Little Tokyo section and 2<sup>nd</sup>/Broadway segment)
  - Section 1 and Section 2 of the Purple Line Extension.



# Metro

3. **Immediately adjacent to a rail corridor** refers to a business whose property line abuts or faces the rail corridor or a designated construction staging or construction storage area, including a business located in a mall or strip-mall that is similarly situated. A map of parcels in which such businesses are located is available.
4. **Construction period** refers to the period after Metro issued a Notice to Proceed to the construction project's Design Build Contractor in which activity related to a Metro rail construction project (as specified in Section II.A.2) occurred in front of a business or on the block in which a business is situated.
5. **Solvency** is defined as the ability to pay legal debts. Businesses in bankruptcy, as a documented result of Metro construction projects, are still considered solvent as long as they are reorganizing and have not filed Chapter 7 for liquidation.
6. **Revenue decrease and therefore impact** is defined as a decrease in business revenues throughout the quarter(s) containing construction periods (as defined in Section II.A.4) from a specified Metro rail construction project (as specified in Section II.A.2) occurred as compared to the same quarter(s) one year prior to the construction period. For commercial property owners, revenue decrease and impact may be defined differently and other special provisions may apply.
7. **Business** refers to entities registered with and defined by the Internal Revenue Service as a Sole Proprietorship, a Partnership, a Corporation, an S Corporation, or a Limited Liability Corporation.
8. **Non-profits** refers to organizations qualified as tax-exempt by the Internal Revenue Service.
9. **Commercial Property Owners** are defined as owners who rent or lease property for retail, office, or other non-residential use.

## B. Eligible Businesses

Businesses eligible to receive awards from the BIF must meet all of the eligibility criteria listed below:

1. For-profit businesses or non-religious non-profit organizations (as defined in Section II.A.7 and Section II.A.8)
2. Businesses located immediately adjacent to a Metro rail construction project (as specified in Section II.A.2 and Section II.A.3) which experienced impacts during construction periods as defined in Sections II.A.4 and II.A.6.



# Metro

3. Businesses that meet the following technical qualifications to participate in the program:
  - Businesses which have 25 or fewer total full-time employees as of the period covered by their claim or claims. Full-time employees (who work 35+ hours per week) are each counted as one;
  - Businesses which have been in continuous operation for at least two years (24 months) immediately adjacent to a specified Metro rail construction project (as specified in Section II.A.2);
  - Businesses with the ability to provide all relevant documents listed in Section IV.B and any other documents required by the BIF administrator's Required Documents Checklist, including all records necessary to verify eligibility and/or construction-related revenue losses.
4. Businesses which are solvent (as defined in Section II.A.5).
5. Businesses which are in good standing with all local, state, and federal taxing and licensing authorities.
6. Businesses which have experienced a revenue decline in the most recent quarter(s) since the construction period (defined in Section II.A.4) began as compared to the same quarter(s) one year prior to the beginning of the construction period (as specified in Section II.A.6).
7. Businesses which do not meet any of the criteria specified in Section II.C.

## C. Ineligible Businesses

The following types of businesses are ineligible to participate in the Business Interruption Fund even if they meet other criteria outlined in Section II.B:

1. Non-profit businesses engaged in teaching, instructing, counseling or indoctrinating religion or religious beliefs.
2. Businesses generating over 60% of revenues from the sale of alcoholic beverages.
3. Businesses generating revenues from the sale of marijuana.
4. Businesses with any products or services of a sexual nature representing over 50% of their revenue.
5. National or regional chain retailers or outlets unless operated under a franchise agreement and which otherwise meet all eligibility criteria.
6. Owners of residential property or properties.
7. Businesses that relocate on the construction alignment after being displaced from a commercial property by Metro through Eminent Domain Action and compensated for said displacement and loss of goodwill pursuant to California Code of Civil Procedure section 1263.510 may not receive awards from BIF for losses of business revenue at their new location on the alignment.

Note: Metro compensates business owners for the projected financial business loss related to the displacement through the loss of goodwill payment. Business owners release and hold harmless Metro against any and all future claims for compensation through the Acceptance and Release (Loss of Goodwill Claim).



**Metro**

**D. Eligibility Requirements for Commercial Property Owners**

1. Commercial property owners must meet all eligibility requirements listed in Section II.B.
2. BIF will not accept applications where the property was unoccupied at the beginning of the construction period (as defined in Section II.A.4) and the owner alleges they are unable to rent/lease property due to construction.
3. If a property is occupied, the owner must provide documentation from the tenant that they have ended or will end their lease due to a specified Metro rail construction projects (as specified in Section II.A.2).
4. If a tenant has indicated the intention to end a lease, a commercial property owner must demonstrate continuous efforts to acquire a new tenant through active listing and advertisement of the property.
5. Commercial property owners may not apply for an award if their tenant is also in the Program and is receiving reimbursement to cover rent.
6. A commercial property owner that is both a small business and a landlord (Lessor) may demonstrate dual eligibility up to the maximum program grant limits as specified in Section V.A.1 herein if the “mom and pop” small business is a separate legal entity (as defined in Section II.A.7 and Section II.A.8) and the business and commercial property owner meet the eligibility requirements as stated in Sections II.B.1-7 and II.D.1-6 herein. In the event of dual eligibility, separate applications are required for the small business and commercial property owner.

**III. Financial Assistance**

**A. Eligible Expenses**

Upon approval for a BIF award, the grantee must first use the payment to cover past due amounts for the following fixed operating expenses:

1. Utilities
2. Insurance
3. Rent or Mortgage payments
4. Payroll, or
5. BIF program manager may consider other types of documented business-related expenses.
6. Commercial property owners may only file a claim for mortgage, utilities, insurance and other expenses as determined by the BIF program manager.

Federal and State taxes are not deemed fixed operating expenses for the purposes of BIF grant payments.



# Metro

## IV. Application Process

### A. Application Submission

1. Businesses may submit claims no more frequently than on a quarterly basis, and claim periods should be aligned to standard calendar quarterly increments (i.e. January-March, April-June, July-September, October-December). A business must submit a claim for the quarter that corresponds to the beginning of the construction period (as defined in Section II.A.4). Should the construction period (as defined in Section II.A.4) extend past the end of that quarter, a business may submit subsequent quarterly claims throughout the duration of the construction period provided the business has not already received the maximum allowable amount of \$50,000 per calendar year or 60% of its annual revenue losses (as specified in Section V.A.1). A business whose annual revenue losses exceed the maximum allowable amount may not receive additional BIF grants in a subsequent year for any portion of the excess revenue losses that were not reimbursable in a prior year.
2. Businesses may submit a claim that corresponds to construction impacts that occur **after** the first 24 months of operating history immediately adjacent to a specified Metro rail construction project (as specified in Sections II.A.2 and II.B.3).
3. The business must submit an initial claim within **180 calendar days** from the end of the quarter in which the construction period occurred (as defined in Sections II.A.4 and Sections IV.A.1).
4. In the case of businesses with multiple owners, only one application for each claim may be submitted per business. The signatories to the application must include all owners of the business.
5. In the case of owners with multiple businesses at different locations, each business may submit a claim if it is a separate legal entity (as defined in Section II.A.7 and Section II.A.8) and meets the eligibility requirements (as defined in Section IV.B.1-10). Each separate business may be eligible for a BIF award for up to the maximum allowable amount (as specified in Section V.A.1); separate applications are required for each business.
6. Businesses that are relocated on the construction alignment after being displaced from a commercial property by Metro through Eminent Domain Action and compensated for said displacement through loss of goodwill pursuant to California Code of Civil Procedure section 1263.510 must disclose their acceptance of loss of goodwill upon submitting a BIF claim. Business owners that receive loss of goodwill compensation are ineligible for the BIF (as specified in Section II.C.7). A copy of the Acceptance and Release (Loss of Goodwill Claim) will be supplied by either the business owner or Metro's Real Estate Department. If a business owner that is displaced from a commercial property by Metro through Eminent Domain Action waives loss of goodwill compensation, the owner must provide a statement and/or



# Metro

waiver from Metro's Real Estate Department as verification. In the event of a documented waiver of loss of goodwill, the owner's eligibility to participate in the BIF program will be based on the eligibility requirements (as defined in Section IV.B.1-10).

- B.** Applicants must be pre-qualified to participate in the program. In order to pre-qualify, a business will be required to provide the documents from the following list which are relevant to their particular business:
1. Business and personal federal tax returns from the most recently completed federal tax year.
  2. California Employment Development Department payroll tax returns.
  3. Verification of "good standing" status from the California Secretary of State.
  4. Board of Equalization sales tax reports.
  5. Current lease agreement(s)/rental agreement(s) and those from at least 24 months prior to application date (for both tenants and property owners).
  6. Current property title(s) and deed(s) (for property owners).
  7. Current verification from the Internal Revenue Service attesting to tax-exempt status (for non-profits).
  8. Three months of bank statements covering the construction period (as defined in Section II.A.4) and the comparable period one year prior.
  9. Copies of delinquent bills or debt payments due.
  10. Any additional records requested by the BIF administrator to determine eligibility and/or loss of revenue concurrent with the construction period (as defined in Section II.A.4).
- C.** The above mentioned items will be used to determine both the eligibility of a business for an award from the BIF and an appropriate amount of a BIF award. Approval will be based upon a combination of factors including: confirmation of eligibility and pre-qualification, the financial stability and viability of the company as an ongoing concern, length of time in business, recent past financial performance, and the overall impact of the construction on the business. Management and technical assistance will be available through Pacific Coast Regional Small Business Development Corporation (PCR) serving as Metro's Fund Administrator and/or the respective Business Solution Center (BSC) in the compilation of requisite documents to determine financial viability.
- D.** Once an application is complete, including all supporting documentation noted elsewhere in these guidelines, the assigned BIF advisor will review and analyze it for completeness and, assuming impact can be demonstrated, will calculate a recommended BIF award and prepare a Grant Recommendation Form. This recommendation will be submitted to PCR's BIF review committee, comprised of two PCR senior staff members and PCR's president or another PCR board member, for a total of 3 members.



# Metro

If the president or other PCR senior staff member performs the tasks of business advisor, they may not participate as a member of the BIF review committee but will have to be substituted by a PCR board member.

- E. Any requests that do not meet the requirements outlined herein will not qualify for BIF assistance; but all businesses seeking aid will be offered the full menu of services offered by the BSC and/or PCR which include but are not limited to ongoing business technical assistance and referrals to small business loan programs.
- F. Awards will be distributed by PCR in accordance with a Grant and Funds Disbursement Agreement to be agreed to and signed by both the business owner(s) and PCR.

## V. Construction Impacts: Awards

### A. Loss of Revenue

**1. Calculation of Award Amount:** A business that can demonstrate a decline in gross revenue during a construction period from a specified Metro rail construction project (as defined in Sections II.A.2, II.A.4, and II.A.6) may receive an award in the amount of its lost quarterly revenue. Awards to each business are limited to a maximum of the lesser of 60% of the business' total annual revenue loss or \$50,000; if 60% of the annual loss is less than \$50,000, the award shall be the amount of the actual loss up to \$50,000. Three examples are shown below, each with the assumption of proper licensing, current taxes, proper location, minimum time in business, and otherwise meeting all other qualifying criterion.

**Example A.** - XYZ Company's most recent 3-months of bank statements, internal financial statement, and/or sales tax receipts (since the construction period as defined in Section II.A.4 began) reveal revenues of \$50,000 per month, or \$150,000 for the quarter, which, when compared to the revenues from the same 3-month period in the previous year (\$187,500) from last year's tax return (or financial statement), showed revenues down by 20%. This is summarized as follows:

Quarterly revenues during construction	\$150,000
Less: Prior year's quarterly revenue	<u>-\$187,500</u>
Revenue Reduction/Impact	< \$37,500 > = 20% reduction

Thus, XYZ Company has been impacted, and qualifies for a BIF award in the amount of \$37,500.

**Example B.** – Acme Market's most recent sales tax receipts would indicate sales of \$400,000 for the 90 days since the construction period (as defined in Section II.A.4). The market's tax return, sales tax receipts and other evidence reveal that sales for the



# Metro

same period last year were \$600,000, which would represent a reduction of 33%, or \$200,000 from one reporting period to the next.

Quarterly revenues during construction	\$400,000
Less: Prior year's quarterly revenue	<u>-\$600,000</u>
Revenue Reduction/Impact	< \$200,000 > = 33% reduction

The market has thus been impacted in the amount of \$200,000. However, Acme Market's BIF award amount would be limited to the maximum annual BIF award of \$50,000.

**Example C.** – Construction began outside of ABC Cleaners in April 2014 and lasted through May 2014. ABC's most recent internally prepared financial statement and bank statements indicate revenues of \$85,000 for the 2<sup>nd</sup> quarter of 2014, which is 26% below the quarterly revenues of \$115,000 for the same quarter in 2013. This is summarized as follows:

Quarterly revenues during construction	\$85,000
Less: Prior year's quarterly revenue	<u>-\$115,000</u>
Revenue Reduction/Impact	< \$30,000 > = 26% reduction

ABC Cleaners' BIF award amount for this quarter would be \$30,000.

Additionally, construction continued outside of ABC Cleaners throughout the 3<sup>rd</sup> quarter of 2014. During this quarter, ABC's internally prepared financial statement and bank statements indicate revenues of \$90,000, compared to \$125,000 for the 3<sup>rd</sup> quarter of 2013. Thus, ABC's revenue losses for the 3<sup>rd</sup> quarter of 2014 are as follows:

Quarterly revenues in 3 <sup>rd</sup> quarter 2014:	\$90,000
Less: Prior year's quarterly revenue	<u>-\$125,000</u>
Revenue Reduction/Impact	< \$35,000 > = 28% reduction

Although ABC's revenue losses for this quarter are \$35,000, awarding the business the full amount would exceed the \$50,000 annual maximum, since it had previously received \$30,000 for the second quarter. Accordingly, ABC Cleaners would receive an award of \$20,000 and would not be eligible for any further awards in 2014.

Should construction activity continue in front of ABC Cleaners into 2015, the business would be eligible to apply for an additional BIF award for construction periods in that year. ABC Cleaners may submit subsequent quarterly claims throughout the duration of the construction period provided the business has not already received the maximum allowable amount for the annual period when the construction impact occurred.





# Metro

A commercial property owner that can demonstrate a decline in gross revenue during a construction period from a specified Metro rail construction project (as defined in Sections II.A.2, II.A.4, and II.A.6) may receive an award in the amount of its lost quarterly revenue. Two examples are shown below, each with the assumption of proper licensing, current taxes, proper location, minimum time in business, and otherwise meeting all other commercial property owner qualifying criteria (as defined in Section II.D).

Example D. – Commercial Property Owner A has a tenant with an executed lease. The lease states the rent is \$1,000 per month. Since Metro construction began (as defined in Section II.A. 4), the tenant has experienced revenue loss in the 4th quarter of 2017. The tenant was able to make a partial payment of \$500 for the first month of the quarter but was unable to pay rent the last two months of the quarter. The property owner applies for the BIF to recoup lost rent revenue for that quarter. This scenario is summarized as follows:

Rent billed for 4th quarter of 2017	\$3,000	
Less: Rent revenue received	<u>- \$500</u>	
Revenue Reduction/Impact		< \$2,500 > = 83% reduction

Thus, Commercial Property Owner A has been impacted, and qualifies for a BIF award in the amount of \$2,500. In the example above, per Section II.D.5, commercial property owners may not apply for an award if their tenant is also in the Program and is receiving reimbursement to cover rent.

Example E. - Property Owner B has a tenant with an executed lease. The lease states the rent is \$1,000 per month. Since Metro construction began (as defined in Section II.A. 4), the tenant experienced revenue loss due to ongoing construction impacts. As a result, the tenant broke its lease and left the premises at the beginning of the 4th quarter of 2017. The property owner tries unsuccessfully to re-rent the space vacated by the former tenant. The property owner applies for the BIF to recoup lost rent revenue for that quarter. This scenario is summarized as follows:

Rent billed for 4th quarter of 2017	\$3,000	
Less: Rent revenue received	<u>- \$0</u>	
Revenue Reduction/Impact		< \$3,000 > = 100% reduction

Thus, Property Owner B has been impacted, and qualifies for a BIF award in the amount of \$3,000. In the example above, per Sections II.D.3 and II.D.4, the commercial property owner must provide documentation from the tenant that it ended its lease due to a specified Metro rail construction project (as specified in Section II.A.2) and the commercial property owner must also demonstrate continuous efforts to acquire a new tenant through active listing and advertisement of the property.



# Metro

**2. Calculation of Award Amount for Recurring Decline in Gross Revenue:** A business that can demonstrate recurring declines in gross revenue during multiple years of construction of a specified Metro rail construction project (as defined in Sections II.A.2, II.A.4, and II.A.6) may receive an award in the amount of its lost quarterly revenue (as defined in Section V.A.1) based on the pre-impact base year for the initial BIF award and payment.

## **B. Additional Considerations for Awards**

1. Eligible businesses that have been acquired by new owners may qualify using a history of past performance by the previous owner, provided that the product/services offerings and pricing of such products and/or services have not materially changed after the acquisition.
2. Revenue losses attributable to physical property damage or business interruption caused by the actions of a Metro contractor are not compensable under the BIF.
3. The portion of a business' revenues derived from online sales will be factored into the determination of the overall BIF award amount for qualifying businesses.

## **VI. Appeals Process**

- a. A business denied BIF assistance may request reconsideration of their denial. Such requests must be in writing and include an explanation of why the denial should be reconsidered along with any supporting documentation. Requests must be sent to:

Pacific Coast Regional Small Business Development Corporation (PCR)  
3255 Wilshire Blvd., #1501  
Los Angeles, CA 90010

Attn: Angela B. Winston  
Program Manager  
Business Interruption Fund

- b. The review will be conducted by the BIF Program Manager who will refer his/her recommendation to a committee to include a member of the Metro Ethics staff, and two members of the board of directors of PCR. Said members shall comprise the members of the Metro/PCR board review committee. The review shall be completed within **10 business days of receipt** of the request for reconsideration.
- c. The decision of the Metro/PCR board review committee is final.



**Metro**

## **VII. Grantee Certification and Indemnification**

Upon approval of a BIF award Grantees shall execute a Grant and Funds Disbursement Agreement that shall at a minimum certify, acknowledge and agree that:

- a. Participation in the BIF is voluntary.
- b. Metro is not responsible for closures by entities other than Metro.
- c. Metro is not responsible for scheduled business disruptions of less than one business day.
- d. Funds received from the BIF shall constitute income for tax purposes and are reportable.
- e. All BIF funds shall be used for the purpose(s) stated during the application process, and any deviation shall constitute a breach of this Agreement.
- f. Grantee's best efforts will be made to continue the business in its current location. Such efforts could include but not be limited to seeking assistance from the Metro Business Solution Center and/or PCR-SBDC.
- g. All financial records submitted by Grantee to obtain BIF aid are true and correct representations of grantee's financial performance; and there have been no material changes to such records since submitted that would diminish the Grantor's reliance on them for consideration of Grantee's BIF aid. If, subsequent to an award of BIF aid, Grantor discovers discrepancies, errors or misstatements in Grantees submitted financial records, this discovery shall constitute a breach of this Agreement by Grantee. In this case Grantor, in its sole discretion, shall pursue all of its legal remedies to secure full repayment of BIF aid.

## **VIII. Audit**

An annual audit of the Program will be conducted by Metro in addition to Metro's ability to audit at any time.

### **REVISION HISTORY**

- Revision 1 – 2/5/15
- Revision 2 – 4/17/15
- Revision 3 – 10/28/15
- Revision 4 – 1/26/16
- Revision 5 – 8/17/16
- Revision 6 – 4/1/17
- Revision 7 – 3/23/18
- Revision 8 – 7/19/18

## PROCUREMENT SUMMARY

## BUSINESS INTERRUPTION FUND ADMINISTRATION SERVICES/PS56079000

1.	<b>Contract Number:</b> PS56079000	
2.	<b>Recommended Vendor:</b> Pacific Coast Regional Small Business Development Corporation (PCR)	
3.	<b>Type of Procurement (check one):</b> <input type="checkbox"/> IFB <input checked="" type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	<b>Procurement Dates:</b>	
	A. <b>Issued:</b> August 6, 2018	
	B. <b>Advertised/Publicized:</b> August 6, 2018	
	C. <b>Pre-Proposal Conference:</b> August 27, 2018	
	D. <b>Proposals Due:</b> September 10, 2018	
	E. <b>Pre-Qualification Completed:</b> December 21, 2018	
	F. <b>Conflict of Interest Form Submitted to Ethics:</b> September 10, 2018	
	G. <b>Protest Period End Date:</b> February 26, 2019	
5.	<b>Solicitations Picked up/Downloaded:</b>  10	<b>Bids/Proposals Received:</b>  1
6.	<b>Contract Administrator:</b> Lily Lopez	<b>Telephone Number:</b> 213-922-4639
7.	<b>Project Manager:</b> Paula Carvajal	<b>Telephone Number:</b> 213-922-4258

**A. Procurement Background**

This Board Action is to approve Contract No. PS56079000 issued in support of the Business Interruption Fund (BIF) Administration Services. The BIF provider needs to be a qualified Community Development Financial Institution (CDFI)/Small Business Development Center (SBDC) in order to provide professional services for administration and meeting the resource requirements (personnel and infrastructure); processing business eligibility, developing timeline and process for evaluation, selecting and awarding grant funds; providing reporting; and administering the fund account. Board approval of contract award is subject to resolution of any properly submitted protest(s).

The Request for Proposal (RFP) was issued in accordance with Metro's Acquisition Policy and the contract type is firm fixed price.

No amendment was issued during the solicitation phase of this RFP.

A pre-proposal conference was held on August 27, 2018, attended by 4 participants representing one company.

A total of 10 firms downloaded the RFP and were included in the planholders list.

One proposal was received on September 10, 2018. A market survey was conducted in order to ascertain the reason(s) for non-submittal. One response was received and the reason given for not submitting a proposal was not being able to provide the services or meet the requirements to provide the services.

## **B. Evaluation of Proposals**

A Proposal Evaluation Team (PET) consisting of staff from Metro’s Diversity and Economic Opportunity Department and Community Relations was convened and conducted a comprehensive technical evaluation of the proposal received.

The proposal was evaluated based on the following evaluation criteria (inclusive of minimum requirements on a pass/fail basis) and weights:

- Professional Experience 30 percent
- Workplan Approach and Methodology 30 percent
- Personnel Qualifications and Management Plan 20 percent
- Cost 20 percent

The evaluation criteria are appropriate and consistent with criteria developed for other, similar procurements for professional services. Several factors were considered when developing these weights, giving the greatest importance to both professional experience and workplan approach and methodology.

During the week of September 17, 2018, the PET completed its independent evaluation of the proposal. An oral presentation was held on October 3, 2018. At the conclusion of the oral presentation, the PET finalized the evaluations and determined Pacific Coast Regional Small Business Development Corporation (PCR) was qualified to render the required services.

### **Qualifications Summary:**

#### **Pacific Coast Regional Small Business Development Corporation (PCR)**

PCR is a non-profit firm with demonstrated experience in assisting small business owners. PCR has a background in community-based economic development and experience providing financial support to small businesses. The BIF program requires a firm to be a certified Community Development Financial Institution (CDFI) and a designated Small Business Development Corporation (SBDC) in order to provide financial, educational and consulting services. PCR is both a CDFI and SBDC, and is qualified to administer and support the implementation of the BIF.

A summary of the PET scores is provided below:

1	Firm	Average Score	Factor Weight	Weighted Average Score	Rank
2	PCR				
3	Professional Experience	93.33	30.00%	28.00	
4	Work plan Approach and Methodology	96.33	30.00%	28.90	
5	Personnel Qualifications and Management Plan	98.35	20.00%	19.67	
6	Cost	100.00	20.00%	20.00	
7	<b>Total</b>		<b>100.00%</b>	<b>96.57</b>	<b>1</b>

### C. Cost Analysis

The recommended price has been determined to be fair and reasonable based upon a technical analysis, a cost analysis, fact finding, and negotiations.

Due to the unique attributes of the project, Metro underestimated the level of effort that such a program would require. The proposed enhanced focused client support services is necessary to support the greater number of businesses along the various corridors.

Metro staff successfully negotiated a cost savings of \$255,526 by reducing the duplication of efforts and clarifying the intent of the Scope of Services.

	Proposer Name	Proposal Amount	Metro ICE	Negotiated amount
1.	PCR	\$3,603,536	<b>\$3,188,857</b>	<b>\$3,348,010</b>

### D. Background on Recommended Contractor

The recommended firm, PCR, located in Los Angeles, California, and founded in 1977, provides assistance to small business owners by promoting community economic development, through the delivery of financial and educational services to underserved small business persons and communities. PCR is the incumbent on the existing BIF contract awarded in December 2014, and has performed satisfactorily in addition to being responsive to the community needs.

DEOD SUMMARY

METRO PILOT BUSINESS INTERRUPTION FUND / CONTRACT NO. PS56079

**A. Small Business Participation**

The Diversity and Economic Opportunity Department (DEOD) did not establish a Small/Disabled Veteran Business Enterprise (SBE/DVBE) goal for this procurement due to the lack of SBE/DVBE firms certified as Community Development Financial Institutions (CDFI) and accredited Small Business Development Center (SBDC) Consultants, as required for this project.

**B. Living Wage and Service Contract Worker Retention Policy Applicability**

The Living Wage and Service Contract Worker Retention Policy is not applicable to this contract.

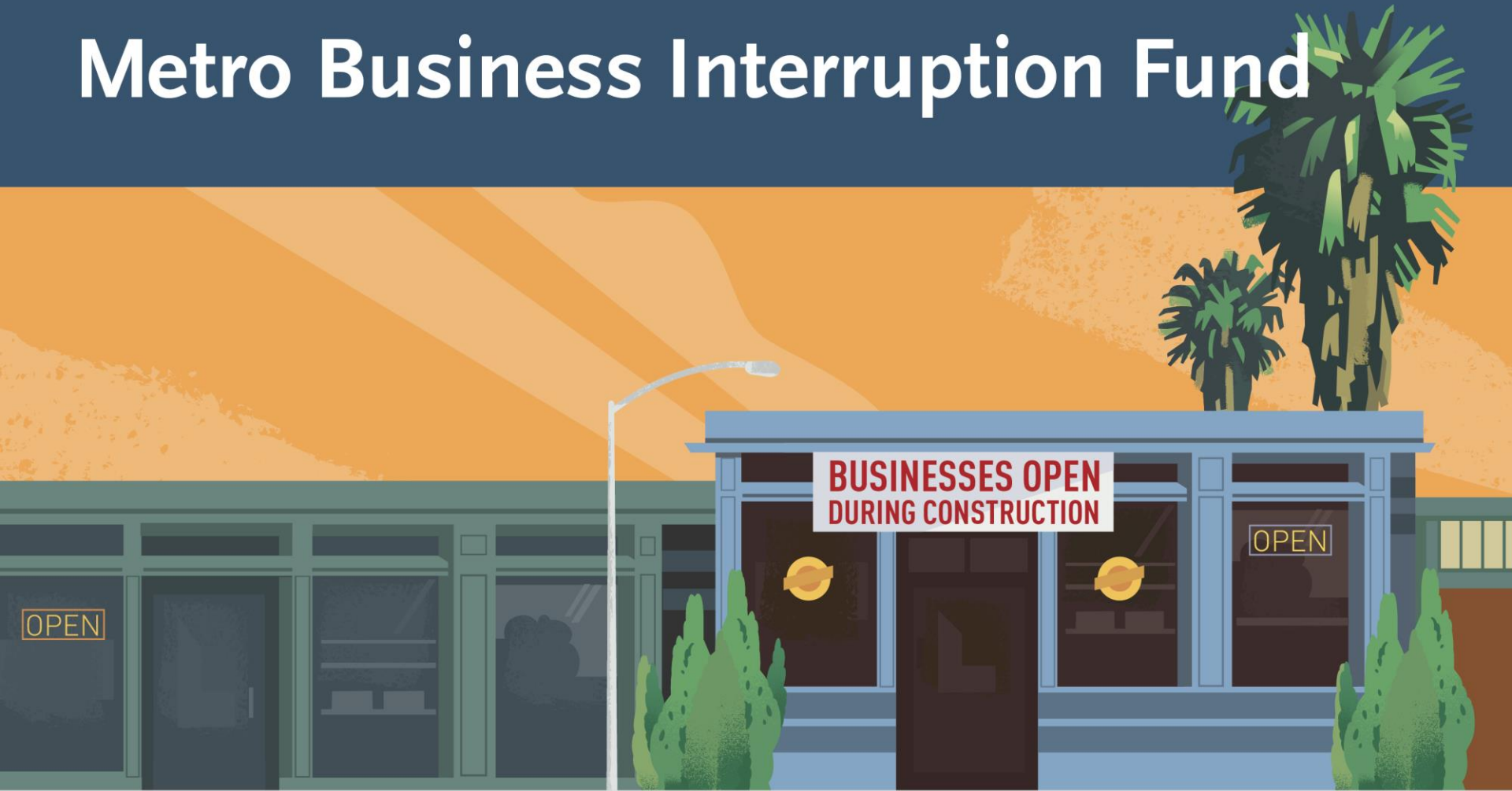
**C. Prevailing Wage Applicability**

Prevailing wage is not applicable to this contract.

**D. Project Labor Agreement/Construction Careers Policy**

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract. Project Labor Agreement/Construction Careers Policy is applicable only to construction contracts that have a construction contract value in excess of \$2.5 million.

# Metro Business Interruption Fund





# Pilot Program Goal

- *Metro's Goal: Help small "mom and pop" businesses continue to thrive throughout construction and post construction.*
- Financial assistance to small "mom and pop" businesses **directly** impacted by Metro transit rail construction along three project areas:
  - Crenshaw/LAX Transit Project
  - Purple Line Extension, Section 1
  - Regional Connector, Little Tokyo area & 2<sup>nd</sup>/Broadway segment
  - Purple Line Extension, Section 2



**Metro**

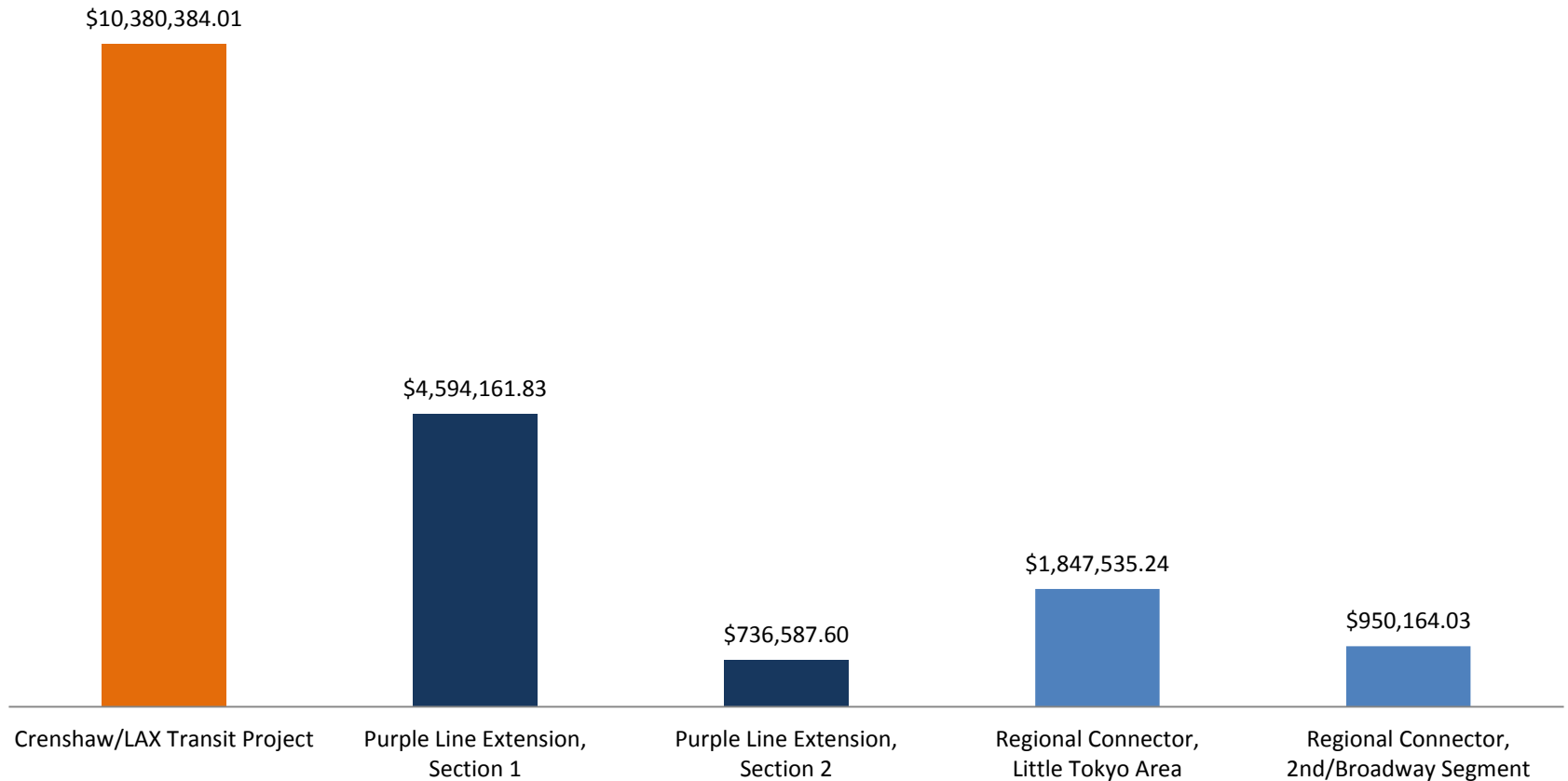
# Program Evolution

- Metro's first ever pilot project
  - > Board authorization: October 2014
  - > BIF soft- launch: February 2015
  - > BIF formal launch: April 2015
  - > BIF expansion: December 2015
  - > BIF Expansion: December 2016

# Facts at a Glance

- > More than \$18.5 million awarded to “mom and pop” businesses
- > Over 700 grants awarded to more than 300 “mom and pop” businesses
- > More than 1,200 jobs retained through the award of BIF grants to businesses
- > 100% of business grantees referred to support services post grant award

# Grant Award Summary



# Measures of Effectiveness



93%

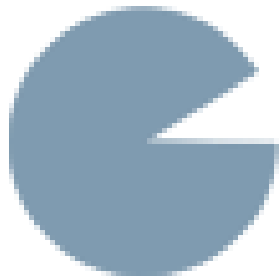
Businesses remaining open  
after six months of grant award

**Goal: 100%**



86%

Businesses remaining  
open after 12 months of  
grant award **Goal: 100%**



82%

Businesses remaining open after  
24 months of grant award

**Goal: 100%**



**Metro**

Reporting as of CY 2018 Q3

# Outreach & Engagement



“We remain committed to the success of Café Creole and look forward to increasing customers when the Crenshaw line opens. In the meantime, it is great to have the support from a program such as the BIF that looks out for small businesses.”  
Eric Lanueville

Project: Crenshaw/LAX Transit Project

# Lessons Learned



“Our business was impacted when 2nd Street was closed because of where we are located. We experienced some difficulties but we are thankful for the support we received from the BIF.”  
Cindy Shiono and Shinataro Shiono

Project: Little Toyko Area Regional Connector

# Next Steps

- Execution of professional services contract for fund administrator
- Ongoing assessment of lessons learned
- Initiate case study assessment of pilot
  - Measurable economic and socio-economic impacts
  - Direct and indirect benefits
  - Business resiliency



**Metro**



Thank you





## Board Report

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**File #:** 2019-0015, **File Type:** Contract

**Agenda Number:** 27.

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### CONSTRUCTION COMMITTEE FEBRUARY 21, 2019

**SUBJECT: CONSTRUCTION CLAIMS SUPPORT SERVICES**

**ACTION: APPROVE RECOMMENDATIONS**

#### **RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to:

- A. EXECUTE a 7 year cost-plus fixed fee contract, Contract No. PS58665, with ARCADIS U.S., Inc., to provide Construction Claims Support Services for various projects as required, in an amount not-to-exceed \$24,584,650 and exercise 3 one-year options, when deemed appropriate; and
- B. EXECUTE individual Contract Work Orders and Contract Modifications within the Board approved contract and budget funding amount.

#### **ISSUE**

Construction Claims Support Services (CCSS) are required to assist Metro in avoiding potential contractor claims and proactively addressing actual contractor claims, recommending policy and procedures to reduce the likelihood of claims, formulating claims settlement scenarios, assisting County Counsel with the resolution of claims and disputes, and assisting with and/or perform forensic analyses, as necessary.

#### **DISCUSSION**

The Consultant will be a part of the Metro team to:

- Assist Metro in claims avoidance
- Conduct training
- Prepare a Claims Management Manual
- Assist Metro in addressing contractor claims against Metro
- Recommend policy and procedures that reduce the likelihood of claims

- Formulate claim settlement scenarios
- Assist County Counsel in resolving claims and disputes as needed
- Assist with and/or perform forensic analyses, as necessary

Metro's current experience with the submission of claims combined with Metro's current reactive approach to claims rather than being pro-active has resulted in an increased level of effort in gathering and compiling contemporaneous documentation to defend these claims.

The Consultant will assist Metro in developing and implementing processes and strategies, along with a claims management manual and claims management training to provide Metro guidance in (1) avoiding potential claims and (2) responding to and resolving actual claims, to be more proactive and creating defensible positions.

The Consultant will provide the Contracting Officer and Program Management with an independent assessment of potential and actual claims, the responsible parties, a quantification of alleged impacts including schedule analyses of delays, disruption and lost productivity, and support Metro with the negotiation and resolution of disputes.

The Consultant shall facilitate and collaborate closely with all Metro departments and staff, including County Counsel, as needed, in addressing disputes and claims.

Consultant services will be authorized, funded and paid under separate Contract Work Orders for each project. The cumulative value of all Contract Work Orders will be within the Board approved contract funding amount.

### **DETERMINATION OF SAFETY IMPACT**

Approval of this item will have no impact on safety.

### **FINANCIAL IMPACT**

The not-to-exceed award value is based on the anticipated level of services. The Contract will be funded by the individual projects issuing the work order under this contact. Work orders issued for FY19 will be covered by the respective projects' annual budget and within life-of-project budget. For multiyear work orders and future work orders, the project managers, cost center managers, and Chief Program Management Officer will be responsible for future year budgeting.

#### **Impact to Budget**

There is no impact to budget for this action. Each project utilizes life-of-project budget or annual adopted budget which has designated funding source(s) at the time of adoption. Many of the projects issuing work orders are funded with multiple sources of funds: federal and state grants, federal loans, bonds, and local sales taxes. Much of local sales taxes, and some federal and state funds are eligible for bus and rail operations and capital improvements.

### **ALTERNATIVES CONSIDERED**

The Board could direct Metro staff to perform construction claims support services tasks with current in-house resources. This alternative would require Metro to divert resources from on-going projects and/or hire multiple full-time personnel that are not immediately available or funded.

### **NEXT STEPS**

After Board approval of the recommended action, staff will award Contract No. PS58665.

### **ATTACHMENTS**

Attachment A - Procurement Summary

Attachment B - DEOD Summary

Prepared by:

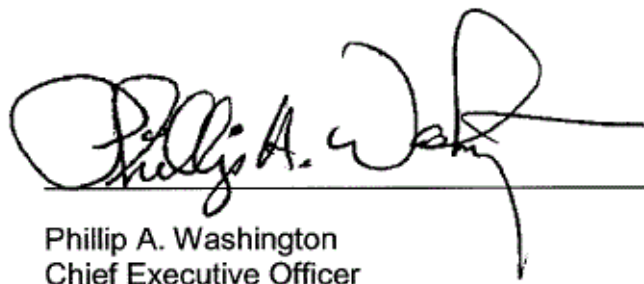
Bruce Warrensford, Director of Contract Administration, Vendor Contract Management (213) 922-7338

David Davies, Deputy Executive Officer, Program Management (213) 418 3348

Reviewed by:

Richard Clarke, Chief Program Management Officer (213) 922-7557

Debra Avila, Chief Vendor/Contract Management Officer (213) 418-3051



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Phillip A. Washington  
Chief Executive Officer

## PROCUREMENT SUMMARY

**CONSTRUCTION CLAIMS SUPPORT SERVICES  
CONTRACT NUMBER PS58665**

1.	<b>Contract Number:</b> PS58665	
2.	<b>Recommended Vendor:</b> ARCADIS U.S., Inc.	
3.	<b>Type of Procurement (check one):</b> <input type="checkbox"/> IFB <input checked="" type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	<b>Procurement Dates:</b>	
	<b>A. Issued:</b> November 2, 2018	
	<b>B. Advertised/Publicized:</b> November 2, 2018	
	<b>C. Pre-Proposal Conference:</b> November 13, 2018	
	<b>D. Proposals Due:</b> December 3, 2018	
	<b>E. Pre-Qualification Completed:</b> January 14, 2019	
	<b>F. Conflict of Interest Form Submitted to Ethics:</b> December 12, 2018	
	<b>G. Protest Period End Date:</b> February 26, 2019	
5.	<b>Solicitations Picked up/Downloaded:</b> 62	<b>Proposals Received:</b> 5
6.	<b>Contract Administrator:</b> Bruce Warrensford	<b>Telephone Number:</b> 213-922-7338
7.	<b>Project Manager:</b> David Davies	<b>Telephone Number:</b> 213-418-3348

**A. Procurement Background**

This Board Action is to approve Contract No. PS58665, Construction Claims Support Services, to assist Metro in avoiding claims, proactively addressing potential contractor claims, recommending policy and procedures to reduce the likelihood of claims, addressing actual contractor claims, formulate claim settlement scenarios, assisting County Counsel in resolving claims and disputes, and assisting with and/performing forensic analyses, as necessary.

The RFP was issued in accordance with Metro's Acquisition Policies and Procedures. Metro held a pre-proposal conference on November 13, 2018, in the Gateway Conference Room on the 3rd floor of the Gateway Building. There were seventeen (17) representatives from eleven (11) firms that attended the pre-proposal conference. Fifty-two (52) individuals from various firms picked up or downloaded the RFP Package.

Six amendments were issued during the solicitation phase of this RFP:

- Amendment No. 1, issued on November 7, 2018, to revised Submittal Requirements;
- Amendment No. 2, issued on November 8, 2018, to remove the DBE Contracting Outreach and Mentoring Plan (COMP) from this Contract.
- Amendment No. 3, issued on November 9, 2018, revised Compensation and Payment Provisions and Evaluation Criteria

- Amendment No. 4, issued November 13, 2018, to correct Amendment No. 3 numbering.
- Amendment No. 5, issued November 15, 2018, to revise Letter of Invitation and Scope of Services.
- Amendment No. 6, issued November 20, 2018, to correct Amendment numbering and Submittal Requirements indexing.

A total of five (5) proposals were received on December 3, 2018, from the following firms, in alphabetical order:

1. ARCADIS U.S., Inc.
2. HKA Global, Inc.
3. McMillen Jacobs Associates
4. PMA Consultants LLC
5. Trident CPM Consulting

**B. Evaluation of Proposals**

A Proposal Evaluation Team (PET) consisting of staff from Metro Program Management, Project Management, Project Controls, County Counsel, and Contract Administration was convened and conducted a comprehensive evaluation of the proposals received.

The proposals were evaluated based on the following evaluation criteria and the associated weightings:

- Experience and Capabilities of the Firms on the Consultant’s Project Team.....(25%)
  - Key Personnel’s Skills and Experience.....(25%)
  - Effectiveness of Management Plan.....(20%)
  - Understanding of Work and Appropriateness of Approach for Implementation.....(20%)
  - Cost Proposal.....(10%)
- Total 100%

The evaluation criteria are appropriate and consistent with criteria developed for other Professional Service procurements. Several factors were considered when developing the weightings, giving the greatest importance to the Experience and Capabilities of the firms on the Consultant’s Project Team and Key Personnel’s Skills and Experience.

During the month of December 2018, the PET evaluated the five (5) written proposals. Of the five (5) proposals received, four (4) were determined to be within the competitive range. The four (4) firms within the competitive range are listed below in alphabetical order:

1. ARCADIS U.S., Inc.
2. HKA Global, Inc.
3. McMillen Jacobs Associates
4. PMA Consultants LLC

One firm was determined to be outside the competitive range and was not included for further consideration. That firm was notified of the determination and debriefed.

On December 12, 2018, the PET met with four (4) Proposers in the competitive range for oral presentations. The firms were given the opportunity to present on: 1) Effectiveness of Management Plan and 2) Understanding of Work and Appropriateness of Approach for Implementation.

The proposing firms had the opportunity to present their proposed project managers, key personnel, and some of their key members, as well as respond to the PET's questions. In general each presentation addressed the requirements of the RFP, experience with all aspects of the required and anticipated tasks, and stressed each proposer's commitment to the success of the contract.

### **Qualifications Summary of Firms within the Competitive Range:**

#### **ARCADIS**

- ARCADIS' proposal significantly exceeds the RFP minimum requirements in most major areas. The proposed approach indicates an exceptionally thorough and comprehensive understanding of the contract goals, resources, schedules, and other aspects essential to the performance of the Services.
- ARCADIS was excellent in demonstrating the ability to fill, maintain, and replace required staffing positions for the life of the project, as detailed in the proposers project Organization Chart including a clear staff responsibility description.
- ARCADIS demonstrated an exceptionally thorough and comprehensive understanding of the contract requirements, Scope of Services, and the execution and management of the task order process.
- The proposal demonstrated very successful and extensive experience in working with similar type projects with large agencies.
- The proposed project manager has all necessary qualifications and demonstrates a high probability of success with his team members.

## **HKA**

- HKA’s proposal substantially meets the RFP minimum requirements in most major areas. The proposed approach indicates a thorough and comprehensive understanding of the Project goals, resources, schedules, and other aspects essential to the performance of the Project.
- The proposed key personnel demonstrate a thorough understanding and qualifications necessary to conduct the required services.
- The firm demonstrates successful experience with similar program type projects with other agencies.

## **McMillen Jacobs Associates (MJA)**

- MJA’s proposal substantially meets the RFP minimum requirements in most major areas. The proposed approach indicates a thorough and comprehensive understanding of the contract goals, resources, schedules, and other aspects essential to the performance of the Services.
- The proposed key personnel demonstrate a thorough understanding and qualifications necessary to conduct the required services.
- The firm demonstrates successful experience with similar program type projects with other agencies.

## **PMA**

- PMA’s proposal substantially meets the RFP minimum requirements in most major areas. The proposed approach indicates a thorough and comprehensive understanding of the contract goals, resources, schedules, and other aspects essential to the performance of the Services.
- The key personnel demonstrated relevant experience as required by the RFP.
- PMA demonstrated their ability to organize for multiple assignments.
- The firm demonstrates successful experience with similar program type projects with other agencies.

The Proposal Evaluation Team (PET) ranked the four proposals within the competitive range, based on the evaluation criteria in the RFP, and assessed major strengths, weaknesses and associated risks of each of the Proposers to determine the most advantageous firm. The final scoring was based on evaluation of the written proposals, as supported by oral presentations, and clarifications received from the Proposers. The results of the final scoring are shown below:

<b>1.</b>	<b>Firm</b>	<b>Average Score**</b>	<b>Factor Weight</b>	<b>Weighted Average Score *</b>	<b>Rank</b>
<b>2.</b>	<b>ARCADIS U.S., Inc.</b>				
<b>3.</b>	Experience and Capabilities of	95.64	25%	23.91	



	the Firms on the Consultant's Project Team				
4.	Key Personnel's Skills and Experience	96.80	20%	19.36	
5.	Effectiveness of Management Plan	96.75	20%	19.35	
6.	Understanding of Work and Appropriateness of Approach for Implementation	93.76	25%	23.44	
7.	Cost Proposal	77.90	10%	7.79	
8.	<b>Total</b>		<b>100.0%%</b>	<b>93.85</b>	<b>1</b>
9.	<b>PMA Consultants LLC</b>				
10.	Experience and Capabilities of the Firms on the Consultant's Project Team	90.76	25%	22.69	
11.	Key Personnel's Skills and Experience	89.35	20%	17.87	
12.	Effectiveness of Management Plan	89.60	20%	17.92	
13.	Understanding of Work and Appropriateness of Approach for Implementation	91.08	25%	22.77	
14.	Cost Proposal	94.80	10%	9.48	
15.	<b>Total</b>		<b>100.0%%</b>	<b>90.73</b>	<b>2</b>
16.	<b>HKA Global, Inc.</b>				
17.	Experience and Capabilities of the Firms on the Consultant's Project Team	91.56	25%	22.89	
18.	Key Personnel's Skills and Experience	90.65	20%	18.13	
19.	Effectiveness of Management Plan	89.40	20%	17.88	
20.	Understanding of Work and Appropriateness of Approach for Implementation	86.56	25%	21.64	
21.	Cost Proposal	100.00	10%	10.00	
22.	<b>Total</b>		<b>100.0%%</b>	<b>90.54</b>	<b>3</b>
23.	<b>McMillen Jacobs Associates</b>				
24.	Experience and Capabilities of the Firms on the Consultant's Project Team	82.40	25%	20.60	
25.	Key Personnel's Skills and Experience	88.90	20%	17.78	
26.	Effectiveness of Management Plan	87.90	20%	17.58	
27.	Understanding of Work and Appropriateness of Approach for Implementation	90.88	25%	22.72	

<b>28.</b>	Cost Proposal	98.30	10%	9.83	
<b>29.</b>	<b>Total</b>		<b>100%</b>	<b>88.51</b>	<b>4</b>

\* Weighted scores are rounded to the nearest second decimal point.

\*\* Cost proposals were based on the Proposers' rates for a sample level of effort of 8,000 hours only. Scores shown above for the cost proposals are based on formulae in the RFP highest score going to the lowest cost proposal.

### **C. Cost/Price Analysis**

Metro performed a cost analysis of labor rates comparing the four (4) proposals in the competitive range with one another as well as Metro's estimate. All proposals were based on direct labor rates, overhead rates, other direct costs, sub-consultant costs and fixed fee. The costs for the recommended firm were determined to be fair and reasonable.

	<b>Proposer Name</b>	<b>Proposal Amount <sup>(1)</sup></b>	<b>Metro ICE <sup>(2)</sup></b>	<b>Recommended NTE Amount <sup>(3)</sup></b>
1.	ARCADIS U.S., Inc.	\$2,530,590	\$24,584,650	\$24,584,650
2.	<b>PMA Consultants LLC</b>	\$2,079,956		
3.	<b>HKA Global, Inc.</b>	\$1,971,590		
4.	<b>McMillen Jacobs Associates</b>	\$2,004,907		

Notes:

(1) The proposal amounts shown were for evaluation purposes only and were based on the rates for a sample level of effort (8000 hours, only) since there was no definable total level of effort for the Scope of Services. Hourly labor rates, overhead and fee were negotiated and determined to be fair and reasonable.

(2) The amount \$24,854,650 is a Not-to-Exceed amount estimated for the basic term of the contract.

(3) The amount of \$24,854,650 is the Not-to-Exceed amount for the basic term of the contract. Work will be funded according to an Annual Work Program. The total contract amount will be the aggregate value of all task orders negotiated with the Consultant through the term of the contract.

### **D. Background on Recommended Contractor**

The recommended firm, ARCADIS U.S., Inc. is located in Los Angeles, CA, as well as other offices located throughout Southern California, U.S. and globally. ARCADIS' construction claims practice has been in business for over 20 years, with staff members with over 35 years of experience in construction claims services, and is a leader in the field of construction claims services on behalf of the owners for public works, transit and the various delivery methods proposed.

ARCADIS has successfully provided construction claims services on the Metro's Crenshaw/LAX Transit Corridor, I-405 Sepulveda Pass Widening Project, California High Speed Rail, Construction packages 2-3, Honolulu Rapid Transit Project, Toronto-York Spadina Subway Extension and over the past 30 years has helped in the evaluation and settlement of over \$2 billion in construction disputes in California for its public owner clients.

ARCADIS is committed to being available to meet the demands of Metro's various projects. Their large pool of professionals are available to support multiple-shift construction schedules ensuring a successful project delivery. ARCADIS also commits to utilizing Metro's Disadvantage Business Enterprises to meet the RC/DBE goal of 15%.

**DEOD SUMMARY**

**CONSTRUCTION CLAIMS SUPPORT SERVICES/ CONTRACT NUMBER PS58665**

**A. Small Business Participation**

The Diversity and Economic Opportunity Department (DEOD) established a 15% Disadvantaged Business Enterprise (DBE) goal for this Task Order Contract. Arcadis U.S., Inc. made a 15% DBE commitment for this Task Order Contract.

In response to a specific Task Order request with a defined scope of work, the prime contractor will be required to identify DBE subcontractor activity and actual dollar value commitments for that Task Order. Overall DBE achievement in meeting the commitment will be determined based on the cumulative DBE participation of all Task Orders awarded.

Metro Project Manager and Contract Administrator will work in conjunction with DEOD to ensure that Arcadis U.S., Inc is on schedule to meet or exceed its DBE commitments. Accordingly, access will be provided to Metro’s tracking and monitoring system to key stakeholders over the contract to ensure that all parties are actively tracking Small Business progress.

<b>Small Business Goal</b>	<b>15% DBE</b>	<b>Small Business Commitment</b>	<b>15% DBE</b>
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	<b>DBE Subcontractors</b>	<b>Ethnicity</b>	<b>% Committed</b>
1.	Destination Enterprises	Non-Minority Female	TBD
2.	LKG-CMC, Inc.	Non-Minority Female	TBD
3.	O2 Engineering, Projects & Construction Management (O2EPCM)	African American	TBD
4.	Spire Consulting Group, LLC	Hispanic American	TBD
	<b>Total DBE Commitment</b>		<b>15%</b>

**B. Living Wage and Service Contract Worker Retention Policy Applicability**

The Living Wage and Service Contract Worker Retention Policy is not applicable to this contract.

**C. Prevailing Wage Applicability**

Prevailing Wage is not applicable to this contract.

**D. Project Labor Agreement/Construction Careers Policy**

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract. Project Labor Agreement/Construction Careers Policy is applicable only to construction contracts that have a construction related value in excess of \$2.5 million.



## Board Report

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**File #:** 2018-0822, **File Type:** Ordinance / Administrative Code

**Agenda Number:** 31.

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**EXECUTIVE MANAGEMENT COMMITTEE  
FEBRUARY 21, 2019**

**SUBJECT: ADMINISTRATIVE CODE AMENDMENTS - OFFICE OF CIVIL RIGHTS**

**ACTION: APPROVE RECOMMENDATION**

**RECOMMENDATION**

APPROVE amendment of Title 2, Chapter 2-50 of the Los Angeles County Metropolitan Transportation Authority ("Metro") Administrative Code, concerning Title VI Requirements and Public Hearings, as set forth in Attachment A. The amended Administrative Code will become effective March 1, 2019.

**ISSUE**

Approval of the above recommendation will conform Metro's Administrative Code to the guidance provided by the Federal Transit Administration in regards to fare changes and will correct the language concerning the procedure by which disparate impact and disproportionate burden are calculated for fare and service changes.

**BACKGROUND**

The Federal Transit Administration has issued a new interpretation of its guidance concerning fare equity analysis as it relates to fare changes when the price of the product is not determined by Metro. The Office of Civil Rights Department believes it prudent to align Metro's Administrative Code with this new interpretation. An amendment is also sought to correct errors in language identifying the procedure used to calculate disparate impact and disproportionate burden for fare and service changes.

**DISCUSSION**

Proposed amendments to the Administrative Code are set forth in Attachment A to this Board Report to adjust two sections:

1. Section 2-50-010 Fare Changes

This section is being amended as a result of a new interpretation of the Title VI guidance received from the Federal Transit Administration. The change will eliminate the requirement to conduct a Title

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VI and Environmental Justice analysis for fare products where the price of the product is not determined by Metro. This includes instances such as where the employer determines the price of the pass being sold to employees or post-secondary universal passes where the educational institution or student body establishes the final price of the product.

2. Section 2-50-020 Definitions

This change corrects an error in the original text and brings the text in alignment with the actual procedure that is used to calculate disparate impact and disproportionate burden for fare and service changes.

**FINANCIAL IMPACT**

Amendment of the Administrative Code would have no financial impact to the agency.

**IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The recommendations put forward support the Strategic Plan Goal # 1: Provide high quality mobility options that enable people to spend less time traveling. The recommendation will assist Metro in achieving its goals of establishing a transportation system pricing framework that is equitable, reduces negative effects and ensures access to a variety of transportation options for everyone.

**ALTERNATIVES CONSIDERED**

Not implementing the recommended amendments would place Metro out of compliance with the Federal Transit Administration's guidance concerning fare changes and would allow errors in Metro's Administrative Code concerning the procedure to calculate disparate impact and disproportionate burden for fare and service changes to remain unchanged.

**NEXT STEPS**

Following Board approval of the recommended amendments to the Administrative Code, the Office of Civil Rights Department will ensure that a fare equity analysis is prepared for all fare changes in accordance with the guidance provided by the Federal Transit Administration.


**ATTACHMENTS**

Attachment A - Code Amendments for Fare Changes and Definitions.

Prepared by: Jason Lombardi, Ethics Officer, (213) 922-2982

Reviewed by: Karen Gorman, Chief Ethics Officer, (213) 922-2975

Reviewed by: Daniel Levy, Chief Civil Rights Programs Officer, (213) 418-3169



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Karen Gorman  
Inspector General





# ATTACHMENT A

## Chapter 2-50

### Title VI Requirements and Public Hearings

#### 2-50-010 Fare Changes

A. A Fare Equity Analysis shall be prepared for all fare changes (increase or decrease). The analysis will evaluate the effects of fare changes on Title VI protected populations and low-income populations. The analysis ~~is not required for~~ ~~will be done for~~ fares not ~~available~~ ~~directly~~ sold by Metro to the general public such as special discount programs for ~~students, groups or~~ employers or post secondary education universal passes.

#### 2-50-020 Definitions

C. For major service changes, a disparate impact will be deemed to have occurred if the absolute difference between the percentage of ~~minorities~~ minority riders adversely affected and the overall percentage of ~~minorities~~ riders is at least 5% or if there is a 20% or greater difference between the percentages of these two groups. A disproportionate burden will be deemed to exist if the absolute difference between the percentage of low-income adversely affected by the service change and the overall percentage of ~~low-income persons~~ all riders is at least 5% or if there is a 20% or greater difference between the percentages of these two groups.

D. For any applicable fare changes, a disparate impact will be deemed to have occurred if the absolute difference between the percentage of ~~minorities~~ minority riders affected and the overall percentage of ~~minorities~~ all riders is at least 5% or if

there is a 35% or greater percent difference between the percentages of these two groups. A disproportionate burden will be deemed to exist if absolute difference between the percentage of low-income adversely affected by the fare change and the overall percentage of ~~low-income persons~~ all riders is at least 5% or if there is a 35% or greater percent difference between the percentages of these two groups.



## Board Report

File #: 2018-0596, File Type: Resolution

Agenda Number: 11.

### FINANCE, BUDGET AND AUDIT COMMITTEE FEBRUARY 20, 2019

**SUBJECT: PROPOSITION C BONDS**

**ACTION: AUTHORIZE COMPETITIVE SALE OF BONDS**

#### **RECOMMENDATION**

ADOPT a resolution, Attachment A, that:

- A. AUTHORIZES the issuance of bonds by competitive sale to refund the Proposition C Series 2009-E Bonds, consistent with the Debt Policy to achieve approximately \$8.9 million in net present value savings over the ten-year life of the bonds;
- B. APPROVES the forms of Notice of Intention to Sell Bonds, Notice Inviting Bids, Supplemental Trust Agreement, Escrow Agreement, Continuing Disclosure Certificate and Preliminary Official Statement on file with the Board Secretary as set forth in the resolution all as subject to modification as set forth in the resolution; and
- C. AUTHORIZES taking all action necessary to achieve the foregoing, including, without limitation, the further development and execution of bond documentation associated with the issuance of the refunding bonds.

**(REQUIRES SEPARATE, SIMPLE MAJORITY BOARD VOTE)**

#### **ISSUE**

Low interest rates offer an opportunity for Metro to lower its debt service costs by refunding on a current basis the outstanding Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2009-E (the "2009-E Bonds"). Approximately \$72.585 million of the outstanding 2009-E Bonds can be refunded. Under current market conditions, the issuance of the Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds (the "Refunding Bonds") would achieve approximately \$8.9 million in net present value savings over the ten year life of the bonds.

#### **BACKGROUND**

The 2009-E Bonds may be current refunded in early April, 2019 as their call date is July 1, 2019. The Debt Policy establishes criteria to evaluate refunding opportunities. The refunding of the 2009-E Bonds is currently estimated to provide net present value savings in excess of the minimum 3% of

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the refunded par amount set forth in the Debt Policy criteria for evaluating refunding opportunities.

## **DISCUSSION**

The Refunding Bonds will be sold as fixed rate bonds. The Refunding Bonds will be issued using a competitive process where prospective underwriters bid on the date of sale. The Refunding Bonds will be sold to the underwriter offering the lowest true interest cost. The timing of the bond sale is contingent upon our ability to take advantage of favorable market conditions as they arise. In the event that bids do not meet our criteria, all bids will be rejected and the sale will be rescheduled.

## **DETERMINATION OF SAFETY IMPACT**

Approval of this report will not impact the safety of Metro's patrons or employees.

## **FINANCIAL IMPACT**

The costs of issuance for the Refunding Bonds will be paid from proceeds of the financing and will be budget neutral. Savings from the Refunding Bonds will be reflected in future budgets under principal account 51101 and the bond interest account 51121.

## **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Recommendation supports the following Metro Strategic Plan Goal(s):

Goal #5: Provide responsive, accountable, and trustworthy governance within the Metro organization.

## **ALTERNATIVES CONSIDERED**

The Board could defer the issuance of the Refunding Bonds to a later time or indefinitely. This is not recommended because we cannot predict that interest rates will remain low enough to generate comparable benefit. Federal Reserve Bank actions and political and other market and economic conditions may push interest rates higher and result in a loss of refunding savings.

## **NEXT STEPS**

- Develop bond issuance documentation
- Obtain ratings
- Distribute the Preliminary Official Statement and Notice Inviting Bids to prospective underwriters and potential investors and publish the Notice of Intention to Sell Bonds
- Receive electronic bids from underwriters
- Finalize bond documentation and deliver the Refunding Bonds

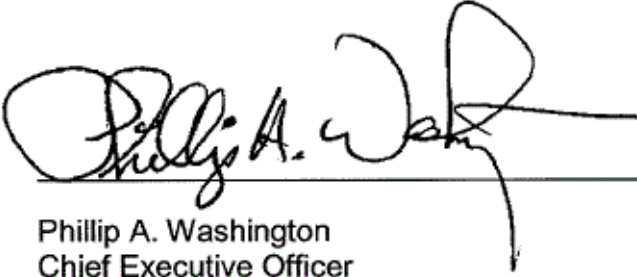
## **ATTACHMENTS**

Attachment A - Authorizing Resolution

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**Prepared by:** LuAnne Edwards Schurtz, Deputy Executive Officer, Finance (213) 922-2554  
Donna Mills, Treasurer (213) 922-4047

**Reviewed by:** Nalini Ahuja, Chief Financial Officer (213) 922-3088



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Phillip A. Washington  
Chief Executive Officer

## **Additional Documents**

[http://libraryarchives.metro.net/DB\\_Attachments/2018-0596\\_LACMTA\\_Proposition\\_2019\\_C\\_Refunding\\_Bonds.pdf](http://libraryarchives.metro.net/DB_Attachments/2018-0596_LACMTA_Proposition_2019_C_Refunding_Bonds.pdf)

[http://libraryarchives.metro.net/DB\\_Attachments/2018-0596\\_Prop\\_C\\_2019C\\_Continuing\\_Disclosure\\_Certificate.pdf](http://libraryarchives.metro.net/DB_Attachments/2018-0596_Prop_C_2019C_Continuing_Disclosure_Certificate.pdf)

[http://libraryarchives.metro.net/DB\\_Attachments/2018-0596\\_Prop\\_C\\_2019C\\_Escrow\\_Agreement.pdf](http://libraryarchives.metro.net/DB_Attachments/2018-0596_Prop_C_2019C_Escrow_Agreement.pdf)

[http://libraryarchives.metro.net/DB\\_Attachments/2018-0596\\_Prop\\_C\\_2019C\\_Notice\\_of\\_Intention\\_to\\_Sell.pdf](http://libraryarchives.metro.net/DB_Attachments/2018-0596_Prop_C_2019C_Notice_of_Intention_to_Sell.pdf)

[http://libraryarchives.metro.net/DB\\_Attachments/2018-0596\\_Prop\\_C\\_2019C\\_Thirtieth\\_Supplemental\\_Trust\\_Agreement.pdf](http://libraryarchives.metro.net/DB_Attachments/2018-0596_Prop_C_2019C_Thirtieth_Supplemental_Trust_Agreement.pdf)

**Authorizing Resolution**

RESOLUTION OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF ITS LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY PROPOSITION C SALES TAX REVENUE REFUNDING BONDS, APPROVING THE EXECUTION AND/OR DELIVERY OF A SUPPLEMENTAL TRUST AGREEMENT, AN ESCROW AGREEMENT, A CONTINUING DISCLOSURE CERTIFICATE, A NOTICE OF INTENTION TO SELL BONDS, A NOTICE INVITING BIDS AND PRELIMINARY AND FINAL OFFICIAL STATEMENTS, AND THE TAKING OF ALL OTHER ACTIONS NECESSARY IN CONNECTION THEREWITH.

**(PROPOSITION C SALES TAX)**

W I T N E S S E T H:

WHEREAS, the Los Angeles County Metropolitan Transportation Authority (the "LACMTA"), as successor to the Los Angeles County Transportation Commission (the "Commission"), is authorized, under Chapter 5 of Division 12 of the California Public Utilities Code (the "Act"), to issue bonds to finance and refinance the acquisition, construction or rehabilitation of facilities to be used as part of a countywide transit system; and

WHEREAS, pursuant to the provisions of Section 130350 of the California Public Utilities Code, the Commission was authorized to adopt a retail transactions and use tax ordinance applicable in the incorporated and unincorporated territory of the County of Los Angeles (the "County") subject to the approval by the voters of the County; and

WHEREAS, the Commission, by Ordinance No. 49 adopted August 28, 1990 ("Ordinance No. 49"), imposed a ½ of 1% retail transactions and use tax upon retail sales of tangible personal property and upon the storage, use or other consumption of tangible personal property in the County, the proceeds of the tax to be used for public transit purposes (the "Proposition C Tax"), and such tax was approved by the electors of the County on November 6, 1990; and

WHEREAS, the revenues received by the LACMTA from the imposition of the transactions and use tax are, by statute, directed to be used for public transit purposes, which purposes include a pledge of such tax to secure any bonds issued pursuant to the Act and include the payments or provision for the payment of the principal of the bonds and any premium, interest on the bonds and the costs of issuance of the bonds; and

WHEREAS, the LACMTA is planning and engineering a Countywide rail, bus and highway transit system (the "Rail, Bus and Highway Transit System") to serve the County and has commenced construction of portions of the Rail, Bus and Highway Transit System; and

WHEREAS, to facilitate the development and construction of the Rail, Bus and Highway Transit System, the LACMTA, as authorized by the Act, pursuant to the terms of the Amended



and Restated Trust Agreement, dated as of January 1, 2010, as amended and supplemented (the “Trust Agreement”), by and between the LACMTA and U.S. Bank National Association, as trustee (the “Trustee”), has issued multiple series of bonds, including its Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2009-B; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2009-D; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2009-E (the “Series 2009-E Bonds”); Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2010-A; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2012-A; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2012-B; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2013-A; Proposition C Sales Tax Revenue Bonds, Senior Bonds, Series 2013-B; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2013-C; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2014-A; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2016-A; Proposition C Sales Tax Revenue Bonds, Senior Bonds, Series 2017-A; and Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2018-A (collectively, the “Prior Senior Bonds”); and

WHEREAS, the LACMTA now desires to provide for the issuance of one or more series of its Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, from time to time and in one or more transactions (collectively, the “Refunding Bonds”) to: (a) current refund all or a portion of the outstanding Series 2009-E Bonds (the Series 2009-E Bonds so refunded shall be collectively referred to herein as the “Refunded Series 2009-E Bonds”), provided that the refunding of the Refunded Series 2009-E Bonds is consistent with the Debt Policy of the LACMTA (the “Debt Policy”) as in effect at the time of pricing of the applicable series of Refunding Bonds; (b) fund or make provision for one or more reserve funds or accounts, if necessary, for the Refunding Bonds; and (c) pay certain costs of issuance related thereto (collectively, the “Financing”); and

WHEREAS, the LACMTA desires to sell the Refunding Bonds on a competitive basis in accordance with the Debt Policy; and

WHEREAS, forms of the following documents are on file with the Secretary of the Board of Directors of the LACMTA and have been made available to the members of the Board of Directors of the LACMTA (the “Board”):

(a) a Supplemental Trust Agreement (the “Supplemental Trust Agreement”), by and between the LACMTA and the Trustee, which will supplement the Trust Agreement for the purposes of providing the terms and conditions of the Refunding Bonds;

(b) an Escrow Agreement (the “Escrow Agreement”), among the LACMTA, the Trustee and U.S. Bank National Association, as escrow agent, which will be executed and delivered in connection with the refunding and defeasance of the Refunded Series 2009-E Bonds;

(c) a Preliminary Official Statement (the “Preliminary Official Statement”), which will provide information about the Refunding Bonds, the LACMTA, the

Proposition C Tax and certain other related matters, and will be used, from time to time, in connection with the offer and sale of the Refunding Bonds;

(d) a Notice of Intention to Sell Bonds (the “Notice of Intention to Sell Bonds”), which will be published in connection with any proposed sale of the Refunding Bonds;

(e) a Notice Inviting Bids (the “Notice Inviting Bids”), which will set forth the terms and the manner in which proposals from qualified bidders for the purchase of the Refunding Bonds shall be received; and

(f) a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”), which will be executed by the LACMTA and will be used in order to assist the underwriters of the Refunding Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5), and which will provide for the annual and periodic update of certain financial and operating information with respect to the LACMTA and the collection of the Proposition C Tax, among other things, and certain enumerated events; and

WHEREAS, the LACMTA has been advised by its Bond Counsel that such documents are in appropriate form, and the LACMTA hereby acknowledges that said documents will be modified and amended to reflect the various details applicable to the Refunding Bonds, whether the Refunding Bonds are issued in a single issuance or multiple issuances, and that said documents are subject to completion to reflect the results of the sale of the Refunding Bonds; and

WHEREAS, the LACMTA has pledged the Proposition C Tax (less the 20% local allocation and the California Department of Tax and Fee Administration’s costs of administering such tax) (the “Pledged Taxes”) pursuant to the terms of the Trust Agreement to secure the Prior Senior Bonds and certain other obligations of the LACMTA, and once issued, the Refunding Bonds will be “Bonds” and “Senior Bonds” as defined in the Trust Agreement and will be secured by the pledge of the Pledged Revenues under the Trust Agreement; and

WHEREAS, the LACMTA desires to designate the Chief Financial Officer of the LACMTA, the Treasurer of the LACMTA, any Deputy Executive Officer, Finance of the LACMTA, any Assistant Treasurer of the LACMTA (or such other titles as the LACMTA may from time to time assign for such respective positions), and any such officer serving in an acting or interim capacity, and any written designee of any of them as an “Authorized Authority Representative” for all purposes under the Trust Agreement and the Supplemental Trust Agreement; and

WHEREAS, Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) (“SB 450”) requires that the governing body of a public body obtain from an underwriter, financial advisor or private lender and disclose, prior to authorizing the issuance of bonds with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the bonds, (b) the sum of all fees and charges paid to third parties with respect to the bonds, (c) the amount of proceeds of the bonds expected to be received net of the fees and charges paid to third parties and any reserves or

capitalized interest paid or funded with proceeds of the bonds, and (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds; and

WHEREAS, the LACMTA is duly authorized and empowered, pursuant to each and every requirement of law, to authorize the Financing and to authorize the execution and/or delivery of a Supplemental Trust Agreement, an Escrow Agreement, a Notice of Intention to Sell Bonds, a Notice Inviting Bids and a Continuing Disclosure Certificate, the preparation of one or more Preliminary Official Statements and the preparation, execution and delivery of one or more Official Statements (as hereinafter defined) for the purposes, in the manner and upon the terms provided; and

WHEREAS, terms used in this Resolution and not otherwise defined herein shall have the meanings assigned to them in the Trust Agreement;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY, AS FOLLOWS:

**Section 1. Findings.** The LACMTA hereby finds and determines that:

(a) The issuance of one or more series of its Refunding Bonds under the Trust Agreement to current refund all or a portion of the Series 2009-E Bonds (provided that the refunding of the Refunded Series 2009-E Bonds is consistent with the Debt Policy as in effect at the time of pricing of the applicable series of Refunding Bonds), to fund or make provision for one or more reserve funds or accounts, if necessary, for the Refunding Bonds, and to pay certain costs related to the issuance of the Refunding Bonds, is in the public interest.

(b) Under the provisions of Ordinance No. 49, all of the Pledged Taxes are revenues of the LACMTA available for rail, bus and highway transit purposes and are available to be and are, by the terms of the resolutions and the Trust Agreement under which the Prior Senior Bonds were issued, pledged, along with the Pledged Revenues, to secure the Prior Senior Bonds and are pledged to secure the Refunding Bonds, and, by this Resolution, such pledge is reaffirmed.

(c) The provisions contained in the Trust Agreement, as previously amended and supplemented, and to be set forth in the Supplemental Trust Agreement, are reasonable and proper for the security of the holders of the Refunding Bonds.

**Section 2. Issuance of Refunding Bonds.** The Board hereby authorizes the issuance by the LACMTA of one or more series of Refunding Bonds, from time to time and in one or more transactions, for the purposes of (a) current refunding all or a portion of the Series 2009-E Bonds (provided that the refunding of the Refunded Series 2009-E Bonds is consistent with the Debt Policy as in effect at the time of pricing of the Refunding Bonds as determined and calculated at the discretion of the Treasurer of the LACMTA, which shall be conclusive for all purposes of this Resolution), (b) funding or making provision for one or more reserve funds or accounts, if necessary, for the Refunding Bonds, and (c) paying certain costs of issuance related to the

issuance of the Refunding Bonds. The aggregate principal amount of the Refunding Bonds issued by the LACMTA shall not exceed an amount sufficient (taking into account any original issue discount) to refund all or a portion of the Series 2009-E Bonds, fund or make provision for one or more reserve funds or accounts, if necessary, for the Refunding Bonds, and pay certain costs related to the issuance of the Refunding Bonds (including, but not limited to, underwriters' discount), and in any event the aggregate principal amount of all Refunding Bonds shall not exceed \$73 million. The True Interest Cost of the Refunding Bonds shall not exceed 5.00%, as such shall be calculated by LACMTA's municipal advisor as of the date of delivery of each series of the Refunding Bonds. The Refunding Bonds shall not mature later than the final maturity date of the Refunded Series 2009-E Bonds that are being refunded with proceeds of the Refunding Bonds.

The Refunding Bonds shall be issued in a manner by which the interest thereon is excludable from gross income under the Internal Revenue Code of 1986, as amended. The Chief Executive Officer of the LACMTA, the Chief Financial Officer of the LACMTA, the Treasurer of the LACMTA, any Deputy Executive Officer, Finance of the LACMTA, any Assistant Treasurer of the LACMTA (or such other titles as the LACMTA may from time to time assign for such respective positions), and any such officer serving in an acting or interim capacity, and any written designee of any of them (each, a "Designated Officer"), acting in accordance with this Section 2, are each hereby severally authorized to determine the actual aggregate principal amount of the Refunding Bonds to be issued (not in excess of the maximum amount set forth above), and to direct the execution and authentication of the Refunding Bonds in such amount. Such direction shall be conclusive as to the principal amounts hereby authorized. The Refunding Bonds shall be in fully registered form and shall be issued as Book-Entry Bonds as provided in the Supplemental Trust Agreement. Payment of the principal of, interest on and premium, if any, on the Refunding Bonds shall be made at the place or places and in the manner provided in the Supplemental Trust Agreement.

As used herein, the term "True Interest Cost" shall be the interest rate (compounded semiannually) necessary to discount the debt service payments from their respective payment dates to the dated date of the Refunding Bonds and to the principal amount, and premium or discount if any, of the Refunding Bonds. For the purpose of calculating the True Interest Cost, the principal amount of the Refunding Bonds scheduled for mandatory sinking fund redemption as part of a term bond shall be treated as a serial maturity for such year. The calculation of the True Interest Cost shall include such other reasonable assumptions and methods as determined by the LACMTA's municipal advisor.

**Section 3. Terms of the Refunding Bonds.** The Refunding Bonds shall be issued as current interest bonds and shall be available in denominations of \$5,000 and integral multiples thereof. The Refunding Bonds, when issued, shall be in the aggregate principal amounts and shall be dated as shall be provided in the final form of the Supplemental Trust Agreement. The Refunding Bonds may be issued as serial bonds or as term bonds or as both serial bonds and term bonds, all as set forth in the Supplemental Trust Agreement. Interest on the Refunding Bonds shall be paid at the rates and on the dates set forth in the Supplemental Trust Agreement. No Refunding Bond shall bear interest at a rate in excess of 6.00% per annum. The Refunding Bonds shall be subject to redemption at the option of the LACMTA on such terms and conditions as shall be set forth in the Supplemental Trust Agreement, or not be subject to redemption. The

Refunding Bonds issued as term bonds also shall be subject to mandatory sinking fund redemption as shall be set forth in the Supplemental Trust Agreement(s).

Execution and delivery of the Supplemental Trust Agreement, which document will contain the maturities, principal amounts, interest rates and the fixed interest payment obligations of the LACMTA within parameters set forth in this Resolution, shall constitute conclusive evidence of the LACMTA's approval of such maturities, principal amounts, interest rates and payment obligations.

**Section 4. Special Obligations.** The Refunding Bonds shall be special obligations of the LACMTA secured by and payable from the Pledged Revenues and from the funds and accounts held by the Trustee under the Trust Agreement. The Refunding Bonds shall also be secured by and be paid from such other sources as the LACMTA may hereafter provide

**Section 5. Form of Refunding Bonds.** The Refunding Bonds and the Trustee's Certificate of Authentication to appear thereon shall be in substantially the form set forth in Exhibit A to the Supplemental Trust Agreement on file with the Secretary of the Board and made available to the Board, with such necessary or appropriate variations, omissions and insertions as permitted or required by the Trust Agreement or the Supplemental Trust Agreement or as appropriate to adequately reflect the terms of such Refunding Bonds and the obligations represented thereby.

**Section 6. Execution of Refunding Bonds.** Each of the Refunding Bonds shall be executed on behalf of the LACMTA by any Designated Officer and any such execution may be by manual or facsimile signature, and each bond shall be authenticated by the endorsement of the Trustee or an agent of the Trustee. Any facsimile signature of such Designated Officer shall have the same force and effect as if such officer had manually signed each of such Refunding Bonds.

**Section 7. Approval of Documents, Authorization for Execution.** The form, terms and provisions of the Supplemental Trust Agreement, the Escrow Agreement, the Notice of Intention to Sell Bonds, the Notice Inviting Bids and the Continuing Disclosure Certificate on file with the Secretary of the Board and made available to the Board within the parameters set forth in this Resolution are in all respects approved, and each of the Designated Officers is hereby severally authorized, empowered and directed to execute, acknowledge and deliver in the name of and on behalf of the LACMTA one or more Supplemental Trust Agreements, one or more Escrow Agreements, one or more Notices of Intention to Sell Bonds, one or more Notices Inviting Bids and one or more Continuing Disclosure Certificates, including counterparts thereof. The Supplemental Trust Agreement(s), the Escrow Agreement(s), the Notice(s) of Intention to Sell Bonds, the Notice(s) Inviting Bids and the Continuing Disclosure Certificate(s), as executed and delivered, shall be in substantially the forms now on file with the Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or revisions therein from the form of the Supplemental Trust Agreement, the Escrow Agreement, the Notice of Intention to Sell Bonds, the Notice Inviting Bids and the Continuing Disclosure Certificate now on file with the Secretary of the Board and made available to the Board; and from and after the execution and

delivery of each Supplemental Trust Agreement, each Escrow Agreement, each Notice of Intention to Sell Bonds, each Notice Inviting Bids and each Continuing Disclosure Certificate, the officers, agents and employees of the LACMTA are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of each Supplemental Trust Agreement, each Escrow Agreement, each Notice of Intention to Sell Bonds, each Notice Inviting Bids and each Continuing Disclosure Certificate.

### **Section 8. Sale of Refunding Bonds.**

(a) Each Designated Officer is hereby authorized, from time to time, to choose such times and dates as such Designated Officer shall, in his or her discretion, deem to be necessary or desirable to provide for the sale of the Refunding Bonds, to receive proposals from qualified bidders for the purchase of the Refunding Bonds (through the receipt of bids through the use of computerized bidding systems) upon the terms and in the manner set forth in each Notice Inviting Bids.

(b) Each Designated Officer is hereby authorized and directed to execute one or more Notices Inviting Bids, from time to time, in such form as the Designated Officer executing the same shall approve, and call for bids for the sale of the Refunding Bonds from qualified bidders in accordance with each such Notice Inviting Bids.

(c) Each Designated Officer is hereby authorized and directed to cause each Notice of Intention to Sell Bonds to be published from time to time (after completion, modification or correction thereof reflecting the terms of each series of the Refunding Bonds, as approved by said Designated Officer, such approval to be conclusively evidenced by such publication) in *The Bond Buyer* (or such other publication as may be selected by Bond Counsel and/or a Designated Officer), a financial publication generally circulated throughout the State of California or reasonably expected to be disseminated among prospective bidders for the Refunding Bonds, at least five days prior to the sale of each series of the Refunding Bonds in accordance with Section 53692 of the Government Code of the State of California and any such action previously taken is hereby confirmed, ratified and approved.

(d) Each Designated Officer is authorized and directed to cause each Notice Inviting Bids to be published, if determined by Bond Counsel and/or a Designated Officer to be necessary or desirable (after completion, modification or correction thereof reflecting the terms of each series of the Refunding Bonds, as approved by said Designated Officer, such approval to be conclusively evidenced by such publication) in such publication(s) as selected by a Designated Officer and Bond Counsel and any such action previously taken is hereby confirmed, ratified and approved.

(e) Each Designated Officer is authorized and directed to distribute each Notice Inviting Bids (including via electronic methods) to such municipal broker-dealers, banking and financial institutions and other persons as such Designated Officer deems necessary or desirable, and any such action previously taken is hereby confirmed, ratified and approved.

(f) Each Designated Officer is hereby authorized and directed for and on behalf of the LACMTA to accept the best bid for the Refunding Bonds received from qualified bidders pursuant to and subject to the terms and conditions set forth in this Resolution and the Notice(s) Inviting Bids herein approved and to award the Refunding Bonds, from time to time, to such best bidder(s).

(g) Each Designated Officer is hereby authorized and directed to take any other action such Designated Officer determines is necessary or desirable to cause any such competitive sale to comply with the LACMTA's Debt Policy and applicable law.

**Section 9. Preliminary Official Statement and Official Statement.** One or more Preliminary Official Statements shall be used by the LACMTA in connection with the sale and issuance of the Refunding Bonds. The form of the Preliminary Official Statement on file with the Secretary of the Board and made available to the Board is hereby approved. The Preliminary Official Statement shall be substantially in the form of the Preliminary Official Statement on file with the Secretary of the Board and made available to the Board with such changes as a Designated Officer approves (such approval to be conclusively evidenced by the execution and delivery of the certificate referenced in the following sentence). The Preliminary Official Statement shall be circulated for use in selling the Refunding Bonds at such time or times as a Designated Officer shall deem such Preliminary Official Statement to be final within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, said determination to be conclusively evidenced by a certificate signed by said Designated Officer to said effect. The Preliminary Official Statement shall contain a description of the finances and operations of the LACMTA, a description of the Proposition C Tax and a description of historical receipts of sales tax revenues substantially in the form of the Preliminary Official Statement on file with the Secretary of the Board and made available to the Board with such changes as any Designated Officer determines are appropriate or necessary. The Preliminary Official Statement shall also contain a description of the Refunding Bonds and the terms and conditions of the Trust Agreement and the Supplemental Trust Agreement together with such information and description as a Designated Officer determines is appropriate or necessary.

Upon the sale of the Refunding Bonds, one or more of the Designated Officers shall provide for the preparation, publication, execution and delivery of one or more final Official Statements in substantially the form of the Preliminary Official Statement deemed final by a Designated Officer with such changes as any Designated Officer approves, such approval to be conclusively evidenced by the execution of such final Official Statement. Any Designated Officer is hereby authorized and directed to execute and deliver one or more final Official Statements in the name and on behalf of the LACMTA. One or more supplements to the final Official Statement(s) or revised final Official Statement(s) may be prepared and delivered reflecting updated and revised information as any Designated Officers deems appropriate or necessary. Each final Official Statement shall be circulated (via written format and/or through electronic means) for use in selling the Refunding Bonds at such time or times as a Designated Officer deems appropriate after consultation with the LACMTA's Municipal Advisor, LACMTA's Disclosure Counsel and LACMTA's Bond Counsel and such other advisors as a Designated Officer believes to be useful.

**Section 10. Trustee, Paying Agent and Registrar.** U.S. Bank National Association is hereby appointed as Trustee, Paying Agent and Registrar for the Refunding Bonds. Such appointments shall be effective upon the issuance of the Refunding Bonds and shall remain in effect until the LACMTA, by supplemental agreement, resolution or other action, shall name a substitute or successor thereto.

**Section 11. Escrow Agent.** U.S. Bank National Association is hereby appointed as Escrow Agent under the Escrow Agreement. Such appointment shall be effective upon the issuance of the Refunding Bonds and shall remain in effect until the LACMTA, by supplemental agreement, resolution or other action, shall name a substitute or successor thereto.

**Section 12. Authorized Authority Representative.** The Board hereby designates each of the Chief Financial Officer of the LACMTA, the Treasurer of the LACMTA, any Deputy Executive Officer, Finance of the LACMTA, any Assistant Treasurer of the LACMTA, and any such officer serving in an acting or interim capacity, as an “Authorized Authority Representative” for all purposes under the Trust Agreement, the Supplemental Trust Agreement, and any amendments or supplements to the Trust Agreement or the Supplemental Trust Agreement. Such appointment shall remain in effect until modified by resolution. The prior designation of officers, including the Chairperson of the Board and the Chief Executive Officer of the LACMTA, as Authorized Authority Representatives under the Trust Agreement and any amendments or supplements thereto shall continue.

**Section 13. Additional Authorization.** The Designated Officers, for and on behalf of the LACMTA, be and they hereby are authorized and directed to do any and all things necessary to effect the issuance of the Refunding Bonds, and the execution and delivery of each Supplemental Trust Agreement, each Escrow Agreement, each Notice of Intention to Sell Bonds, each Notice Inviting Bids and each Continuing Disclosure Certificate, and to carry out the terms thereof. The Designated Officers and all other officers, agents and employees of the LACMTA are further authorized and directed, for and on behalf of the LACMTA, to execute all papers, documents, certificates and other instruments and take all other actions that may be required in order to carry out the authority conferred by this Resolution or the provisions of the Trust Agreement, each Supplemental Trust Agreement, each Escrow Agreement, each Notice of Intention to Sell Bonds, each Notice Inviting Bids and each Continuing Disclosure Certificate or to evidence said authority and its exercise. The foregoing authorization includes, but is in no way limited to, the direction (from time to time) by a Designated Officer of the investment of the proceeds of the Refunding Bonds and of the Pledged Revenues including the execution and delivery of investment agreements or purchase agreements related thereto, the execution by a Designated Officer and the delivery of one or more tax certificates as required by each Supplemental Trust Agreement for the purpose of complying with the rebate and arbitrage requirements and restrictions of the Internal Revenue Code of 1986, as amended; and the execution and delivery of documents required by The Depository Trust Company in connection with the Book-Entry Bonds. All actions heretofore taken by the officers, agents and employees of the LACMTA in furtherance of this Resolution are hereby confirmed, ratified and approved.

Any Designated Officer, on behalf of the LACMTA, is further authorized and directed to cause written notice(s) to be provided to the California Debt and Investment Advisory Commission (“CDIAC”) of the proposed sale of the Refunding Bonds, said notice(s) to be



provided in accordance with Section 8855 et seq. of the California Government Code, to file the notice(s) of final sale with CDIAC, to file the rebates and notices required under section 148(f) and 149(e) of the Internal Revenue Code of 1986, as amended, if necessary, and to file such additional notices and reports as are deemed necessary or desirable by such Designated Officer in connection with the Refunding Bonds, and any such notices are hereby ratified, confirmed and approved.

**Section 14. Continuing Authority of Designated Officers.** The authority of any individual serving as a Designated Officer under this Resolution by a written designation signed by the Chief Executive Officer, the Chief Financial Officer, the Treasurer, any Deputy Executive Officer, Finance, or any Assistant Treasurer (or such other titles as the LACMTA may from time to time assign for such respective positions), shall remain valid notwithstanding the fact that the individual officer of the LACMTA signing such designation ceases to be an officer of the LACMTA, unless such designation specifically provides otherwise.

**Section 15. Investments.** From and after the delivery of the Refunding Bonds, each Designated Officer is hereby authorized to invest the proceeds of the Refunding Bonds in accordance with the Trust Agreement, the Supplemental Trust Agreement, the Escrow Agreement and the LACMTA's Investment Policy and is further authorized to enter into or to instruct the Trustee to enter into one or more investment agreements, float contracts, swaps or other hedging products (hereinafter collectively referred to as the "Investment Agreement") providing for the investment of moneys in any of the funds and accounts created under the Trust Agreement, the Supplemental Trust Agreement and the Escrow Agreement, on such terms as the Designated Officer shall deem appropriate. Pursuant to Section 5922 of the California Government Code, the LACMTA hereby finds and determines that the Investment Agreement will reduce the amount and duration of interest rate risk with respect to amounts invested pursuant to the Investment Agreement and is designed to reduce the amount or duration of payment, rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the Refunding Bonds or enhance the relationship between risk and return with respect to investments.

**Section 16. Good Faith Estimates.** In accordance with SB 450, good faith estimates of the following are set forth in Exhibit A attached hereto: (a) the true interest cost of the Refunding Bonds, (b) the sum of all fees and charges paid to third parties with respect to the Refunding Bonds, (c) the amount of proceeds of the Refunding Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Refunding Bonds, and (d) the sum total of all debt service payments on the Refunding Bonds calculated to the final maturity of the Refunding Bonds plus the fees and charges paid to third parties not paid with the proceeds of the Refunding Bonds

**Section 17. Further Actions.** From and after the delivery of the Refunding Bonds, the Designated Officers and each of them are hereby authorized and directed to amend, supplement or otherwise modify each Supplemental Trust Agreement, each Escrow Agreement and each Continuing Disclosure Certificate at any time and from time to time and in any manner determined to be necessary or desirable by the Designated Officer executing such amendment, supplement, or modification, upon consultation with the LACMTA's municipal advisor and

LACMTA's Bond Counsel, the execution of such amendment, supplement or other modification being conclusive evidence of the LACMTA's approval thereof.

**Section 18. Costs of Issuance.** The LACMTA authorizes funds of the LACMTA, together with the proceeds of the Refunding Bonds, to be used to pay costs of issuance of the Refunding Bonds, including, but not limited to, costs of attorneys, accountants, verification agents, municipal advisors, trustees, escrow agents, the costs associated with rating agencies, printing, publication and mailing expenses and any related filing fees.

**Section 19. Severability.** The provisions of this Resolution are hereby declared to be severable, and, if any section, phrase or provision shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions hereof.

**Section 20. Effective Date.** This Resolution shall be effective upon adoption and shall be effective with respect to the Refunding Bonds issued on or before December 31, 2019.

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CERTIFICATION

The undersigned, duly qualified and acting as Board Secretary of the Los Angeles County Metropolitan Transportation Authority, certifies that the foregoing is a true and correct copy of the Resolution adopted at a legally convened meeting of the Board of Directors of the Los Angeles County Metropolitan Transportation Authority held on \_\_\_\_\_, 2019.

[SEAL]

By \_\_\_\_\_  
Board Secretary, Los Angeles County  
Metropolitan Transportation Authority

Dated: \_\_\_\_\_, 2019

**EXHIBIT A**

**GOOD FAITH ESTIMATES**

The following information was obtained from Public Resources Advisory Group (the “Municipal Advisor”) with respect to the bonds (the “Refunding Bonds”) approved in the attached Resolution, and is provided in compliance with Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) with respect to the Refunding Bonds:

**Section 1. True Interest Cost of the Refunding Bonds.** Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the Refunding Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Refunding Bonds, is 1.88%.

**Section 2. Finance Charge of the Refunding Bonds.** Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the finance charge of the Refunding Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Refunding Bonds), is \$342,330, as follows:

(a)	Underwriters’ Discount	\$97,330
(b)	Bond Counsel and Disbursements	50,000
(c)	Disclosure Counsel and Disbursements	50,000
(d)	Municipal Advisor and Disbursements	30,000
(e)	Rating Agencies	83,000
(f)	Other	<u>32,000</u>
	Total	<u>\$342,330</u>

**Section 3. Amount of Proceeds to be Received.** Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the amount of proceeds expected to be received by the LACMTA for sale of the Refunding Bonds less the finance charge of the Refunding Bonds described in Section 2 above and any reserves or capitalized interest paid or funded with proceeds of the Refunding Bonds, is \$55,661,814.

**Section 4. Total Payment Amount.** Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the LACMTA will make to pay debt service on the Refunding Bonds plus the finance charge of the Refunding Bonds described in Section 2 above not paid with the proceeds of the Refunding Bonds, calculated to the final maturity of the Refunding Bonds, is \$60,421,804.

Attention is directed to the fact that the foregoing information constitutes good faith estimates only. The actual interest cost, finance charges, amount of proceeds and total payment

amount may vary from the estimates above due to variations from these estimates in the timing of Refunding Bonds sale, the amount of Refunding Bonds sold, the amortization of the Refunding Bonds sold and market interest rates at the time of each sale. The date of sale and the amount of Refunding Bonds sold will be determined by the LACMTA based on need to provided funds for the Financing and other factors. The actual interest rates at which the Refunding Bonds will be sold will depend on the bond market at the time of each sale. The actual amortization of the Refunding Bonds will also depend, in part, on market interest rates at the time of sale. Market interest rates are affected by economic and other factors beyond the LACMTA's control. The LACMTA has approved the issuance of the Refunding Bonds with a maximum true interest cost of 5.00%.



## Board Report

File #: 2018-0597, File Type: Resolution

Agenda Number: 12.

### FINANCE, BUDGET AND AUDIT COMMITTEE FEBRUARY 20, 2019

**SUBJECT: PROPOSITION A BONDS**

**ACTION: AUTHORIZE COMPETITIVE SALE OF BONDS**

#### **RECOMMENDATION**

ADOPT a resolution, Attachment A, that:

- A. AUTHORIZES the issuance of bonds by competitive sale to refund the Proposition A Series 2009-A Bonds, consistent with the Debt Policy to achieve approximately \$8.9 million in net present value savings over the seven-year life of the bonds;
- B. APPROVES the forms of Notice of Intention to Sell Bonds, Notice Inviting Bids, Supplemental Trust Agreement, Escrow Agreement, Continuing Disclosure Certificate and Preliminary Official Statement on file with the Board Secretary as set forth in the resolution all as subject to modification as set forth in the resolution; and
- C. AUTHORIZES taking all action necessary to achieve the foregoing, including, without limitation, the further development and execution of bond documentation associated with the issuance of the refunding bonds.

**(REQUIRES SEPARATE, SIMPLE MAJORITY BOARD VOTE)**

#### **ISSUE**

Low interest rates offer an opportunity for Metro to lower its debt service costs by refunding on a current basis the outstanding Proposition A Sales Tax Revenue Refunding Bonds Senior Bonds, Series 2009-A (the "2009-A Bonds"). Approximately \$104.6 million of the outstanding 2009-A Bonds can be refunded. Under current market conditions, the issuance of the Proposition A Sales Tax Revenue Refunding Bonds (the "Refunding Bonds") would achieve approximately \$8.9 million in net present value savings over the seven year life of the bonds.

#### **BACKGROUND**

The 2009-A Bonds may be current refunded in early April, 2019. The Debt Policy establishes criteria to evaluate refunding opportunities. The refunding of the 2009-A Bonds is currently estimated to provide net present value savings in excess of the minimum 3% of the refunded par amount set forth

in the Debt Policy criteria for evaluating refunding opportunities.

## **DISCUSSION**

The Refunding Bonds will be sold as fixed rate bonds. The Refunding Bonds will be issued using a competitive process where prospective underwriters bid on the date of sale. The Refunding Bonds will be sold to the underwriter offering the lowest true interest cost. The timing of the bond sale is contingent upon our ability to take advantage of favorable market conditions as they arise. In the event that bids do not meet our criteria, all bids will be rejected and the sale will be rescheduled

## **DETERMINATION OF SAFETY IMPACT**

Approval of this report will not impact the safety of Metro's patrons or employees.

## **FINANCIAL IMPACT**

The costs of issuance for the Refunding Bonds will be paid from proceeds of the financing and will be budget neutral. Savings from the Refunding Bonds will be reflected in future budgets under principal account 51101 and the bond interest account 51121.

## **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Recommendation supports the following Metro Strategic Plan Goal(s):

Goal #5: Provide responsive, accountable, and trustworthy governance within the Metro organization.

## **ALTERNATIVES CONSIDERED**

The Board could defer the issuance of the Refunding Bonds to a later time or indefinitely. This is not recommended because we cannot predict that interest rates will remain low enough to generate comparable benefit. Federal Reserve Bank actions, political and other market and economic conditions may push interest rates higher and result in a loss of refunding savings.

## **NEXT STEPS**

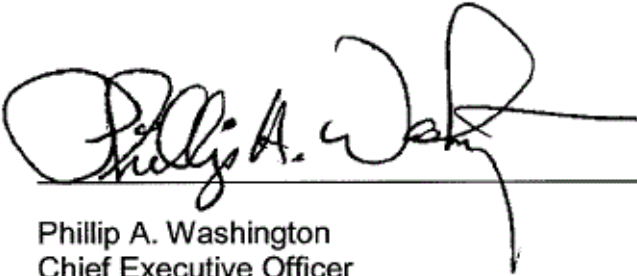
- Develop bond issuance documentation
- Obtain ratings
- Distribute the Preliminary Official Statement and Notice Inviting Bids to prospective underwriters and potential investors and publish the Notice of Intention to Sell Bonds
- Receive electronic bids from underwriters
- Finalize bond documentation and deliver the Refunding Bonds

## **ATTACHMENTS**

Attachment A - Authorizing Resolution

Prepared by: LuAnne Edwards Schurtz, Deputy Executive Officer, Finance (213) 922-2554  
Donna Mills, Treasurer (213) 922-4047

Reviewed by: Nalini Ahuja, Chief Financial Officer (213) 922-3088



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Phillip A. Washington  
Chief Executive Officer



## **Additional Documents**

[http://libraryarchives.metro.net/DB\\_Attachments/2018-0597\\_LACMTA\\_Proposition\\_A\\_POS\\_2019\\_Refunding\\_Bonds.pdf](http://libraryarchives.metro.net/DB_Attachments/2018-0597_LACMTA_Proposition_A_POS_2019_Refunding_Bonds.pdf)

[http://libraryarchives.metro.net/DB\\_Attachments/2018-0597\\_Prop\\_A\\_2019A\\_Continuing\\_Disclosure\\_Certificate.pdf](http://libraryarchives.metro.net/DB_Attachments/2018-0597_Prop_A_2019A_Continuing_Disclosure_Certificate.pdf)

[http://libraryarchives.metro.net/DB\\_Attachments/2018-0597\\_Prop\\_A\\_2019A\\_Escrow\\_Agreement.pdf](http://libraryarchives.metro.net/DB_Attachments/2018-0597_Prop_A_2019A_Escrow_Agreement.pdf)

[http://libraryarchives.metro.net/DB\\_Attachments/2018-0597\\_Prop\\_A\\_2019A\\_Fortieth\\_Supplemental\\_Trust\\_Agreement.pdf](http://libraryarchives.metro.net/DB_Attachments/2018-0597_Prop_A_2019A_Fortieth_Supplemental_Trust_Agreement.pdf)

[http://libraryarchives.metro.net/DB\\_Attachments/2018-0597\\_Prop\\_A\\_2019A\\_Notice\\_Inviting\\_Bids.pdf](http://libraryarchives.metro.net/DB_Attachments/2018-0597_Prop_A_2019A_Notice_Inviting_Bids.pdf)

**Authorizing Resolution**

RESOLUTION OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF ITS LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY PROPOSITION A FIRST TIER SENIOR SALES TAX REVENUE REFUNDING BONDS, APPROVING THE EXECUTION AND/OR DELIVERY OF A SUPPLEMENTAL TRUST AGREEMENT, AN ESCROW AGREEMENT, A CONTINUING DISCLOSURE CERTIFICATE, A NOTICE OF INTENTION TO SELL BONDS, A NOTICE INVITING BIDS AND PRELIMINARY AND FINAL OFFICIAL STATEMENTS, AND THE TAKING OF ALL OTHER ACTIONS NECESSARY IN CONNECTION THEREWITH.

**(PROPOSITION A SALES TAX)**

W I T N E S S E T H:

WHEREAS, the Los Angeles County Metropolitan Transportation Authority (the "LACMTA"), as successor to the Los Angeles County Transportation Commission (the "Commission"), is authorized, under Chapter 5 of Division 12 of the California Public Utilities Code (the "Act"), to issue bonds to finance and refinance the acquisition, construction or rehabilitation of facilities to be used as part of a countywide transit system; and

WHEREAS, pursuant to the provisions of Section 130350 of the California Public Utilities Code, the Commission was authorized to adopt a retail transactions and use tax ordinance applicable in the incorporated and unincorporated territory of the County of Los Angeles (the "County") subject to the approval by the voters of the County; and

WHEREAS, the Commission, by Ordinance No. 16 adopted August 20, 1980 ("Ordinance No. 16"), imposed a 1/2 of 1% retail transactions and use tax upon retail sales of tangible personal property and upon the storage, use or other consumption of tangible personal property in the County, the proceeds of the tax to be used for public transit purposes (the "Proposition A Tax"), and such tax was approved by the electors of the County on November 4, 1980; and

WHEREAS, the revenues received by the LACMTA from the imposition of the transactions and use tax are, by statute, directed to be used for public transit purposes, which purposes include a pledge of such tax to secure any bonds issued pursuant to the Act and include the payment or provision for the payment of the principal of the bonds and any premium, interest on the bonds and the costs of issuance of the bonds; and

WHEREAS, the LACMTA, on an on-going basis, is planning and engineering a County-wide public transportation system (the "Public Transportation System") to serve the County and on an on-going basis is constructing portions of the Public Transportation System; and

WHEREAS, to facilitate the development and construction of the Public Transportation System, as authorized by the Act, pursuant to the terms of a Trust Agreement, dated as of July 1,

1986, as amended and supplemented (the “Trust Agreement”) between the Commission, as predecessor to the LACMTA, and First Interstate Bank of California, the predecessor trustee to The Bank of New York Mellon Trust Company, N.A. (the “Trustee”), the LACMTA has issued several series of bonds, including its Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds Series 2009-A (the “Series 2009-A Bonds”), its Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds Series 2012-A (the “Series 2012-A Bonds”), its Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds Series 2013-A (the “Series 2013-A Bonds”), its Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds Series 2014-A (the “Series 2014-A Bonds”), its Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds Series 2015-A (the “Series 2015-A Bonds”), its Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds Series 2016-A (the “Series 2016-A Bonds”), its Proposition A First Tier Senior Sales Tax Revenue Bonds Series 2017-A (Green Bonds) (the “Series 2017-A Bonds”), its Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds Series 2017-B (the “Series 2017-B Bonds”), and its Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds Series 2018-A (the “Series 2018-A Bonds,” and collectively with the Series 2009-A Bonds, the Series 2012-A Bonds, the Series 2013-A Bonds, the Series 2014-A Bonds, the Series 2015-A Bonds, the Series 2016-A Bonds, the Series 2017-A Bonds and the Series 2017-B Bonds, the “Prior Senior Lien Bonds”); and

WHEREAS, the LACMTA now desires to provide for the issuance of one or more series of its Proposition A First Tier Senior Sales Tax Revenue Refunding Bonds, from time to time and in one or more transactions (collectively, the “Refunding Bonds”) to: (a) current refund all or a portion of the outstanding Series 2009-A Bonds (the Series 2009-A Bonds so refunded shall be collectively referred to herein as the “Refunded Series 2009-A Bonds”), provided that the refunding of the Refunded Series 2009-A Bonds is consistent with the Debt Policy of the LACMTA (the “Debt Policy”) as in effect at the time of pricing of the applicable series of Refunding Bonds; (b) fund or make provision for one or more reserve funds or accounts, if necessary, for the Refunding Bonds; and (c) pay certain costs of issuance related thereto (collectively, the “Financing”); and

WHEREAS, the LACMTA desires to sell the Refunding Bonds on a competitive basis in accordance with the Debt Policy; and

WHEREAS, forms of the following documents are on file with the Secretary of the Board of Directors of the LACMTA and have been made available to the members of the Board of Directors of the LACMTA (the “Board”):

(a) a Supplemental Trust Agreement (the “Supplemental Trust Agreement”), by and between the LACMTA and the Trustee, which will supplement the Trust Agreement for the purposes of providing the terms and conditions of the Refunding Bonds;

(b) an Escrow Agreement (the “Escrow Agreement”), among the LACMTA, the Trustee and The Bank of New York Mellon Trust Company, N.A., as escrow agent, which will be executed and delivered in connection with the refunding and defeasance of the Refunded Series 2009-A Bonds;

(c) a Preliminary Official Statement (the “Preliminary Official Statement”), which will provide information about the Refunding Bonds, the LACMTA, the Proposition A Tax and certain other related matters, and will be used, from time to time, in connection with the offer and sale of the Refunding Bonds;

(d) a Notice of Intention to Sell Bonds (the “Notice of Intention to Sell Bonds”), which will be published in connection with any proposed sale of the Refunding Bonds;

(e) a Notice Inviting Bids (the “Notice Inviting Bids”), which will set forth the terms and the manner in which proposals from qualified bidders for the purchase of the Refunding Bonds shall be received; and

(f) a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”), which will be executed by the LACMTA and will be used in order to assist the underwriters of the Refunding Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5), and which will provide for the annual and periodic update of certain financial and operating information with respect to the LACMTA and the collection of the Proposition A Tax, among other things, and certain enumerated events; and

WHEREAS, the LACMTA has been advised by its Bond Counsel that such documents are in appropriate form, and the LACMTA hereby acknowledges that said documents will be modified and amended to reflect the various details applicable to the Refunding Bonds, whether the Refunding Bonds are issued in a single issuance or multiple issuances, and that said documents are subject to completion to reflect the results of the sale of the Refunding Bonds; and

WHEREAS, the LACMTA has pledged the Proposition A Tax, less the 25% allocated to local jurisdictions and less the State Board of Equalization’s costs of administering the Proposition A Tax (as further defined in the Trust Agreement, the “Pledged Revenues”) pursuant to the terms of the Trust Agreement to secure the Prior Senior Lien Bonds and certain other obligations of the LACMTA, and once issued, the Refunding Bonds will be “Bonds” as defined in the Trust Agreement and will be secured by the pledge of the Pledged Revenues under the Trust Agreement; and

WHEREAS, the LACMTA desires to designate the Chief Executive Officer of the LACMTA, the Chief Financial Officer of the LACMTA, the Treasurer of the LACMTA, any Deputy Executive Officer, Finance of the LACMTA, any Assistant Treasurer of the LACMTA (or such other titles as the LACMTA may from time to time assign for such respective positions), and any such officer serving in an acting or interim capacity, and any written designee of any of them as an “Authorized Commission Representative” and an “Authorized Authority Representative” for all purposes under the Trust Agreement and the Supplemental Trust Agreement; and

WHEREAS, Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) (“SB 450”) requires that the governing body of a public body obtain from an underwriter, financial advisor or private lender and disclose, prior to authorizing the issuance of

bonds with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the bonds, (b) the sum of all fees and charges paid to third parties with respect to the bonds, (c) the amount of proceeds of the bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the bonds, and (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds; and

WHEREAS, the LACMTA is duly authorized and empowered, pursuant to each and every requirement of law, to authorize the Financing and to authorize the execution and/or delivery of a Supplemental Trust Agreement, an Escrow Agreement, a Notice of Intention to Sell Bonds, a Notice Inviting Bids and a Continuing Disclosure Certificate, the preparation of one or more Preliminary Official Statements and the preparation, execution and delivery of one or more Official Statements (as hereinafter defined) for the purposes, in the manner and upon the terms provided; and

WHEREAS, terms used in this Resolution and not otherwise defined herein shall have the meanings assigned to them in the Trust Agreement;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY, AS FOLLOWS:

**Section 1. Findings.** The LACMTA hereby finds and determines that:

(a) The issuance of one or more series of its Refunding Bonds under the Trust Agreement to current refund all or a portion of the Series 2009-A Bonds (provided that the refunding of the Refunded Series 2009-A Bonds is consistent with the Debt Policy as in effect at the time of pricing of the applicable series of Refunding Bonds), to fund or make provision for one or more reserve funds or accounts, if necessary, for the Refunding Bonds, and to pay certain costs related to the issuance of the Refunding Bonds, is in the public interest.

(b) Under the provisions of Ordinance No. 16, all of the Pledged Taxes are revenues of the LACMTA available for rail, bus and highway transit purposes and are available to be and are, by the terms of the resolutions and the Trust Agreement under which the Prior Senior Lien Bonds were issued, pledged, along with the Pledged Revenues, to secure the Prior Senior Lien Bonds and are pledged to secure the Refunding Bonds, and, by this Resolution, such pledge is reaffirmed.

(c) The provisions contained in the Trust Agreement, as previously amended and supplemented, and to be set forth in the Supplemental Trust Agreement, are reasonable and proper for the security of the holders of the Refunding Bonds.

**Section 2. Issuance of Refunding Bonds.** The Board hereby authorizes the issuance by the LACMTA of one or more series of Refunding Bonds, from time to time and in one or more transactions, for the purposes of (a) current refunding all or a portion of the Series 2009-A Bonds (provided that the refunding of the Refunded Series 2009-A Bonds is consistent with the Debt

Policy as in effect at the time of pricing of the Refunding Bonds as determined and calculated at the discretion of the Treasurer of the LACMTA, which shall be conclusive for all purposes of this Resolution), (b) funding or making provision for one or more reserve funds or accounts, if necessary, for the Refunding Bonds, and (c) paying certain costs of issuance related to the issuance of the Refunding Bonds. The aggregate principal amount of the Refunding Bonds issued by the LACMTA shall not exceed an amount sufficient (taking into account any original issue discount) to refund all or a portion of the Series 2009-A Bonds, fund or make provision for one or more reserve funds or accounts, if necessary, for the Refunding Bonds, and pay certain costs related to the issuance of the Refunding Bonds (including, but not limited to, underwriters' discount), and in any event the aggregate principal amount of all Refunding Bonds shall not exceed \$80 million. The True Interest Cost of the Refunding Bonds shall not exceed 5.00%, as such shall be calculated by LACMTA's municipal advisor as of the date of delivery of each series of the Refunding Bonds. The Refunding Bonds shall not mature later than the final maturity date of the Refunded Series 2009-A Bonds that are being refunded with proceeds of the Refunding Bonds.

The Refunding Bonds shall be issued in a manner by which the interest thereon is excludable from gross income under the Internal Revenue Code of 1986, as amended. The Chief Executive Officer of the LACMTA, the Chief Financial Officer of the LACMTA, the Treasurer of the LACMTA, any Deputy Executive Officer, Finance of the LACMTA, any Assistant Treasurer of the LACMTA (or such other titles as the LACMTA may from time to time assign for such respective positions), and any such officer serving in an acting or interim capacity, and any written designee of any of them (each, a "Designated Officer"), acting in accordance with this Section 2, are each hereby severally authorized to determine the actual aggregate principal amount of the Refunding Bonds to be issued (not in excess of the maximum amount set forth above), and to direct the execution and authentication of the Refunding Bonds in such amount. Such direction shall be conclusive as to the principal amounts hereby authorized. The Refunding Bonds shall be in fully registered form and shall be issued as Book-Entry Bonds as provided in the Supplemental Trust Agreement. Payment of the principal of, interest on and premium, if any, on the Refunding Bonds shall be made at the place or places and in the manner provided in the Supplemental Trust Agreement.

As used herein, the term "True Interest Cost" shall be the interest rate (compounded semiannually) necessary to discount the debt service payments from their respective payment dates to the dated date of the Refunding Bonds and to the principal amount, and premium or discount if any, of the Refunding Bonds. For the purpose of calculating the True Interest Cost, the principal amount of the Refunding Bonds scheduled for mandatory sinking fund redemption as part of a term bond shall be treated as a serial maturity for such year. The calculation of the True Interest Cost shall include such other reasonable assumptions and methods as determined by the LACMTA's municipal advisor.

**Section 3. Terms of the Refunding Bonds.** The Refunding Bonds shall be issued as current interest bonds and shall be available in denominations of \$5,000 and integral multiples thereof. The Refunding Bonds, when issued, shall be in the aggregate principal amounts and shall be dated as shall be provided in the final form of the Supplemental Trust Agreement. The Refunding Bonds may be issued as serial bonds or as term bonds or as both serial bonds and term bonds, all as set forth in the Supplemental Trust Agreement. Interest on the Refunding Bonds

shall be paid at the rates and on the dates set forth in the Supplemental Trust Agreement. No Refunding Bond shall bear interest at a rate in excess of 6.00% per annum. The Refunding Bonds shall be subject to redemption at the option of the LACMTA on such terms and conditions as shall be set forth in the Supplemental Trust Agreement, or not be subject to redemption. The Refunding Bonds issued as term bonds also shall be subject to mandatory sinking fund redemption as shall be set forth in the Supplemental Trust Agreement(s).

Execution and delivery of the Supplemental Trust Agreement, which document will contain the maturities, principal amounts, interest rates and the fixed interest payment obligations of the LACMTA within parameters set forth in this Resolution, shall constitute conclusive evidence of the LACMTA's approval of such maturities, principal amounts, interest rates and payment obligations.

**Section 4. Special Obligations.** The Refunding Bonds shall be special obligations of the LACMTA secured by and payable from the Pledged Revenues and from the funds and accounts held by the Trustee under the Trust Agreement. The Refunding Bonds shall also be secured by and be paid from such other sources as the LACMTA may hereafter provide

**Section 5. Form of Refunding Bonds.** The Refunding Bonds and the Trustee's Certificate of Authentication to appear thereon shall be in substantially the form set forth in Exhibit A to the Supplemental Trust Agreement on file with the Secretary of the Board and made available to the Board, with such necessary or appropriate variations, omissions and insertions as permitted or required by the Trust Agreement or the Supplemental Trust Agreement or as appropriate to adequately reflect the terms of such Refunding Bonds and the obligations represented thereby.

**Section 6. Execution of Refunding Bonds.** Each of the Refunding Bonds shall be executed on behalf of the LACMTA by any Designated Officer and any such execution may be by manual or facsimile signature, and each bond shall be authenticated by the endorsement of the Trustee or an agent of the Trustee. Any facsimile signature of such Designated Officer shall have the same force and effect as if such officer had manually signed each of such Refunding Bonds.

**Section 7. Approval of Documents, Authorization for Execution.** The form, terms and provisions of the Supplemental Trust Agreement, the Escrow Agreement, the Notice of Intention to Sell Bonds, the Notice Inviting Bids and the Continuing Disclosure Certificate on file with the Secretary of the Board and made available to the Board within the parameters set forth in this Resolution are in all respects approved, and each of the Designated Officers is hereby severally authorized, empowered and directed to execute, acknowledge and deliver in the name of and on behalf of the LACMTA one or more Supplemental Trust Agreements, one or more Escrow Agreements, one or more Notices of Intention to Sell Bonds, one or more Notices Inviting Bids and one or more Continuing Disclosure Certificates, including counterparts thereof. The Supplemental Trust Agreement(s), the Escrow Agreement(s), the Notice(s) of Intention to Sell Bonds, the Notice(s) Inviting Bids and the Continuing Disclosure Certificate(s), as executed and delivered, shall be in substantially the forms now on file with the Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute

conclusive evidence of the Board's approval of any and all changes or revisions therein from the form of the Supplemental Trust Agreement, the Escrow Agreement, the Notice of Intention to Sell Bonds, the Notice Inviting Bids and the Continuing Disclosure Certificate now on file with the Secretary of the Board and made available to the Board; and from and after the execution and delivery of each Supplemental Trust Agreement, each Escrow Agreement, each Notice of Intention to Sell Bonds, each Notice Inviting Bids and each Continuing Disclosure Certificate, the officers, agents and employees of the LACMTA are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of each Supplemental Trust Agreement, each Escrow Agreement, each Notice of Intention to Sell Bonds, each Notice Inviting Bids and each Continuing Disclosure Certificate.

### **Section 8. Sale of Refunding Bonds.**

(a) Each Designated Officer is hereby authorized, from time to time, to choose such times and dates as such Designated Officer shall, in his or her discretion, deem to be necessary or desirable to provide for the sale of the Refunding Bonds, to receive proposals from qualified bidders for the purchase of the Refunding Bonds (through the receipt of bids through the use of computerized bidding systems) upon the terms and in the manner set forth in each Notice Inviting Bids.

(b) Each Designated Officer is hereby authorized and directed to execute one or more Notices Inviting Bids, from time to time, in such form as the Designated Officer executing the same shall approve, and call for bids for the sale of the Refunding Bonds from qualified bidders in accordance with each such Notice Inviting Bids.

(c) Each Designated Officer is hereby authorized and directed to cause each Notice of Intention to Sell Bonds to be published from time to time (after completion, modification or correction thereof reflecting the terms of each series of the Refunding Bonds, as approved by said Designated Officer, such approval to be conclusively evidenced by such publication) in *The Bond Buyer* (or such other publication as may be selected by Bond Counsel and/or a Designated Officer), a financial publication generally circulated throughout the State of California or reasonably expected to be disseminated among prospective bidders for the Refunding Bonds, at least five days prior to the sale of each series of the Refunding Bonds in accordance with Section 53692 of the Government Code of the State of California and any such action previously taken is hereby confirmed, ratified and approved.

(d) Each Designated Officer is authorized and directed to cause each Notice Inviting Bids to be published, if determined by Bond Counsel and/or a Designated Officer to be necessary or desirable (after completion, modification or correction thereof reflecting the terms of each series of the Refunding Bonds, as approved by said Designated Officer, such approval to be conclusively evidenced by such publication) in such publication(s) as selected by a Designated Officer and Bond Counsel and any such action previously taken is hereby confirmed, ratified and approved.



(e) Each Designated Officer is authorized and directed to distribute each Notice Inviting Bids (including via electronic methods) to such municipal broker-dealers, banking and financial institutions and other persons as such Designated Officer deems necessary or desirable, and any such action previously taken is hereby confirmed, ratified and approved.

(f) Each Designated Officer is hereby authorized and directed for and on behalf of the LACMTA to accept the best bid for the Refunding Bonds received from qualified bidders pursuant to and subject to the terms and conditions set forth in this Resolution and the Notice(s) Inviting Bids herein approved and to award the Refunding Bonds, from time to time, to such best bidder(s).

(g) Each Designated Officer is hereby authorized and directed to take any other action such Designated Officer determines is necessary or desirable to cause any such competitive sale to comply with the LACMTA's Debt Policy and applicable law.

**Section 9. Preliminary Official Statement and Official Statement.** One or more Preliminary Official Statements shall be used by the LACMTA in connection with the sale and issuance of the Refunding Bonds. The form of the Preliminary Official Statement on file with the Secretary of the Board and made available to the Board is hereby approved. The Preliminary Official Statement shall be substantially in the form of the Preliminary Official Statement on file with the Secretary of the Board and made available to the Board with such changes as a Designated Officer approves (such approval to be conclusively evidenced by the execution and delivery of the certificate referenced in the following sentence). The Preliminary Official Statement shall be circulated for use in selling the Refunding Bonds at such time or times as a Designated Officer shall deem such Preliminary Official Statement to be final within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, said determination to be conclusively evidenced by a certificate signed by said Designated Officer to said effect. The Preliminary Official Statement shall contain a description of the finances and operations of the LACMTA, a description of the Proposition A Tax and a description of historical receipts of sales tax revenues substantially in the form of the Preliminary Official Statement on file with the Secretary of the Board and made available to the Board with such changes as any Designated Officer determines are appropriate or necessary. The Preliminary Official Statement shall also contain a description of the Refunding Bonds and the terms and conditions of the Trust Agreement and the Supplemental Trust Agreement together with such information and description as a Designated Officer determines is appropriate or necessary.

Upon the sale of the Refunding Bonds, one or more of the Designated Officers shall provide for the preparation, publication, execution and delivery of one or more final Official Statements in substantially the form of the Preliminary Official Statement deemed final by a Designated Officer with such changes as any Designated Officer approves, such approval to be conclusively evidenced by the execution of such final Official Statement. Any Designated Officer is hereby authorized and directed to execute and deliver one or more final Official Statements in the name and on behalf of the LACMTA. One or more supplements to the final Official Statement(s) or revised final Official Statement(s) may be prepared and delivered reflecting updated and revised information as any Designated Officers deems appropriate or

necessary. Each final Official Statement shall be circulated (via written format and/or through electronic means) for use in selling the Refunding Bonds at such time or times as a Designated Officer deems appropriate after consultation with the LACMTA's Municipal Advisor, LACMTA's Disclosure Counsel and LACMTA's Bond Counsel and such other advisors as a Designated Officer believes to be useful.

**Section 10. Trustee, Paying Agent and Registrar.** The Bank of New York Mellon Trust Company, N.A. is hereby appointed as Trustee, Paying Agent and Registrar for the Refunding Bonds. Such appointments shall be effective upon the issuance of the Refunding Bonds and shall remain in effect until the LACMTA, by supplemental agreement, resolution or other action, shall name a substitute or successor thereto.

**Section 11. Escrow Agent.** The Bank of New York Mellon Trust Company, N.A. is hereby appointed as Escrow Agent under the Escrow Agreement. Such appointment shall be effective upon the issuance of the Refunding Bonds and shall remain in effect until the LACMTA, by supplemental agreement, resolution or other action, shall name a substitute or successor thereto.

**Section 12. Authorized Commission Representative/Authority Representative.** The Board hereby designates each of the Chief Executive Officer of the LACMTA, the Chief Financial Officer of the LACMTA, the Treasurer of the LACMTA, any Deputy Executive Officer, Finance of the LACMTA, any Assistant Treasurer of the LACMTA, and any such officer serving in an acting or interim capacity, as an "Authorized Commission Representative" and an "Authorized Authority Representative" for all purposes under the Trust Agreement, the Supplemental Trust Agreement, and any amendments or supplements to the Trust Agreement or the Supplemental Trust Agreement. Such appointment shall remain in effect until modified by resolution. The prior designation of Authorized Commission Representatives and Authorized Authority Representatives under the Trust Agreement and any amendments or supplements thereto shall continue.

**Section 13. Additional Authorization.** The Designated Officers, for and on behalf of the LACMTA, be and they hereby are authorized and directed to do any and all things necessary to effect the issuance of the Refunding Bonds, and the execution and delivery of each Supplemental Trust Agreement, each Escrow Agreement, each Notice of Intention to Sell Bonds, each Notice Inviting Bids and each Continuing Disclosure Certificate, and to carry out the terms thereof. The Designated Officers and all other officers, agents and employees of the LACMTA are further authorized and directed, for and on behalf of the LACMTA, to execute all papers, documents, certificates and other instruments and take all other actions that may be required in order to carry out the authority conferred by this Resolution or the provisions of the Trust Agreement, each Supplemental Trust Agreement, each Escrow Agreement, each Notice of Intention to Sell Bonds, each Notice Inviting Bids and each Continuing Disclosure Certificate or to evidence said authority and its exercise. The foregoing authorization includes, but is in no way limited to, the direction (from time to time) by a Designated Officer of the investment of the proceeds of the Refunding Bonds and of the Pledged Revenues including the execution and delivery of investment agreements or purchase agreements related thereto, the execution by a Designated Officer and the delivery of one or more tax certificates as required by each Supplemental Trust Agreement for the purpose of complying with the rebate and arbitrage

requirements and restrictions of the Internal Revenue Code of 1986, as amended; and the execution and delivery of documents required by The Depository Trust Company in connection with the Book-Entry Bonds. All actions heretofore taken by the officers, agents and employees of the LACMTA in furtherance of this Resolution are hereby confirmed, ratified and approved.

Any Designated Officer, on behalf of the LACMTA, is further authorized and directed to cause written notice(s) to be provided to the California Debt and Investment Advisory Commission (“CDIAC”) of the proposed sale of the Refunding Bonds, said notice(s) to be provided in accordance with Section 8855 et seq. of the California Government Code, to file the notice(s) of final sale with CDIAC, to file the rebates and notices required under section 148(f) and 149(e) of the Internal Revenue Code of 1986, as amended, if necessary, and to file such additional notices and reports as are deemed necessary or desirable by such Designated Officer in connection with the Refunding Bonds, and any such notices are hereby ratified, confirmed and approved.

**Section 14. Continuing Authority of Designated Officers.** The authority of any individual serving as a Designated Officer under this Resolution by a written designation signed by the Chief Executive Officer, the Chief Financial Officer, the Treasurer, any Deputy Executive Officer, Finance, or any Assistant Treasurer (or such other titles as the LACMTA may from time to time assign for such respective positions), shall remain valid notwithstanding the fact that the individual officer of the LACMTA signing such designation ceases to be an officer of the LACMTA, unless such designation specifically provides otherwise.

**Section 15. Investments.** From and after the delivery of the Refunding Bonds, each Designated Officer is hereby authorized to invest the proceeds of the Refunding Bonds in accordance with the Trust Agreement, the Supplemental Trust Agreement, the Escrow Agreement and the LACMTA’s Investment Policy and is further authorized to enter into or to instruct the Trustee to enter into one or more investment agreements, float contracts, swaps or other hedging products (hereinafter collectively referred to as the “Investment Agreement”) providing for the investment of moneys in any of the funds and accounts created under the Trust Agreement, the Supplemental Trust Agreement and the Escrow Agreement, on such terms as the Designated Officer shall deem appropriate. Pursuant to Section 5922 of the California Government Code, the LACMTA hereby finds and determines that the Investment Agreement will reduce the amount and duration of interest rate risk with respect to amounts invested pursuant to the Investment Agreement and is designed to reduce the amount or duration of payment, rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the Refunding Bonds or enhance the relationship between risk and return with respect to investments.

**Section 16. Good Faith Estimates.** In accordance with SB 450, good faith estimates of the following are set forth in Exhibit A attached hereto: (a) the true interest cost of the Refunding Bonds, (b) the sum of all fees and charges paid to third parties with respect to the Refunding Bonds, (c) the amount of proceeds of the Refunding Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Refunding Bonds, and (d) the sum total of all debt service payments on the Refunding Bonds calculated to the final maturity of the Refunding Bonds plus the fees and charges paid to third parties not paid with the proceeds of the Refunding Bonds

**Section 17. Further Actions.** From and after the delivery of the Refunding Bonds, the Designated Officers and each of them are hereby authorized and directed to amend, supplement or otherwise modify each Supplemental Trust Agreement, each Escrow Agreement and each Continuing Disclosure Certificate at any time and from time to time and in any manner determined to be necessary or desirable by the Designated Officer executing such amendment, supplement, or modification, upon consultation with the LACMTA's municipal advisor and LACMTA's Bond Counsel, the execution of such amendment, supplement or other modification being conclusive evidence of the LACMTA's approval thereof.

**Section 18. Costs of Issuance.** The LACMTA authorizes funds of the LACMTA, together with the proceeds of the Refunding Bonds, to be used to pay costs of issuance of the Refunding Bonds, including, but not limited to, costs of attorneys, accountants, verification agents, municipal advisors, trustees, escrow agents, the costs associated with rating agencies, printing, publication and mailing expenses and any related filing fees.

**Section 19. Severability.** The provisions of this Resolution are hereby declared to be severable, and, if any section, phrase or provision shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions hereof.

**Section 20. Effective Date.** This Resolution shall be effective upon adoption and shall be effective with respect to the Refunding Bonds issued on or before December 31, 2019.

[Remainder of page intentionally left blank]

CERTIFICATION

The undersigned, duly qualified and acting as Board Secretary of the Los Angeles County Metropolitan Transportation Authority, certifies that the foregoing is a true and correct copy of the Resolution adopted at a legally convened meeting of the Board of Directors of the Los Angeles County Metropolitan Transportation Authority held on \_\_\_\_\_, 2019.

[SEAL]

By \_\_\_\_\_  
Board Secretary, Los Angeles County  
Metropolitan Transportation Authority

Dated: \_\_\_\_\_, 2019

**EXHIBIT A**

**GOOD FAITH ESTIMATES**

The following information was obtained from KNN Public Finance, LLC (the “Municipal Advisor”) with respect to the bonds (the “Refunding Bonds”) approved in the attached Resolution, and is provided in compliance with Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) with respect to the Refunding Bonds:

**Section 1. True Interest Cost of the Refunding Bonds.** Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the Refunding Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Refunding Bonds, is 2.00%.

**Section 2. Finance Charge of the Refunding Bonds.** Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the finance charge of the Refunding Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Refunding Bonds), is \$615,000, as follows:

(a)	Underwriters’ Discount	\$300,000
(b)	Bond Counsel and Disbursements	50,000
(c)	Disclosure Counsel and Disbursements	50,000
(d)	Municipal Advisor and Disbursements	55,000
(e)	Rating Agencies	130,000
(f)	Other	<u>30,000</u>
	Total	<u>\$615,000</u>

**Section 3. Amount of Proceeds to be Received.** Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the amount of proceeds expected to be received by the LACMTA for sale of the Refunding Bonds less the finance charge of the Refunding Bonds described in Section 2 above and any reserves or capitalized interest paid or funded with proceeds of the Refunding Bonds, is \$66,500,000.

**Section 4. Total Payment Amount.** Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the LACMTA will make to pay debt service on the Refunding Bonds plus the finance charge of the Refunding Bonds described in Section 2 above not paid with the proceeds of the Refunding Bonds, calculated to the final maturity of the Refunding Bonds, is \$72,000,000.

Attention is directed to the fact that the foregoing information constitutes good faith estimates only. The actual interest cost, finance charges, amount of proceeds and total payment

amount may vary from the estimates above due to variations from these estimates in the timing of Refunding Bonds sale, the amount of Refunding Bonds sold, the amortization of the Refunding Bonds sold and market interest rates at the time of each sale. The date of sale and the amount of Refunding Bonds sold will be determined by the LACMTA based on need to provided funds for the Financing and other factors. The actual interest rates at which the Refunding Bonds will be sold will depend on the bond market at the time of each sale. The actual amortization of the Refunding Bonds will also depend, in part, on market interest rates at the time of sale. Market interest rates are affected by economic and other factors beyond the LACMTA's control. The LACMTA has approved the issuance of the Refunding Bonds with a maximum true interest cost of 5.00%.



## Board Report

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File #: 2019-0105, File Type: Policy

Agenda Number:

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**REVISED**  
**REGULAR BOARD MEETING**  
**FEBRUARY 28, 2019**

**SUBJECT: THE RE-IMAGINING OF LA COUNTY: MOBILITY, EQUITY, AND THE ENVIRONMENT**

**ACTION: APPROVE RECOMMENDATIONS**

### **RECOMMENDATIONS**

APPROVE the staff recommendations to:

- A. PURSUE the Transformational Initiatives that are central to “The Re-Imagining of LA County;”
- B. CONTINUE work on the Twenty-Eight by '28 goal and accelerate the delivery of the remaining eight projects in every feasible way, and report progress to the Board on the acceleration efforts on a quarterly basis; and
- C. DEVELOP proposed funding and financing plans for the accelerated projects, and report back to the Board in ~~September~~ July 2019.

### **ISSUE**

Metro staff proposes the pursuit of solutions to eradicate congestion in LA County, drastically reducing the region’s carbon footprint and combatting climate change, increasing transit frequency and capacity, dramatically improving transportation equity, and putting the County in a position to be the first major region in the world that could offer free transit services. This proposal has been branded as “The Re-imagining of LA County: Mobility, Equity, and the Environment.” This item asks the Board to approve staff recommendation to pursue the Transformational Initiatives to achieve “The Re-imagining of LA County.”

### **BACKGROUND**

LA County is currently home to more than 10 million people and its population is projected to grow to 10.75 million by 2028. This means that an increasing volume of people and goods will need to travel on a transportation network that is already inadequately serving their needs. Overall consumption in the region is expected to intensify the conflicts between passenger and goods movement. Optimizing system capacity to accommodate new growth will be necessary to ensure that the region can meet



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these new demands and remain economically competitive in the global marketplace. Significant investments are needed, both to shore up an aging system of roadway and transit infrastructure, as well as to expand and fully utilize available capacity to ensure continued delivery of safe and reliable transportation services.

Historically, transportation policies and investments in LA County have prioritized single-occupancy travel in private passenger vehicles at the expense of providing other high-quality travel alternatives. The result is an inequitable transportation system that exacerbates the divide between those who have the access and means to drive and those who do not, while providing inadequate options for both groups. This system is not sustainable from an economic or environmental perspective. As more people turn to driving alone for speed and convenience, mobility and air quality for all citizens suffers due to the inefficient use of existing roadway space. Changing this paradigm and raising the quality of multiple transportation options is essential to delivering a system that provides better mobility for everyone. This means investing in high-quality transit options that can carry more people in less space, creating incentives to reduce solo driving, and removing incentives that further exacerbate transportation inequities. Moving forward we must align Metro's policies and investments across its portfolio of programs and services to provide more high-quality transportation options for people and, equally important, effectively manage demand from all users.

Metro is considering several "Transformational Initiatives" that demonstrate significant potential to address the widely shared desire to eradicate congestion, improve mobility and air quality, realize equity, and ultimately provide a more sustainable and resilient LA County for all.

## **DISCUSSION**

Metro is currently meeting or exceeding the Measure M schedule on all projects. However, as we complete construction on the first decade of Measure M projects, it is imperative to make concurrent efforts to improve mobility and equity by identifying ways to improve congestion throughout the County. The Transformational Initiatives described below represent bold and progressive ways to achieve a number of our public policy goals as we anticipate new projects coming on line.

### **Transformational Initiatives** **Congestion Pricing**

The Congestion Pricing strategy proposes to investigate the feasibility and framework for conducting congestion pricing pilots with the intent to expand the program in the most traffic-clogged parts of LA County. Congestion pricing offers a compelling mobility solution that, when implemented thoughtfully, can significantly improve equity and reduce emissions by providing cleaner, more frequent and more reliable mobility options for the most vulnerable populations in LA County.

At the January 24, 2019 Board meeting, Motions 43.1 (Butts) and 43.2 (Solis, Garcetti, Dupont-Walker, Butts and Hahn) were presented and approved. Motion 43.1 asked Metro staff to respond to several questions, mostly related to scope and framework of a proposed Congestion Pricing Feasibility Study. Staff have prepared responses to the various parts of Motion 43.1 in a separate Board Receive and File report (File ID 2019-0083). The response includes a detailed plan for the feasibility study, should the Board approve pursuing this recommended strategy as part of the Re-Imagining LA County Plan. The contents of Motion 43.1 and the related response are provided in

Attachment A to this report.

Motion 43.2 focused attention on equity as it relates to the proposed Congestion Pricing Feasibility Study. The motion was comprised of five parts that asked staff to develop an Equity Strategy for the study, engage a variety of experts and stakeholders, and defer congestion pricing implementation until the feasibility study, including the Equity Strategy, is complete. The responses to Motion 43.2 are provided in a separate Board Receive and File report (File ID 2019-0055). The contents of Motion 43.2 and the related response are provided in Attachment B to this report.

Three different pricing models would be explored as part of the study: cordon, corridor, and vehicle miles traveled (VMT). The study will include extensive, comprehensive, and genuine community and public engagement throughout the feasibility study, as promised through the Equity Platform that the Board adopted nearly a year ago. As part of the engagement and technical support to the study, Metro intends to create an Advisory Council to inform the study, including subject matter experts in Equity. Staff will work with the Board to identify candidates for the Advisory Council.

The anticipated schedule to complete this feasibility study is 12-24 months. Staff expects to conduct this study through a consultant contract led by Metro. Staff anticipates addressing the following scope elements in the feasibility study:

- Equity strategy to address potential impacts to historically underserved populations (see Equity Strategy below)
- Research and analysis of three models: cordon, VMT, and corridor pricing
- Analysis of potential revenues
- Analysis of policy implications
- Selection criteria and process to identify potential pilot locations.
- Performance measures and desired outcomes of congestion pricing pilot
- Identification of transit service and improvements needed to provide mobility options in congestion pricing pilot area
- Review of research done to date, and determination of any key gaps in that research that bear on Equity issues.
- An assessment of the potential negative and positive impacts of a congestion pricing strategy on historically underserved populations, including low-income drivers and transit users, as it affects their mobility access to jobs, housing, and other opportunities.

A more detailed plan for a Congestion Pricing Feasibility Study is provided as part of the response to Motion 43.1, referenced as Attachment A to this report.

#### *Equity Strategy for a Congestion Pricing Feasibility Study*

Congestion pricing as a comprehensive transportation policy has both challenge and promise. Implementing congestion pricing at a scale that would be effective, even for a portion of Los Angeles County, would exert tremendous change on the transportation network and the people who use it. Thus, staff is very clear that a comprehensive and thorough feasibility study must be undertaken before any actions would be considered for implementation.

Equity must be front and center in a congestion pricing evaluation. The Board's adopted Equity

Platform provides a valuable framework to design an Equity Strategy integral to the Congestion Pricing Feasibility Study.

An equity-driven policy objective for any congestion pricing evaluation would be to improve such access for underserved populations. Data and metrics to evaluate that potential must be incorporated into the Equity Strategy scope of work within the CPFS. More details on an Equity Strategy for a Congestion Pricing Feasibility Study are provided in the response to Motion 43.2, referenced as Attachment B to this report.

### **New Mobility Fees**

Staff proposes to explore the levying of fees for Transportation Networking Company (TNC) trips in Los Angeles County as a mechanism for managing demand on our streets and highways. The shared mobility device strategy also proposes looking at imposing fees on shared devices, such as scooters and bicycles, for the use of public rights-of-way.

Both of these proposals would require building support throughout the state for transferring regulatory and taxation authority from the California Public Utilities Commission (CPUC) to Metro. They would also require building support among cities within LA County for the regulatory authority to be with Metro.

Metro staff has developed a proposed plan to provide more detailed information regarding the timeline and key activities to pursue New Mobility service fees in LA County, if the Board approves these Transformational Initiatives for the Re-Imagining LA County Plan. The proposed plan is provided in Attachment C to this report.

### **DETERMINATION OF SAFETY IMPACT**

This motion response has no direct impact on safety at this time. However, the approval of the Transformational Initiatives will support safe and reliable operations of the transportation system in the long-term.

### **FINANCIAL IMPACT**

If approved to pursue the recommended Transformational Initiatives, funding will be identified to conduct the study and will be the responsibility of the lead department, in partnership with the Office of Management and Budget.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The proposed actions are fully consistent with Initiative 1.3 of Metro Vision 2028 plan to test and implement pricing strategies to reduce traffic congestion. Also, Initiative 1.3 commits to exploring opportunities for expanding access to shared, demand-responsive transportation options for everyone.

### **IMPLEMENTATION OF EQUITY PLATFORM**

The Transformational Initiatives explicitly address approaches and priorities that would advance the

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mobility needs of the County's most vulnerable populations. Managing congestion, particularly to ensure reliable operations for LA County's transit system, upon which many of our most underserved community members depend, enables economic mobility that can help those populations overcome historic disadvantages and disparities. In addition, strategies such as congestion pricing can enable benefits, such as free transit, to these same underserved communities in ways that are unimaginable with traditional approaches. The Metro staff and Board must remain committed to Equity as a key evaluative lens as we consider these progressive strategies for improving mobility, equity, and the environment.

### **ALTERNATIVES CONSIDERED**

The Metro Board of Directors may decide not to approve the pursuit of the Transformational Initiatives to achieve The Re-imagining of LA County. This is not recommended, as this would take the LA region on a similar path followed in the past, without effectively addressing the problems we face even today.

### **NEXT STEPS**

If the recommended actions are approved, Metro staff will return to Board to report on progress as follows:

April 2019 - Review scope for Congestion Pricing Feasibility Study

June 2019 - Award professional services contract to conduct Congestion Pricing Feasibility Study

September 2019 - Report on financing/funding plans for the accelerated projects

Quarterly - Progress reports on efforts to accelerate the eight remaining projects of Twenty-Eight by '28.

### **ATTACHMENTS**

Attachment A - Motion 43.1 and Response to Motion 43.1 (File ID 2019-0083)

Attachment B - Motion 43.2 and Response to Motion 43.2 (File ID 2019-0055)

Attachment C - LA Metro New Mobility Service Fee Plan

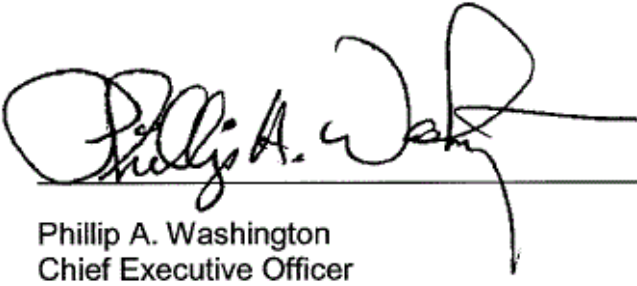
Prepared by:

Phillip A. Washington, Chief Executive Officer, (213) 922-7555

Nadine Lee, Interim Chief of Staff, (213) 922-7950

Reviewed by:

Phillip A. Washington, Chief Executive Officer, (213) 922-7555



Phillip A. Washington  
Chief Executive Officer



## Board Report

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**File #:** 2019-0083, **File Type:** Motion / Motion Response

**Agenda Number:**

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**PLANNING AND PROGRAMMING COMMITTEE  
FEBRUARY 20, 2019  
EXECUTIVE MANAGEMENT COMMITTEE  
FEBRUARY 21, 2019**

**SUBJECT: RESPONSE TO MOTION BY DIRECTOR BUTTS TO AMEND ITEM 43 WITH  
QUESTIONS AND INSTRUCTIONS**

**ACTION: RECEIVE AND FILE**

**RECOMMENDATION**

RECEIVE AND FILE report in response to Board Motion 43.1 by Director Butts at the January 2019 Board meeting.

**ISSUE**

On January 24, 2019, the Board passed Motion 43.1 (Butts, Attachment A), which included questions and instructions for staff to return to the Board with responses in their February report. This Motion was provided in response to staff's continuing response to Motion 4.1, directing the CEO to present a comprehensive funding plan for the "28 x 2028" initiative. This Receive and File Board Report is in response to questions by Director Butts.

**BACKGROUND**

The Metro Board approved the Twenty-Eight by '28 Initiative project list in January 2018, which includes 28 highway and transit projects totaling \$42.9 billion (YOE) in infrastructure investment, with the goal of completing the projects in time for the 2028 Olympic and Paralympic Games. In September 2018, Board Motion 4.1 (Solis, Garcetti, Hahn, Butts) directed the CEO to develop a Twenty-Eight by '28 Funding Plan.

In December 2018, Metro CEO Phillip Washington responded to Motion 4.1 by presenting a list of potential strategies that could provide funding to accelerate the delivery of the 28 projects. CEO Washington returned to the Board in January 2019 with staff recommendations on strategies to pursue from the list presented in December. At the January Board meeting, the Board approved Motion 43.1, directing staff to return in February with responses to the questions and instructions posed.

**DISCUSSION**

**Response to Motion 43.1, Questions 1 - 7**

1. On Attachment B of the Board Report [File #2019-0011, The Re-Imagining of LA County: Mobility, Equity, and the Environment (Twenty-Eight by '28 Motion Response)], it states that the earliest any revenue realization can happen is 12 to 24 months. Can you further explain in detail the planning and development process for this?

Revenue from congestion pricing cannot be realized until a feasibility study is conducted. The study is necessary to determine where in LA County might make the most sense to test this idea, and what form of pricing (Cordon, Corridor, or VMT) might work best. Given the controversial nature of this concept, a substantial outreach and consensus building period will also be required to build support for testing the idea. Once the feasibility study is completed and the outreach conducted, we will bring back to the Board a staff recommendation regarding where, how, and how long to pilot congestion pricing. Assuming Board approval, it would still take time to get the pilot program up and running. More detail on the anticipated feasibility study process is provided in Attachment B to this receive and file report.

2. Normally a plan like this requires careful planning, analysis and thorough outreach? Is this element part of your 12 to 24 month process?

Analysis, planning, and outreach are critical and essential components of the feasibility study and are included in the study timeline. We are asking the Board to approve moving forward with such a study. We expect the study to take a minimum of 12-24 months, inclusive of a comprehensive outreach component.

3. Is it an accurate assumption that you would want to hire consultant experts to lead a study of this magnitude-is the procurement process included as part of the 12 to 24 month process?
  - a. Instruct the CEO to bring forward a schedule on the program approach that details the tasks to be performed during the 12-24 months

We would need to hire consultants to assist us with the feasibility study, but Metro would lead the study. The procurement process for this initial consultant is included as part of the 12-24 months timeline. Attachment B provides a draft initial scope of work highlighting the key tasks to be performed over the next 24 months.

We propose the following timeline and key activities to develop and implement congestion pricing in LA County, if the Board approves both the feasibility study and ultimately moves forward with a pilot. Note that these activities are not meant to be sequential as many of them will need to be undertaken simultaneously.

Immediate & Ongoing	2019 - 2020	Late 2020	To Be Determined

Community and public engagement	<ul style="list-style-type: none"> <li>• Feasibility Study</li> <li>• Partnership and legislative authority</li> </ul>	<ul style="list-style-type: none"> <li>• Pilot Implementation</li> <li>• Initial Revenue Generation</li> </ul>	<ul style="list-style-type: none"> <li>• Expansion</li> <li>• Additional Revenue Generation</li> </ul>
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4. In Attachment B [File #2019-0011, The Re-Imagining of LA County: Mobility, Equity, and the Environment (Twenty-Eight by '28 Motion Response)] you propose that a ten-year estimate can generate up to \$134 billion in revenues if you add up all the congestion pricing options. How did you arrive at the estimate for these revenues?

To clarify, each congestion pricing model in Attachment B included a 10-year estimate of potential revenue generation for each model. These models are not intended to be considered in total; Metro would likely choose one, not all of them. Moreover, these are initial estimates based on very rough assumptions. The 10-year estimates for cordon pricing and VMT pricing are based on scenarios from SCAG estimates. The 10-year estimate of revenue generation for corridor pricing is derived from annual VMT estimates. An objective of the feasibility study is to provide an in-depth analysis of revenue potential for a variety of timelines and congestion pricing models, including a ten-year estimate.

5. In the same attachment you state you can realize savings by exploring Public-Private Partnership opportunities. What other alternatives have you examined besides Public-Private Partnerships as a means to save project costs?

Metro is always looking for ways to reduce costs on major capital projects. Value engineering will always be a priority to keep projects within budget. Cost savings from P3 are largely based on innovations from the private sector and reduced operations and maintenance costs over the life of the assets. The cost certainty of a P3 arrangement allows us to better predict our operations and maintenance needs over time. However, any cost reductions or savings should not be regarded as a meaningful revenue stream to accelerate projects. Other ways to save project costs are to limit the addition of out-of-scope items, reduce project scope, and look at phasing of projects.

6. Will the Feasibility Studies include exploring new technology, such as monorail or other technology that can significantly reduce project costs and timelines compared to traditional 100 year-old technology like underground heavy rail or light rail?

The feasibility studies in this case are oriented towards congestion pricing and Transportation Network Company regulation. Any new transit services resulting from these studies would likely be shorter turn-around items such as buses to deploy in a given area on newly free-flowing lanes, or additional rail cars to supplement service. That said, new technologies such as monorail may be under consideration during corridor studies for Measure M projects. For example, this technology is being considered for the Sepulveda Transit Corridor.

7. How will the NextGen Program fit into the scenarios described in Item 43.

NextGen is a critical program that will seek to re-design our entire bus network. Congestion pricing, on the other hand, will initially be a pilot program in one specific area of LA County. New bus



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services, in addition to NextGen, are likely to be a critical part of any congestion pricing pilot program. If and when such a program is implemented, this might create additional changes in the Metro bus network. Metro staff will work to integrate these changes with NextGen as it is rolled out.

#### Monitoring Other Congestion Pricing Activities in California

Motion 43.1 also asked Metro staff to monitor both the State of California's Road Charge Program for synergistic opportunities and the City of San Francisco's Congestion Pricing projects for lessons learned. As part of the research proposed for the Congestion Pricing Feasibility Study, these two efforts will be documented in addition to other pricing models around the world, including pricing approach, performance measures, outcomes, and trends over time.

#### FINANCIAL IMPACT

Congestion pricing offers a compelling mobility solution that can also generate substantial revenues that can be used for transit operations and capital construction. If the Board approves moving forward with a Feasibility Study to assess the potential mobility, equity, and environmental benefits of congestion pricing, the cost center manager will be responsible for budgeting the funds to conduct the full scope of the study as described in this Motion response.

#### IMPLEMENTATION OF STRATEGIC PLAN GOALS

Goal 1.3 of the Metro Vision 2028 Strategic Plan conveys our agency's intentions to manage transportation demand in a fair and equitable manner by 1) developing simplified, sustainable and comprehensive pricing policies to support the provision of equitable, affordable, and high-quality transportation services and 2) testing and implementing pricing strategies to reduce traffic congestion. The initiation of a feasibility study and advisory board for congestion pricing, with the intention of creating a pilot program, is the first step in delivering on this goal.

#### NEXT STEPS

Metro staff will ask the Board to approve the recommended strategies to include in a funding plan to Re-Imagine LA County. If the Board approves the recommended strategies, which include conducting a congestion pricing feasibility study, staff will develop and issue a Request for Proposals for a congestion pricing feasibility study as described in Attachment B.

#### ATTACHMENTS

Attachment A - Motion 43.1

Attachment B - Preliminary Scope for Congestion Pricing Feasibility Study

Prepared by: Joshua Schank, Chief Innovation Officer, (213) 418-3345  
Tham Nguyen, Interim Deputy Executive Officer, (213) 922-2606

Reviewed by: Phillip A. Washington, Chief Executive Officer, (213) 922-7555



## Board Report

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**File #:** 2019-0033, **File Type:** Motion / Motion Response

**Agenda Number:**

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### REGULAR BOARD MEETING JANUARY 24, 2019

**Motion by:**

**BUTTS**

Related to Item 43: The Re-Imagining of LA County: Mobility, Equity, and the Environment (Twenty-Eight by '28 Motion Response)

I have a number of questions related to the Board report and several instructions pertinent to the Issues before us and would like to amend Item 43 and would like to have staff return to the Board with their responses to the Questions in their February Report.

#### **Questions**

1. On Attachment B of the Board report, it states that the earliest any revenue realization can happen is 12 to 24 months. Can you further explain in detail the planning and development process for this?
2. Normally a plan like this requires careful planning, analysis and thorough outreach? Is this element part of your 12 to 24 month process?
3. Is it an accurate assumption that you would want to hire consultant experts to lead a study of this magnitude - is the procurement process included as part of the 12 to 24 month process?
  - a) **Instruct** the CEO to bring forward a schedule on the program approach that details the tasks to be performed during the 12-24 months?
4. In Attachment B you propose that a ten-year estimate can generate **up to** \$134 billion in revenues if you add up all the congestion pricing options. How did you arrive at the estimate for these revenues?
5. In the same attachment you state you can realize savings by exploring Public-Private-Partnership opportunities. What other alternatives have you examined besides Public-Private Partnerships as a means to save project costs?
6. Will the Feasibility Studies include exploring new technology, such as monorail or other technology that can significantly reduce project costs and timelines compared to traditional 100 year-old

technology like underground heavy rail or light rail? AND

7. How will the NexGen Program fit into the scenarios described in Item 43?

**Instructions**

- A. Direct Metro Staff to return to the Board with information pertaining to the Scope, the proposed Budget and Study Timeline prior to conducting the Feasibility Studies for a Congestion Pricing Pilot strategy;
- B. The CEO shall bring forward a schedule on the program approach that details the tasks to be performed during the 12-24 months?
- C. Monitor the State's Road Charge Program for potential synergistic opportunities and monitor the City of San Francisco's Congestion Pricing projects for potential lessons learned.
- D. The proposed "Sacred Items" for Approval before are subject to future Review and Revision if circumstances arise where the Board feels such Review and Revision is warranted; and

I, Therefore, Move that the Board submit these questions and approve the list of Instructions to the CEO and prepare specific responses to the questions for incorporation in their Report at the Executive Management Committee in February.

Attachment B: Initial Scope for Congestion Pricing Feasibility Study

**Executive Summary**

The current transportation system in Los Angeles is highly inequitable, provides limited mobility, and is damaging our environment. Congestion pricing, if implemented effectively, can be a method of dramatically improving **equity, mobility, and environmental** outcomes to achieve Metro’s strategic goals in the near-term, while also providing revenues for long-term capital projects. The potential public policy benefits are shown in parentheses below and summarized in Table 1.

With a little encouragement from pricing, often less than we might think, people will find it more attractive to:

- Travel during less congested times (mobility)
- Use other modes, such as public transportation, walk, bicycle (environment)
- Consolidate their trips (mobility)
- Share rides/carpool (equity)

Those who continue to drive alone will be able to:

- Enjoy greater certainty and speed in their travel times (mobility)
- Pay less in total gasoline or other fuel (environment)
- Enjoy cleaner air and reduced contribution to climate change (environment)

Revenues from congestion pricing can:

- Offset cost for low income-drivers (equity)
- Be reinvested to improve the quality, reliability, safety, and convenience of transit service (equity, mobility)
- Provide free or low-cost transit fares (equity)
- Supplement funding gap of delivering 28x2028 projects (mobility)

We propose the following timeline and key activities to develop and implement congestion pricing in LA County. Note that these activities are not meant to be sequential as many of them will need to be undertaken simultaneously.

Immediate & Ongoing	2019 - 2020	Late 2020	To Be Determined
Community and public engagement	<ul style="list-style-type: none"><li>• Feasibility Study</li><li>• Partnership and legislative authority</li></ul>	<ul style="list-style-type: none"><li>• Pilot Implementation</li><li>• Initial Revenue Generation</li></ul>	<ul style="list-style-type: none"><li>• Expansion</li><li>• Additional Revenue Generation</li></ul>

Next steps for exploring congestion pricing:

- Begin conducting genuine public and community engagement, starting with an equity lens at the beginning of the process, using Metro’s Equity Platform as a guide and inviting a diverse range of participants to have a voice in this process.

- Procure consultant services to conduct a feasibility study to identify best locations for proof of concept.

**Table 1. Anticipated Outcomes and Public Policy Benefits**

Anticipated Outcomes	Equity	Mobility	Environment
Revenues are reinvested to improve the quality, reliability, safety, and convenience of transit service and walking and biking access.	x	x	
Revenues offset toll cost for low-income drivers.	x		
Reduction in road congestion leads to improved air quality along corridors.	x		x
Transit moves faster through less congested lanes, and transit customers pay no additional charge for better service.	x	x	
Revenues can pay for free or low-cost transit fares.	x		
Shared riders and carpoolers pay less than people who drive alone.	x		
Drivers in priced lanes pay less for fuel since they are not idling in traffic.			x
Revenues can supplement funding gap of delivering 28x2028 projects.		x	
Drivers enjoy greater certainty and speed in their travel times.		x	
Drivers are encouraged to drive during less congested times, or to mode shift to non-SOV driving (e.g. carpooling, public transportation, walking, bicycling), which enables the current system to accommodate more person throughput.		x	
Encourages consolidation and reduction of driving trips. This in turn reduces congestion.		x	

## **Background and Justification**

The concept of congestion pricing has been around for decades. Simple supply and demand tells us that when something is provided for free, people use more of it than they would otherwise. Hence, we have significant roadway congestion when that space is provided with no out-of-pocket costs.

Currently, the price of road (usually zero) bears little relationship to demand for that road at that time. For example, it costs the same to use a road at 3am as it does in the peak of rush hour traffic, even though demand for roads is much lower at 3am. The net effect is that instead of paying for roadway space with money, everyone pays with their time.

People waste time sitting in traffic, essentially waiting in line, to use roads. This vastly inefficient method of allocating roadway space may seem very democratic, in the sense that all must pay with their time. However, it actually discriminates against the poorest and most vulnerable members of society. Transit riders, who have far lower incomes than non-riders in Los Angeles County, use buses that sit in the same slow traffic and face longer commute times on average. Moreover, low-income people typically have less flexible work schedules with hourly wages and face severe penalties for lateness. Whereas higher-income individuals may be able to shift their travel times or work from home to avoid congested periods, lower-income people often cannot.

Finally, many working class individuals depend on their vehicle for day labor and cannot use transit alternatives. When their vehicles sit in traffic they miss out on potential jobs and their earning potential drops dramatically. While they might have to pay to a fee during congested times if congestion pricing were to be implemented, they would likely more than make up for this fee through time savings and being able to perform more work. Under the current system, they are severely limited in the number of jobs they can perform in a day.

### **Congestion Pricing Today**

Congestion pricing has proven challenging to implement for reasons such as lack of political viability, technical and privacy concerns, and equity concerns. Despite these challenges, a number of metropolitan areas have implemented various forms of congestion pricing. Once implemented, these schemes have had various degrees of success and, notably, none have ever been repealed. This includes the only congestion pricing pilot of any kind implemented to date in Los Angeles County, Metro's ExpressLanes Program.

More comprehensive congestion pricing schemes are currently in place in London, Stockholm, Singapore, and Milan. Each of these experiences offers lessons learned, but perhaps most notable is Stockholm. In this city, the congestion pricing scheme was widely opposed and was put in place on a pilot basis. After the trial period, the scheme proved so popular that it was accepted permanently. This demonstrates the value of a pilot period to test such a product, and to demonstrate its value, before casting judgment.

## Congestion Pricing Models and Revenue Forecasts

UCLA analyzed eight active congestion programs in the United States and worldwide. In each case, the program generates surplus revenue. Across the eight programs, the operating cost-to-revenue ratio averaged 36 percent, suggesting that program revenues substantially exceed costs, as shown in Table 2.

**Table 2. Congestion Pricing Programs: Cost and Revenue Estimates**

City/Program	Status	Initial Investment	Annual Operating Costs	Annual Net Revenue	Efficiency (Costs/Revenue)
Oslo, Norway	<i>active</i>	USD \$30M	USD \$11M	USD \$70M	16%
Singapore	<i>active</i>	USD \$145M	USD \$25M	USD \$110M	23%
London, UK	<i>active</i>	USD \$211M	USD \$170M	USD \$179M	95%
Stockholm, Sweden	<i>active</i>	USD \$222M	USD \$12M	USD \$144M	8%
Dubai, UAE	<i>active</i>	n/a	n/a	USD \$217M	n/a
Milan, Italy	<i>active</i>	€7M	€7M	€29.4M	24%
Gothemborg, Sweden	<i>active</i>	USD \$84M	USD \$12M	USD \$89M	13%
San Francisco, USA	<i>active</i>	\$56.3M	\$944M	\$1.3B	72%
Singapore	<i>active</i>	S \$6.6M	S \$5M	S \$47M	11%
Manchester, UK	<i>proposed</i>	\$195M	\$55M	\$140M	39%
Netherlands	<i>proposed</i>	n/a	n/a	n/a	n/a
New York City, USA - Variable Price	<i>proposed</i>	\$265M	\$150M		9%
New York City, USA - Variable Tolls	<i>proposed</i>	\$282M	\$110M	\$2.2B	5%

Sources available upon request

In Los Angeles, there are three conceivable ways congestion pricing could be implemented. These are the following:

- 1) *Cordon Pricing*. This involves creating a boundary around a central district and then charging vehicles to cross that boundary. The fee can be variable, meaning it can go up or down based on demand. Alternatively it could be set at a specific rate for peak times. Either way, the idea is to reduce the number of vehicles entering a central area when demand is higher. This is the most common method of congestion pricing employed around the world.

Cordon pricing is most effective when there is a strong Central Business District (CBD) with high quality mass transit options as alternatives to driving. Los Angeles County does not have a typical CBD, as job centers are more dispersed throughout the region. Preliminary average revenues from cordon pricing of all trips entering downtown LA have been estimated to be as high as \$1.2 billion per year (in year of expenditure dollars). This form of pricing is among the easiest to implement and has the most history from which we can learn.

- 2) *VMT Pricing*. Charging drivers based on Vehicle Miles Traveled (VMT) has been floated for many years as a potential substitute for a gas tax. However, a VMT fee platform can potentially be used to charge variable prices based on location and time of day. The platform could conceivably charge zero when there is no traffic or in uncongested areas, but then charge high enough rates during peak times to deter overuse. There have been VMT-fee experiments in California, Oregon, and Iowa. While none of these pilots have attempted to include additional fees for congestion, the Oregon pilot tested the idea by calculating the number of miles driven in the “congestion zone”. In short, the technology

exists to use VMT as a method of alleviating congestion but it has not yet been attempted due to political challenges.

Preliminary average annual revenues from implementing VMT pricing have been estimated at \$10.35 billion per year (in year of expenditure dollars) for the larger metropolitan area. While net revenues from Los Angeles County alone would be less, Los Angeles County is the most populous part of the region and accounts for more VMT than the rest of the region. This estimate provides a sense of the strong revenue potential of such a scheme.

- 3) *Corridor Pricing.* Corridor pricing is a new kind of congestion pricing that has not been implemented anywhere. The idea is to price all lanes on all roads within a specific corridor with high traffic congestion but a viable public transit alternative. Functioning similar to cordon pricing, anyone traveling within a designated corridor during peak times would pay a fee based on how many miles they travel within the corridor. The price for travel within the corridor would be set high enough to ensure free flow traffic within that entire corridor.

Absolute revenues vary greatly, largely because the tolled areas vary considerably in their size and the demand for the road space they allocate.

## Detailed Plan

People widely perceive the biggest transportation problem in Los Angeles County to be congestion. And it is true that congestion is worse here than it is almost anywhere else.<sup>1</sup> Additionally, LA County today is hampered by deep income inequality.<sup>2</sup> Our current transportation system exacerbates economic inequity and disproportionately harms low-income people, such as in the following ways:

- Congestion exacerbates vehicular air pollution, which has been linked to health problems ranging from cancer to asthma to preterm birth, and it most affects people living near congested roads---who are disproportionately likely to have lower incomes.<sup>3</sup>
- Congestion slows down buses, increases trip time, and creates an inconvenient and unreliable trip experience for passengers. Buses serve over 70% of Metro's transit passengers. The average annual household income of bus passengers is \$26,812, with 56% living below the poverty line.<sup>4</sup>
- Congestion creates transportation inefficiencies that limit access to the most basic needs in life, such as jobs, housing, education, and health care. Wealthy individuals have the means to overcome these inefficiencies to a much greater extent than low-income people.

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<sup>1</sup> <http://inrix.com/press-releases/scorecard-2017/>

<sup>2</sup> PolicyLink and USC Program for Environmental and Regional Equity. "An Equity Profile of the Los Angeles Region". [https://dornsife.usc.edu/assets/sites/242/docs/EquityProfile\\_LA\\_Region\\_2017\\_Summary\\_Final.pdf](https://dornsife.usc.edu/assets/sites/242/docs/EquityProfile_LA_Region_2017_Summary_Final.pdf)

<sup>3</sup> Manville, Michael. "Is congestion pricing fair to the poor?" 100 Hours. <https://medium.com/100-hours/is-congestion-pricing-fair-to-the-poor-62e281924ca3>

<sup>4</sup> Metro June 2018 On-Board Customer Satisfaction Survey: [http://media.metro.net/projects\\_studies/research/images/annual\\_survey\\_results/bus\\_results\\_spring\\_2018.pdf](http://media.metro.net/projects_studies/research/images/annual_survey_results/bus_results_spring_2018.pdf)



Access to high-quality transportation is directly related to our region’s future and its long-term economic prosperity. Better access to high-quality transportation means safe and convenient access to the basic needs in people’s lives, such as job opportunities, housing, education, and health services— all of which contribute to stronger communities.

Metro’s Equity Platform is grounded in making access to opportunity a key objective in public decision-making, public investment, and public service. Researchers from the USC Program for Environmental and Regional Equity describe transportation equity as:

1. Equitable access to quality, affordable transportation options and, therefore, employment, services, amenities, and cultural destinations;
2. Shared distribution of the benefits (e.g., jobs) and burdens (e.g., pollution) of transportation systems and investments; and
3. Partnership in the planning process that results in shared decision-making and more equitable outcomes for disadvantaged communities, while also strengthening the entire region.<sup>5</sup>

We can provide faster and more equitable transportation options for everyone. To do so, we need to simultaneously address both the supply and demand sides of transportation: the need to supply more and better high-quality transportation alternatives to solo driving and the equally important need to manage the demand for more travel. A congestion pricing pilot program would be structured around this concept. The following outlines the recommended timeline and key activities for developing and implementing a pilot program, which if successful could be expanded to more areas of the County. Note that these activities are not meant to be sequential as many of them will need to be undertaken simultaneously.

### **Immediate and Ongoing: Community and Public Engagement**

Throughout the development and implementation timeline, we will develop grass-roots support for this initiative through extensive community and public engagement and outreach. Outreach would mean going into some of the communities facing the greatest traffic congestion and working through potential solutions. This way, when a proposed pilot area emerges, there can be support for the project. During the feasibility study, we will establish multiple forums and methods for meaningfully engaging with communities, such as in-person and virtual meetings, pop-ups, social media platforms, surveys, and a variety of other methods specific to the context and needs of different communities. Outreach will also focus on understanding how best to implement equity programs to subsidize low-income drivers to provide fair access and to collect data on public perceptions and outcomes to inform the feasibility study and implementation.

### **2019 - 2020: Feasibility Study, Partnership and Legislative Authority**

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<sup>5</sup> Carter, Vanessa; Manuel, Pastor; Wander, Madeline. *An Agenda for Equity: A Framework for Building A Just Transportation System in Los Angeles County, Executive Summary*. USC Program for Environmental and Regional Equity, Nov. 2013.

[https://dornsife.usc.edu/assets/sites/242/docs/Executive\\_Summary\\_Agenda\\_for\\_Equity\\_PERE\\_A.pdf](https://dornsife.usc.edu/assets/sites/242/docs/Executive_Summary_Agenda_for_Equity_PERE_A.pdf)

The Southern California Association of Governments (SCAG) has studied congestion pricing in the SCAG region extensively in the past. Metro can build off the knowledge and lessons learned from SCAG as well as explore new approaches through a feasibility study. The Metro study would be conducted with the goal of determining the best potential location and structure for a congestion pricing pilot in LA County.

A key component of the study is that it will not just propose an area where pricing could be piloted – it will propose all of the necessary public transit improvements that will need to accompany that pilot. New transportation options that can be implemented quickly and effectively, such as new local bus routes, transit priority features, express buses, microtransit, Transportation Network Company partnerships, bicycle or other shared mobility options, or other innovative strategies to provide high-quality mobility options would be developed with community input. The study would recommend a slate of transportation improvements specifically designed to provide an alternative to driving during congested times. These improvements would be considered as an essential component of the proposed pilot.

The study would include the impacts of free public transit in the same corridor to determine whether that is worth offering as an added benefit. Free transit would provide even greater incentive for people to avoid driving on roads through the priced area, potentially lowering the congestion fee and improving mobility. It would also bring a transportation subsidy to those who need it the most in our society, improving equity in accessibility.

The study would need to include analysis informed by community engagement to determine how best to compensate those who are potentially disadvantaged by pricing in the pilot area. Most travelers are likely to be better off. For those who can afford the fee, they will be able to travel much faster during peak times. For those who cannot afford or choose not to pay the fee, they will also be able to travel faster if they are able to travel at alternate times, take public transit that now flows faster, or use other transportation options.

The groups potentially negatively affected are those who must travel at peak times, are low-income, and for whom no viable transportation substitute exists. Our ongoing outreach efforts will work to identify the magnitude of these groups and how best to deliver equity programs to subsidize these drivers. These individuals could be compensated by revenues from congestion pricing. Compensation payouts can be delivered to qualifying individuals any number of ways, each of which would need to be explored in this study.

As the area for a potential pilot becomes clear, Metro will need to develop and solidify critical partnerships necessary for delivering the project. Government partners will include cities affected by the pilot (which may not be limited to the pilot area), SCAG, Caltrans, the California Transportation Commission (CTC), and the Federal Highway Administration. Other helpful partners could include new mobility providers such as Uber and Lyft (who are generally supportive of congestion pricing), local businesses that may be affected, auto clubs, the academic community, issue-based non-profits like Natural Resources Defense Council (NRDC), and community-based organizations. Together with these partners, we would need to seek legislative authority at the state level, and regulatory authority at the federal level, to conduct the pilot.

Metro would seek to establish an advisory group to provide input to the feasibility study as it moved forward, and to assist in developing legislative authority. This group would meet regularly to review progress of the study and develop action items to improve progress. The group would include academic experts in congestion pricing, community groups, non-profits, agency representatives, and business leaders.

### **Late 2020: Pilot Implementation**

With the area and form of congestion pricing selected, along with accompanying transit services, the next step would be to launch the pilot for a period of time that is sufficient to evaluate its effectiveness. Previous congestion pricing programs have generally proven to be unpopular prior to implementation, but popular following implementation. The pilot would need to be implemented with specific performance metrics that are agreed to by the affected populations, along with a promise to suspend the pilot if those metrics are not being met after a certain period of time.

Once the pilot program begins, revenues will be realized immediately. However, the associated transit improvements in the pilot area must be in place before or at the same time that pricing begins. This will likely require borrowing funds in anticipation of pricing revenues in order to purchase additional vehicles, create bus/bike lanes, or compensate/subsidize low-income individuals negatively affected by the pilot program. Some portion of realized revenue will need to be allocated towards repaying the debt incurred and the ongoing cost of supplemental transit operations, and some will need to be allocated towards keeping the roads in the pilot area in a state of good repair. The rest can be dedicated towards long-term transit projects in the pilot area.

### **To be determined as warranted: Expansion**

If the pilot proves successful, other areas of the County will likely demand similar programs. With lessons learned from the existing pilot and infrastructure already in place for pricing, it will be possible to create new zones more rapidly. It will be easiest to expand outward from the initial pilot zone, though it may make sense to create other new zones as well. It is through expansion to new areas that the greatest revenue realization will occur. Areas that desire more long-term transit investment will likely be among the first to seek a congestion zone.

### **Conclusion**

Metro's 10-year strategic plan, Vision 2028, was adopted by the Metro Board on June 28, 2018. Goal 1.3 of the strategic plan conveys our agency's intentions to manage transportation demand in a fair and equitable manner by 1) developing simplified, sustainable and comprehensive pricing policies to support the provision of equitable, affordable, and high-quality transportation services and 2) testing and implementing pricing strategies to reduce traffic congestion. The initiation of a feasibility study and advisory board for congestion pricing, with the intention of creating a pilot program, is the first step in delivering on this goal.

**Board Report**

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**File #:** 2019-0055, **File Type:** Motion / Motion Response**Agenda Number:** 32.1

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**PLANNING AND PROGRAMMING COMMITTEE****FEBRUARY 20, 2019****EXECUTIVE MANAGEMENT COMMITTEE****FEBRUARY 21, 2019****SUBJECT: EQUITY STRATEGY FOR CONGESTION PRICING STUDY: RESPONSE TO MOTION****ACTION: RECEIVE AND FILE****RECOMMENDATION**

RECEIVE AND FILE report on equity strategy for congestion pricing in response to Board Motion 43.2.

**ISSUE**

On January 24, 2019, the Board passed Motion No. 43.2 (Solis, Garcetti, Dupont-Walker, Butts and Hahn; Attachment A) that directed the CEO to “Develop an Equity Strategy that considers reinvesting congestion pricing revenue as a key source of funds to minimize economic impacts to low-income drivers”, one of six provisions. This Motion was provided, in addition to Motion 43.1 (Butts), in response to staff’s continuing response to Motion 4.1, directing the CEO to present a comprehensive funding plan for the “28 x 2028” initiative. This Receive and File Board Report provides the context for responding to Motion No. 43.2, including the specific points outlined therein.

**BACKGROUND**

Among many issues and recommendations outlined by staff in its response to the 28 x 2028 directive from September 2019, the central challenge has been identifying a range of potential funding sources robust enough to address the additional \$26 billion operating and capital investment needed to accelerate the delivery of eight major projects in advance of the Olympic Games. To do so, it is evident that dramatically aggressive funding must come from either existing or new sources of revenue. In either instance, identifying, securing and applying revenues of such magnitude will raise significant equity questions - basically, where do those revenues come from, who benefits from using those funds for 28 x 2028, and who potentially “loses” by virtue of those revenues not being invested in other priorities. While these questions must be front and center in any final response to the 28 x 2028 question, Motion 43.2 was specifically concerned with the equity ramifications attached to one new revenue strategy: Congestion Pricing.

## **DISCUSSION**

Staff's prior presentations in the lead-up to the January 24, 2019 Board presentation emphasized that congestion pricing as a comprehensive transportation *policy* has both challenge and promise far beyond funding a \$26 billion capacity shortfall for 28 x 2028 accelerated projects. Implementing congestion pricing at a scale that would be effective, even for a portion of Los Angeles County, would exert tremendous change on the transportation network and the people who use it. Thus, staff was very clear that a comprehensive and thorough *feasibility study* of three different congestion pricing models - cordon, corridor, and vehicle miles traveled (VMT) - must be undertaken *before* any actions would be considered for implementation. This approach anticipated the important provision in **(D)** of the Motion, that no commitments to congestion pricing will be made until the feasibility study is completed, and front and center in that evaluation must be equity. The Board's adopted Equity Platform provides a valuable frame to design an Equity Strategy integral to the congestion pricing (CP) feasibility study.

With that understanding, staff recommends the following structure to address the motion's specific items:

- A. Staff's recommendation for the CP feasibility study includes establishment of an Advisory Council.
  - As outlined in **(B)** of Motion 43.2, we agree that this Council must include subject matter experts in equity, and we will work with the Board to identify those candidates. The Southern California academic community has deep representation of national experts in this area, and such experts should be tapped in a variety of ways to support this effort.
  - In addition, we will pursue extensive community outreach, including engagement of community-based organizations and community members representing low-income and other vulnerable populations (see below); and local government at the city, subregional and county level. This addresses point **(C)** of the Motion, but will include an even wider circle of equity considerations.
  - The CP study will include a review of research done to date, and determination of any key gaps in that research that bear on the Equity issues listed below. It should be noted that a study on congestion pricing and equity was very recently released by Transform (an Equity coalition in the San Francisco Bay Area) and the Natural Resources Defense Council (NRDC), that aligns with much of staff's initial thinking contemplated for this study's scope. That report combined with other research will provide valuable insights to help launch this effort.
  
- B. The scope of the Equity Strategy is key. The reach of a congestion pricing strategy is broad, and therefore demands an equity assessment that is equally comprehensive.
  - The Motion's opening provision **(A)** implies that equity be defined as minimizing the economic impact of congestion pricing on low-income drivers. This focus and associated analysis will be incorporated explicitly into the scope of the feasibility study.
  - However, congestion pricing will have a range of impacts over the entire transportation system, and by extension all those who use that system.
  - Equity defined in this broader context, consistent with the Equity Platform's intent to

carefully address equity-related issues over a wide spectrum, would assess the potential negative and positive impacts of a congestion pricing strategy on historically underserved populations, as it affects their mobility access to jobs, housing, and other opportunities. An equity-driven policy objective would be to improve such access for those populations, and data and metrics to evaluate that potential would be central to the Equity Strategy scope of work within the feasibility study.

Broadly, the scope of the feasibility study needs to evaluate the following as part of a comprehensive Equity Strategy for congestion pricing:

**What are the equity-related questions we are trying to answer?**

- What impacts, positive and negative, is congestion pricing anticipated to impose on
  - single auto drivers, and
  - other travelers in the multi-modal transport network?
- How might some populations and communities be impacted differently/disparately/disproportionately by the imposition of congestion pricing (evaluating all three models) compared to other populations?
- If there are undesirable/inequitable impacts, how could those be avoided/mitigated/otherwise addressed?

**What (underserved) target populations and communities might be impacted positively and negatively by a congestion pricing paradigm?**

- No-car households
- Low-income households
- People of Color
- Women
- Seniors
- Persons with Disabilities
- Potentially others, i.e., as might be suggested by the CP Advisory Council

We will use the core indicators identified in the developing Long Range Transportation Plan equity performance measures as benchmarks for identifying underserved populations.

**What do we need to know to assess equity impacts?**

- Where are target populations traveling?
- When are they traveling; and what flexibility is attached to that travel schedule?
- Why (for what purpose) are they traveling?
- What costs are associated with that travel (time and \$, primarily)?

**What impacts are we concerned with?**

- Affordability of the trip (SOV and other)
- Availability of options (and the viability and quality of those options, among them)

- increased public transit service) to SOV
- Location of congestion pricing boundaries, particularly relative to above
- Sequence and timing of congestion pricing, and SOV options

These are the core elements that would make up a comprehensive Equity Strategy aligned with the congestion pricing feasibility study; and will continue to be vetted by the CP Advisory Council and related discussions throughout the study's progress. A detailed scope must be developed as part of the overall feasibility study RFP. It is critical that it be integrated into, and not separate from, the larger CP analysis. One important consideration will be how this effort, and the larger Re-Imagine initiative aligns with the Vision 2028 strategic plan, and Long Range Transportation Plan (LRTP). A study of congestion pricing directly implements recommendations in Vision 2028 goal "to manage demand in a fair and equitable manner", wherein pricing strategies to reduce traffic congestion is explicitly listed as an objective. That said, the strategic plan was clear that simultaneously improving equity and capacity is sought at the outset. With respect to the LRTP, the CP feasibility study and the equity considerations woven into it must necessarily be evaluated within its larger context, which is built around investment trade-offs throughout the system over 40 years. The CP feasibility study would be one of several scenarios that staff is already anticipating to examine within the LRTP's mandate of balancing operations, maintenance and expansion of a multi-modal transport network-all of which would be viewed through an equity lens shaped by the principles of the Equity Platform.

Keeping the above in mind, and addressing the intent of (E) of the Motion, we recommend that provisions be made to adjust the feasibility scope based on feedback from equity experts on the Advisory Council, early input from the community engagement process, and lessons learned from other studies and best practices that will be reviewed as part of the feasibility study.

### **FINANCIAL IMPACT**

The Equity Strategy will be funded as part of the Congestion Pricing Feasibility Study.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The Equity Strategy supports Vision 2028 goal #1: Provide high-quality mobility options that enable people to spend less time traveling, as discussed in detail above. As the Equity Strategy will focus on improving mobility access across all modes, the incorporation of this strategy specifically addresses initiative 1.1 to "target infrastructure and investments toward those with the greatest mobility needs."

### **NEXT STEPS**

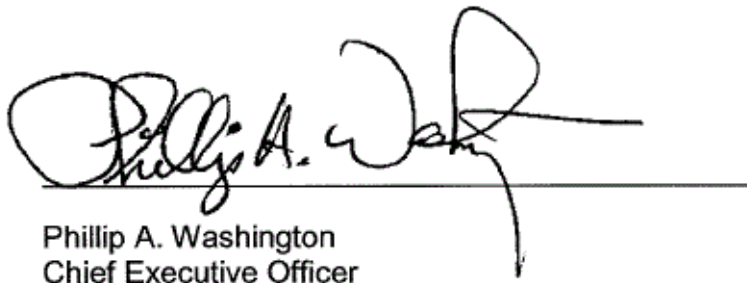
Staff will develop and issue a Request for Proposals for a congestion pricing study that includes an Equity Strategy scope as described in this Board report.

### **ATTACHMENTS**

Attachment A - Motion 43.2

Prepared by: Therese W. McMillan, Chief Planning Officer, (213) 922-7077

Reviewed by: Phillip A. Washington, Chief Executive Officer, (213) 922-7555



Phillip A. Washington  
Chief Executive Officer



**Board Report**

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**File #:** 2019-0034, **File Type:** Motion / Motion Response**Agenda Number:**

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**REGULAR BOARD MEETING  
JANUARY 24, 2019****Motion by:****Solis, Garcetti, Dupont-Walker, Butts, and Hahn**

Related to Item 43:Equity Strategy for Congestion Pricing

In response to the Twenty-Eight by '28 Motion 4.1 from the September 2018 meeting, Metro staff has developed the "Re-Imagining of LA County" initiative, which proposes various funding/financing mechanisms to help construct all projects on the Twenty-Eight by '28 project list by the 2028 Summer Olympics and Paralympics. The most impactful proposal in this initiative is the pursuit of a congestion pricing pilot, which would target traffic-clogged communities to implement demand-based pricing on roads and/or freeways along certain corridors or within specific areas in LA County.

Congestion pricing has been used in other parts of the world, including London, Stockholm, and Singapore, and has been shown to help relieve traffic and increase vehicle speeds. Congestion pricing also helps improve transit services as buses also benefit from increased vehicle speeds. However, despite improving transit that largely serves low-income residents, low-income drivers would be affected more by congestion pricing than households of other income levels. Low-income households already spend a greater proportion of their incomes on transportation and have less flexible work schedules as compared to other households. A congestion pricing pilot may improve traffic but could exacerbate problems for our poorest communities by forcing them to spend even more on transportation. It may also have effects on small and family-owned businesses in fields such as construction and landscaping which rely on vehicles for work.

To address this, equity should be made a cornerstone of the congestion pricing framework. It is crucial that the economic impacts of congestion pricing on low-income drivers be identified and analyzed in order to minimize hardship. Congestion pricing will generate significant revenues, some of which should be directed towards ensuring that low-income drivers are not disproportionately affected.

**WE THEREFORE MOVE** that the Board direct the CEO to:

- A. Develop an Equity Strategy that considers reinvesting congestion pricing revenue as a key source of funds to minimize economic impacts to low-income drivers;
  
- B. In partnership with the Board of Directors, nominate subject matter experts in equity as

members of the Advisory Council. The final number of subject matter experts would be dependent on the size of the Advisory Council and subject to approval of the Board;

- C. Engage academia, community-based organizations, cities, subregions, and Los Angeles County during the development of the Equity Strategy and consider the effects of congestion pricing on drivers that rely on their vehicles for their livelihood;
- D. Defer inclusion of congestion pricing revenue in any project acceleration financial plan until the completion of the congestion pricing feasibility study and Equity Strategy;
- E. Revise the congestion pricing recommendation language contained in the Board Report to include the directives in this Motion for approval at the February 2019 Board of Directors meeting;
- F. Report back on proposed components of the Equity Strategy at the February 2019 Board of Directors meeting.

LA Metro New Mobility Service Fee Plan**Executive Summary**

New Mobility fees and regulations, if implemented effectively, can be used to improve **equity, mobility, and environmental** outcomes immediately, while also providing revenues for long-term capital projects. Anticipated public policy benefits include:

Ensure equity and fairness:

- New Mobility fees can improve transportation equity by influencing behavior. Fees can be applied to services, products and programs with goals such as ensuring geographic equity of service coverage, ensuring service is provided to the County’s most vulnerable populations, and including customers who need extra assistance or wheelchair accessible service.<sup>1</sup> Revenues can also be used for these purposes.
- New Mobility service fees and regulations can level the playing field for private sector competition by setting standards for compliance across private companies and operations County-wide. This will create better and more stable mobility outcomes for LA County, and can potentially improve working conditions for drivers.

Improve mobility:

- New Mobility service fees and regulations can be used to manage congestion by discouraging single-use Transportation Network Company (TNC) rides and, instead, encouraging pooled rides and mode shift to transit services. This reduction of solo driving trips in turn reduces congestion.<sup>2</sup>
- Revenues can be re-invested to improve the quality, reliability, safety, and convenience of transit services and walking and biking access.<sup>3</sup>

Preserve the environment:

- New Mobility service fees can be used to reduce deadheading (circling empty TNC vehicles). Fees can be increased when vehicles fail to meet efficiency standards.

With these public policy benefits in mind, we propose the following timeline and key activities to develop and implement a New Mobility service fee in LA County. Note that these steps are not meant to be sequential as some of them will need to be undertaken simultaneously.

Immediate & Ongoing	2019 - 2020	2020	Late 2020
Build and grow a regional coalition to support fees	Study effects of New Mobility services	Pursue legislative authority	Pilot New Mobility service fees

Next steps for exploring New Mobility service fee in LA County:

<sup>1</sup> Editorial Board. Washington Post. “D.C. is raising taxes on Uber and Lyft. Good.” July 20, 2018

<sup>2</sup> Ibid

<sup>3</sup> Kim, So Jung and Robert Puentes. Eno Center for Transportation. “Eno Brief: Taxing New Mobility Services. What’s Right? What’s Next?” July 2018.

- Conduct a study to better understand the effects and impacts of New Mobility services (private companies/operations) in LA County
- Build and grow a regional coalition to support New Mobility service fees
- Pursue legislative authority to institute New Mobility service fees
- Pilot New Mobility service fees in tandem with congestion pricing

## Background and Justification

New Mobility companies, such as Uber, Lyft, Bird, and Lime, have been able to grow market share and value from unchecked consumption of public investments in roads and infrastructure. Across the Country, private companies have put shared bicycles, scooters, and cars on the streets with the expectation of using public rights of way to generate private benefit.

This approach has resulted in numerous mobility benefits, but also many negative externalities. In terms of improved mobility, TNCs have become the emergency ride home for regular transit customers, and shared e-scooters and e-bikes have become a popular, efficient form of first and last mile access to transit stations and stops. However, some net negatives include additional congestion on our roadways and curbside, space taken from pedestrians on sidewalks, increased emissions, and labor market disruption due to inconsistencies in regulatory practices. In some markets, TNC services may have also contributed to ridership declines on transit and jeopardized the sustainability of current services for all.<sup>4</sup>

In response, some jurisdictions (cities and states) have begun to institute fees on TNCs to raise revenue for public goods and services, manage demand, and address the impact of private companies, thus minimizing externalities. The table below illustrates the various taxes and fees that jurisdictions have levied on private companies.<sup>5</sup>

Location	TNC Tax/Fee	Disposition of Funds	Estimated Revenues
Chicago, IL	\$0.67 per trip	\$0.02 to Business Affairs and Consumer Protection \$0.10 to Vehicle Accessibility Fund \$0.55 to City General Fund	\$16M in 2018 \$30M in 2019
New York, NY	8.875% of total fare  \$2.75 per trip or \$0.75 if pooled	51% to City General Fund 45% to State General Fund 4% to Metropolitan Transportation Authority  100% to Metropolitan Transportation Authority	\$400M per year
Washington, D.C.	6% of total fare	17% to Department For-Hire Vehicles 83% to WMATA	\$23M per year
California	0.33% of total TNC revenue	100% to CPUC Transportation Reimbursement Account	Estimates show \$67M since 2013
Rhode Island	7% of total fare	General Fund	N/A

While these taxes and fees are raising revenue for the jurisdiction, they are not necessarily improving the public's mobility. For example, some fees above have been earmarked towards cities' general funds. This amounts to little more than a sales tax, and does not allow revenues to be re-invested to improve the quality, reliability, safety, and convenience of transit services

<sup>4</sup> [https://www.scag.ca.gov/Documents/ITS\\_SCAG\\_Transit\\_Ridership.pdf](https://www.scag.ca.gov/Documents/ITS_SCAG_Transit_Ridership.pdf)

<sup>5</sup> Kim, So Jung and Robert Puentes. Eno Center for Transportation. "Eno Brief: Taxing New Mobility Services. What's Right? What's Next?" July 2018.

and walking and biking access. Even where revenue is dedicated to transportation, how a tax is collected can be just as important as how the money is spent. When taxes from New Mobility providers are simple flat fees, they might suppress demand but accomplish little else from a mobility perspective.

On the other hand, innovative approaches, such as a tiered tax or a dynamic tax, can be used to encourage preferred travel behaviors such as shared rides.<sup>6</sup> Reduced or waived fees could be used as a mechanism to encourage services to be deployed in underserved areas of the County, such as low-income neighborhoods, which are not the top choice of operations for private companies. Fees could be increased at times of high congestion or poor air quality. Instituting service fees offer revenue generation; however, this is also an opportunity for Metro to be deliberate and lead with the desired public policy outcomes and avoid a patchwork approach.<sup>7</sup>

### **Detailed Plan**

The following outlines the recommended timeline and key activities for developing and implementing a New Mobility service fee in LA County. Note that these activities are not meant to be sequential as many of them will need to be undertaken simultaneously.

#### **Immediate and Ongoing: Build and Grow a Regional Coalition to support New Mobility service fees**

Despite their profound impact on mobility in LA County, Metro lacks regulatory oversight authority for ride-hail, scooter-share, and other new mobility services.<sup>8</sup> The California Public Utilities Commission (CPUC) currently regulates TNCs in California, but their approach has been relatively hands-off and not at all focused on mobility, equity, or environmental outcomes. Some jurisdictions within LA County have begun to develop their own regulatory structures for shared devices, which includes piloting permit programs. Other jurisdictions have decided to ban private sector mobility devices altogether. This piecemeal approach creates a poor transportation experience, since users who cross city boundaries can be subject to different regulations. This approach also impacts equity in the distribution of these services and limits Metro's ability to improve access to our transit stations. Ensuring that 89 jurisdictions and their different regulatory policies are being followed surely creates a headache for private companies as well. As the county transportation authority and congestion management agency, Metro is best positioned to take on this oversight role.

Metro will need to begin by developing regional support from its city and local transit partners and other relevant stakeholders in advance of stepping into this role. Securing city buy-in will be critical, given that certain cities such as Santa Monica and the City of Los Angeles have already begun pilot programs that include revenue collection. Extensive communication and coalition building with our local government partners and other stakeholders will help to ensure success. In line with the values articulated in Goal 4.1 of Vision 2028, Metro plans to

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<sup>6</sup> Adams, Sam. City Lab. "Don't Enact a 'Lazy' Ride-Hailing Tax," July 2018.

<sup>7</sup> SFCTA. "The TNC Regulatory Landscape: An Overview of Current TNC Regulation in California and Across the Country." December 2017.

<sup>8</sup> SFCTA. "The TNC Regulatory Landscape: An Overview of Current TNC Regulation in California and Across the Country." December 2017.

establish multiple forums and methods for meaningfully engaging with stakeholders to establish a consistent line of communication, build trust, and foster transparent, inclusive decision-making. This will include engaging the various private companies to provide input on the agency's approach.

### **2019-2020: Study effects of New Mobility services (private companies/operations) in LA County**

To be effective at achieving the above-referenced public policy goals, and to help Metro fulfill its role as the congestion management agency for LA County, Metro needs to better understand the impacts of New Mobility services (private companies/operations).

The extent and impact of these private companies on the transportation system in LA County is not yet fully understood. This is in part because service providers are reluctant to share their data with public transit agencies and departments of transportation and will not do so willingly. Although TNCs in California are regulated at the state level by the CPUC, which does require TNCs to report an extensive amount of data to them, the CPUC does not share this information publicly. In contrast, non-TNC New Mobility companies, such as Bird and Lime, are not regulated at the state level, and regulation is generally managed by cities that regulate sidewalks and streets rather than transit agencies. Over the past year, some cities within LA County have developed their own regulatory structures that include data sharing requirements. However, these programs are still in their infancy.

Despite this lack of data sharing, the City and County of San Francisco were able to produce reliable estimates on TNC ridership. They worked with researchers from Northeastern University who were able to acquire data on TNC activity that was gathered through Uber's and Lyft's public-facing application program interface (API).

Metro would commission reports that analyze and evaluate the current state of New Mobility in LA County. The report would 1) provide an inventory of emerging mobility services and technologies in the region and should include a profile of usage in LA County, 2) include an evaluation of the near-term impacts on publicly operated services and systems and 3) identify and articulate potential longer-term effects on core transit operations, congestion, equity and mobility. An additional report should provide an overview of existing state and local regulatory frameworks within California and globally. These reports would inform the Metro Board on potential near term policy and legislative options. Reports should build upon findings and operational insights collected and produced from the research project (Mobility on Demand) and Metro's direct operations of the MicroTransit Pilot Project.

### **2020: Pursue legislative authority**

For Metro to be able to institute New Mobility service fees, the state of California needs to affirm the County's authority to dedicate a tax on privately operated services.<sup>9</sup> San Francisco

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<sup>9</sup> Norman, Hannah. San Francisco Business Times. "Uber, Lyft agree to proposed ridehail tax in San Francisco." August 1, 2018.

recently successfully went through this process under three years, and their experience serves as a framework and precedent for Metro. See appendix for more detailed information.

### **Late 2020: Pilot New Mobility service fees in tandem with congestion pricing pilot**

Once Metro receives the support of the state and local jurisdictions and secures legislative authority, Metro can launch a pilot program to test regulating private companies. Metro should pilot this program in parallel with any congestion pricing pilot and in alignment with other New Mobility pilots throughout the County. Criticism against TNC fees is that they are penalizing TNCs while single occupancy vehicle (SOV) driving still makes up most of traffic congestion and other negative externalities. Ideally, TNC fees should be part of the overall mobility, equity, and environmental solution along with congestion pricing.

Once the pilot begins, revenues will be realized immediately. There will likely be modest costs associated with setting up a regulatory program. As part of the permitting program, Metro should require private companies to share data, which will enable Metro to understand how these services are being used and allow for appropriate monitoring of the services in conjunction with transit and other transportation services.

### **Conclusion**

Goal 1.3 of Metro's 10-year strategic plan, Vision 2028, sets forth our agency's intentions to manage transportation demand in a fair and equitable manner. It identifies pursuing regulatory strategies of New Mobility services as a way to 1) level the playing field to ensure access to a variety of transportation options for everyone, 2) preserve competition, and 3) reduce negative impacts. The initiation of a study of the effects new mobility providers, the pursuit of legislative authority, and an analysis of how to pilot new mobility fees and regulations, are the first steps in delivering on this goal.



## Appendix: San Francisco's Legislative Experience Regulating TNCs

Between June 2017 and October 2018, San Francisco County Transportation Authority (SFCTA) published three reports on the status of TNCs in San Francisco. Findings included how many trips TNCs make on a typical weekday, where in the city TNC trips are concentrated, the amount of vehicle miles driven daily, and how TNCs contribute to the rise of congestion in the San Francisco area.<sup>10</sup>

In response to these findings, in April of 2018, San Francisco County Supervisor and chair of SFCTA Aaron Peskin introduced a ballot measure that would put a gross receipts tax levied on ride-hailing companies on the November 2018 ballot. By end of July 2018, San Francisco's Mayor's Office, Supervisor Peskin, Uber, and Lyft had all reached agreement to allow San Francisco to levy a tax on a per-ride basis instead. A tax on gross receipts would have included taxes on drivers' tips, tolls, and other accumulated fees. After the City, County and private mobility partners were in alignment, Assembly member Phil Ting and State Senator Scott Wiener then authored state legislation to confirm San Francisco's authority to levy a local tax on TNC and future autonomous vehicle trips and have the dedicated funding be remitted to the SFCTA. Governor Brown signed this bill in September of 2018.<sup>11</sup>

AB1184 allows the City and County of San Francisco to impose a tax on each ride originating in the City and County of San Francisco provided by a TNC or autonomous vehicle. The tax is tiered in that shared rides are taxed at 1.5 percent per-ride, while single-seat rides are taxed at 3.25 percent per-ride. Late-night trips, trips made in hybrid vehicles, and trips that originate from low income neighborhoods and communities of color will have a reduced per-ride tax. Paratransit trips and fully electric vehicles will not be taxed. Revenues go to SFCTA. The bill will require voter approval at the November 2019 ballot, and it is expected to go into implementation in 2020, and will bring in \$30M in the first few years.<sup>12</sup>

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<sup>10</sup> SFCTA. "The TNC Regulatory Landscape: An Overview of Current TNC Regulation in California and Across the Country." December 2017.

SFCTA. "TNCs and Congestion." October 2018.

SFCTA. "TNCs Today: A Profile of San Francisco Transportation Network Company Activity." June 2017.

<sup>11</sup> Wray, Sarah. Smart Cities World, "San Francisco reaches ride-sharing tax agreement with Uber and Lyft." August 6, 2018.

<sup>12</sup> Norman, Hannah. San Francisco Business Times. "Uber, Lyft agree to proposed ridehail tax in San Francisco." August 1, 2018.

Wray, Sarah. Smart Cities World, "San Francisco reaches ride-sharing tax agreement with Uber and Lyft." August 6, 2018.



# The Re-Imagining of LA County: Mobility, Equity, and the Environment

February 28, 2019



Metro®



## Trends in LA County

- Population and economic growth increase travel demand on a system that is already congested.
- As travel demand grows, greenhouse gas emissions and environmental impacts of transportation grow.
- Transportation inefficiencies limit regional and individual prosperity.
- Lack of high-quality mobility perpetuates inequities
- We must focus on quality alternatives to driving alone.



## Recommended Actions

Request approval to

- Pursue the Transformational Initiatives
- Continue work on the Twenty-Eight by '28 goal and accelerate projects in every feasible way; report progress on a quarterly basis.
- Develop proposed funding and financing plans for the accelerated projects; report back in September 2019.

# Transformational Initiatives

Recommend pursuit of

- Feasibility study to pilot congestion pricing
- Feasibility study to levy fees on shared devices (e.g. scooters) and transportation network companies (TNCs)



# Congestion Pricing Feasibility Study

**Study will look at how pricing can reduce congestion, improve equity, and cut emissions:**

- Equity Strategy to specifically address impacts to vulnerable populations
- Research and analysis of three pricing models, including projected revenues and policy implications
- Selection criteria and process to identify potential pilot locations (Diverse areas are a consideration)
- Identification of transit service and improvements to provide mobility options in congestion pricing pilot

# Congestion Pricing Feasibility Study

## Study goals include:

- Improving mobility by reducing congestion, enabling existing infrastructure to move vastly more people much faster
- Improving equity by freeing mass transit users from being stuck in traffic at no cost to them
- Cleaning the air by cutting idling/driving times and reducing single-occupancy vehicle use







# Equity Strategy for Congestion Pricing Study

## **Equity Strategy will identify**

- Effects of congestion pricing on all travelers in the multimodal transport network
- Potentially disproportionate impacts to vulnerable populations (drivers and non-drivers)
- Opportunities to avoid or address identified impacts
- Availability of options to the single-occupancy vehicle
- Location of congestion pricing boundaries (related to available alternate modes)
- Sequencing and timing of congestion pricing





## Re-Imagining LA County

“The mission of the Los Angeles County MTA is to design, construct, procure, operate, and maintain a safe, reliable, affordable and efficient transportation system ***that increases mobility, relieves congestion and improves air quality***, and meets the needs of all Los Angeles County residents.”

– Metro Board Retreat, February 1994

“To manage transportation demand in fair and equitable manner, ***Metro will test and implement pricing strategies to reduce traffic congestion.***”

– Metro Vision 2028, June 2018



## Re-Imagining LA County

**The Transformational Initiatives can deliver unprecedented regional benefits and outcomes**

- Dramatically improve equity through mobility
- Eradicate congestion in LA County
- Reduce the region's carbon footprint and combat climate change
- Consideration of free transit



## Recap of Recommended Actions

Request approval to

- Pursue the Transformational Initiatives
- Continue work on the Twenty-Eight by '28 goal and accelerate projects in every feasible way; report progress on a quarterly basis.
- Develop proposed funding and financing plans for the accelerated projects; report back in September 2019.



## Next Steps

- April 2019 – Review scope for Congestion Pricing Feasibility Study
- June 2019 – Award contract for Congestion Pricing Feasibility Study
- September 2019 – Report on financing/funding plans for the accelerated projects
- Quarterly – Progress reports on efforts to accelerate projects in Twenty-Eight by '28



# Discussion

**Board Report**

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**File #:** 2019-0055, **File Type:** Motion / Motion Response**Agenda Number:** 32.1

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**PLANNING AND PROGRAMMING COMMITTEE  
FEBRUARY 20, 2019  
EXECUTIVE MANAGEMENT COMMITTEE  
FEBRUARY 21, 2019****SUBJECT: EQUITY STRATEGY FOR CONGESTION PRICING STUDY: RESPONSE TO MOTION****ACTION: RECEIVE AND FILE****RECOMMENDATION**

RECEIVE AND FILE report on equity strategy for congestion pricing in response to Board Motion 43.2.

**ISSUE**

On January 24, 2019, the Board passed Motion No. 43.2 (Solis, Garcetti, Dupont-Walker, Butts and Hahn; Attachment A) that directed the CEO to “Develop an Equity Strategy that considers reinvesting congestion pricing revenue as a key source of funds to minimize economic impacts to low-income drivers”, one of six provisions. This Motion was provided, in addition to Motion 43.1 (Butts), in response to staff’s continuing response to Motion 4.1, directing the CEO to present a comprehensive funding plan for the “28 x 2028” initiative. This Receive and File Board Report provides the context for responding to Motion No. 43.2, including the specific points outlined therein.

**BACKGROUND**

Among many issues and recommendations outlined by staff in its response to the 28 x 2028 directive from September 2019, the central challenge has been identifying a range of potential funding sources robust enough to address the additional \$26 billion operating and capital investment needed to accelerate the delivery of eight major projects in advance of the Olympic Games. To do so, it is evident that dramatically aggressive funding must come from either existing or new sources of revenue. In either instance, identifying, securing and applying revenues of such magnitude will raise significant equity questions - basically, where do those revenues come from, who benefits from using those funds for 28 x 2028, and who potentially “loses” by virtue of those revenues not being invested in other priorities. While these questions must be front and center in any final response to the 28 x 2028 question, Motion 43.2 was specifically concerned with the equity ramifications attached to one new revenue strategy: Congestion Pricing.

## **DISCUSSION**

Staff's prior presentations in the lead-up to the January 24, 2019 Board presentation emphasized that congestion pricing as a comprehensive transportation *policy* has both challenge and promise far beyond funding a \$26 billion capacity shortfall for 28 x 2028 accelerated projects. Implementing congestion pricing at a scale that would be effective, even for a portion of Los Angeles County, would exert tremendous change on the transportation network and the people who use it. Thus, staff was very clear that a comprehensive and thorough *feasibility study* of three different congestion pricing models - cordon, corridor, and vehicle miles traveled (VMT) - must be undertaken *before* any actions would be considered for implementation. This approach anticipated the important provision in **(D)** of the Motion, that no commitments to congestion pricing will be made until the feasibility study is completed, and front and center in that evaluation must be equity. The Board's adopted Equity Platform provides a valuable frame to design an Equity Strategy integral to the congestion pricing (CP) feasibility study.

With that understanding, staff recommends the following structure to address the motion's specific items:

- A. Staff's recommendation for the CP feasibility study includes establishment of an Advisory Council.
  - As outlined in **(B)** of Motion 43.2, we agree that this Council must include subject matter experts in equity, and we will work with the Board to identify those candidates. The Southern California academic community has deep representation of national experts in this area, and such experts should be tapped in a variety of ways to support this effort.
  - In addition, we will pursue extensive community outreach, including engagement of community-based organizations and community members representing low-income and other vulnerable populations (see below); and local government at the city, subregional and county level. This addresses point **(C)** of the Motion, but will include an even wider circle of equity considerations.
  - The CP study will include a review of research done to date, and determination of any key gaps in that research that bear on the Equity issues listed below. It should be noted that a study on congestion pricing and equity was very recently released by Transform (an Equity coalition in the San Francisco Bay Area) and the Natural Resources Defense Council (NRDC), that aligns with much of staff's initial thinking contemplated for this study's scope. That report combined with other research will provide valuable insights to help launch this effort.
  
- B. The scope of the Equity Strategy is key. The reach of a congestion pricing strategy is broad, and therefore demands an equity assessment that is equally comprehensive.
  - The Motion's opening provision **(A)** implies that equity be defined as minimizing the economic impact of congestion pricing on low-income drivers. This focus and associated analysis will be incorporated explicitly into the scope of the feasibility study.
  - However, congestion pricing will have a range of impacts over the entire transportation system, and by extension all those who use that system.
  - Equity defined in this broader context, consistent with the Equity Platform's intent to

carefully address equity-related issues over a wide spectrum, would assess the potential negative and positive impacts of a congestion pricing strategy on historically underserved populations, as it affects their mobility access to jobs, housing, and other opportunities. An equity-driven policy objective would be to improve such access for those populations, and data and metrics to evaluate that potential would be central to the Equity Strategy scope of work within the feasibility study.

Broadly, the scope of the feasibility study needs to evaluate the following as part of a comprehensive Equity Strategy for congestion pricing:

**What are the equity-related questions we are trying to answer?**

- What impacts, positive and negative, is congestion pricing anticipated to impose on
  - single auto drivers, and
  - other travelers in the multi-modal transport network?
- How might some populations and communities be impacted differently/disparately/disproportionately by the imposition of congestion pricing (evaluating all three models) compared to other populations?
- If there are undesirable/inequitable impacts, how could those be avoided/mitigated/otherwise addressed?

**What (underserved) target populations and communities might be impacted positively and negatively by a congestion pricing paradigm?**

- No-car households
- Low-income households
- People of Color
- Women
- Seniors
- Persons with Disabilities
- Potentially others, i.e., as might be suggested by the CP Advisory Council

We will use the core indicators identified in the developing Long Range Transportation Plan equity performance measures as benchmarks for identifying underserved populations.

**What do we need to know to assess equity impacts?**

- Where are target populations traveling?
- When are they traveling; and what flexibility is attached to that travel schedule?
- Why (for what purpose) are they traveling?
- What costs are associated with that travel (time and \$, primarily)?

**What impacts are we concerned with?**

- Affordability of the trip (SOV and other)
- Availability of options (and the viability and quality of those options, among them)



- increased public transit service) to SOV
- Location of congestion pricing boundaries, particularly relative to above
- Sequence and timing of congestion pricing, and SOV options

These are the core elements that would make up a comprehensive Equity Strategy aligned with the congestion pricing feasibility study; and will continue to be vetted by the CP Advisory Council and related discussions throughout the study's progress. A detailed scope must be developed as part of the overall feasibility study RFP. It is critical that it be integrated into, and not separate from, the larger CP analysis. One important consideration will be how this effort, and the larger Re-Imagine initiative aligns with the Vision 2028 strategic plan, and Long Range Transportation Plan (LRTP). A study of congestion pricing directly implements recommendations in Vision 2028 goal "to manage demand in a fair and equitable manner", wherein pricing strategies to reduce traffic congestion is explicitly listed as an objective. That said, the strategic plan was clear that simultaneously improving equity and capacity is sought at the outset. With respect to the LRTP, the CP feasibility study and the equity considerations woven into it must necessarily be evaluated within its larger context, which is built around investment trade-offs throughout the system over 40 years. The CP feasibility study would be one of several scenarios that staff is already anticipating to examine within the LRTP's mandate of balancing operations, maintenance and expansion of a multi-modal transport network-all of which would be viewed through an equity lens shaped by the principles of the Equity Platform.

Keeping the above in mind, and addressing the intent of (E) of the Motion, we recommend that provisions be made to adjust the feasibility scope based on feedback from equity experts on the Advisory Council, early input from the community engagement process, and lessons learned from other studies and best practices that will be reviewed as part of the feasibility study.

### **FINANCIAL IMPACT**

The Equity Strategy will be funded as part of the Congestion Pricing Feasibility Study.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The Equity Strategy supports Vision 2028 goal #1: Provide high-quality mobility options that enable people to spend less time traveling, as discussed in detail above. As the Equity Strategy will focus on improving mobility access across all modes, the incorporation of this strategy specifically addresses initiative 1.1 to "target infrastructure and investments toward those with the greatest mobility needs."

### **NEXT STEPS**

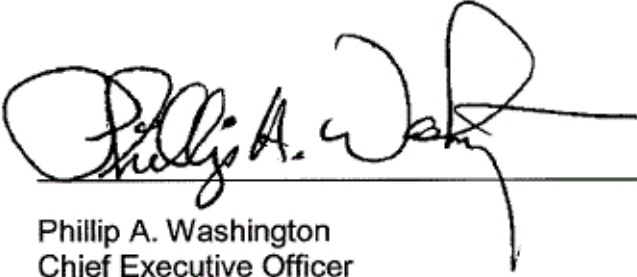
Staff will develop and issue a Request for Proposals for a congestion pricing study that includes an Equity Strategy scope as described in this Board report.

### **ATTACHMENTS**

Attachment A - Motion 43.2

Prepared by: Therese W. McMillan, Chief Planning Officer, (213) 922-7077

Reviewed by: Phillip A. Washington, Chief Executive Officer, (213) 922-7555



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Phillip A. Washington  
Chief Executive Officer

**Board Report**

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**File #:** 2019-0034, **File Type:** Motion / Motion Response**Agenda Number:**

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**REGULAR BOARD MEETING  
JANUARY 24, 2019****Motion by:****Solis, Garcetti, Dupont-Walker, Butts, and Hahn**

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To address this, equity should be made a cornerstone of the congestion pricing framework. It is crucial that the economic impacts of congestion pricing on low-income drivers be identified and analyzed in order to minimize hardship. Congestion pricing will generate significant revenues, some of which should be directed towards ensuring that low-income drivers are not disproportionately affected.

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members of the Advisory Council. The final number of subject matter experts would be dependent on the size of the Advisory Council and subject to approval of the Board;

- C. Engage academia, community-based organizations, cities, subregions, and Los Angeles County during the development of the Equity Strategy and consider the effects of congestion pricing on drivers that rely on their vehicles for their livelihood;
- D. Defer inclusion of congestion pricing revenue in any project acceleration financial plan until the completion of the congestion pricing feasibility study and Equity Strategy;
- E. Revise the congestion pricing recommendation language contained in the Board Report to include the directives in this Motion for approval at the February 2019 Board of Directors meeting;
- F. Report back on proposed components of the Equity Strategy at the February 2019 Board of Directors meeting.



## Board Report

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**File #:** 2019-0083, **File Type:** Motion / Motion Response

**Agenda Number:** 32.2

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**PLANNING AND PROGRAMMING COMMITTEE  
FEBRUARY 20, 2019  
EXECUTIVE MANAGEMENT COMMITTEE  
FEBRUARY 21, 2019**

**SUBJECT: RESPONSE TO MOTION BY DIRECTOR BUTTS TO AMEND ITEM 43 WITH  
QUESTIONS AND INSTRUCTIONS**

**ACTION: RECEIVE AND FILE**

**RECOMMENDATION**

RECEIVE AND FILE report in response to Board Motion 43.1 by Director Butts at the January 2019 Board meeting.

**ISSUE**

On January 24, 2019, the Board passed Motion 43.1 (Butts, Attachment A), which included questions and instructions for staff to return to the Board with responses in their February report. This Motion was provided in response to staff's continuing response to Motion 4.1, directing the CEO to present a comprehensive funding plan for the "28 x 2028" initiative. This Receive and File Board Report is in response to questions by Director Butts.

**BACKGROUND**

The Metro Board approved the Twenty-Eight by '28 Initiative project list in January 2018, which includes 28 highway and transit projects totaling \$42.9 billion (YOE) in infrastructure investment, with the goal of completing the projects in time for the 2028 Olympic and Paralympic Games. In September 2018, Board Motion 4.1 (Solis, Garcetti, Hahn, Butts) directed the CEO to develop a Twenty-Eight by '28 Funding Plan.

In December 2018, Metro CEO Phillip Washington responded to Motion 4.1 by presenting a list of potential strategies that could provide funding to accelerate the delivery of the 28 projects. CEO Washington returned to the Board in January 2019 with staff recommendations on strategies to pursue from the list presented in December. At the January Board meeting, the Board approved Motion 43.1, directing staff to return in February with responses to the questions and instructions posed.

**DISCUSSION**

**Response to Motion 43.1, Questions 1 - 7**

1. On Attachment B of the Board Report [File #2019-0011, The Re-Imagining of LA County: Mobility, Equity, and the Environment (Twenty-Eight by '28 Motion Response)], it states that the earliest any revenue realization can happen is 12 to 24 months. Can you further explain in detail the planning and development process for this?

Revenue from congestion pricing cannot be realized until a feasibility study is conducted. The study is necessary to determine where in LA County might make the most sense to test this idea, and what form of pricing (Cordon, Corridor, or VMT) might work best. Given the controversial nature of this concept, a substantial outreach and consensus building period will also be required to build support for testing the idea. Once the feasibility study is completed and the outreach conducted, we will bring back to the Board a staff recommendation regarding where, how, and how long to pilot congestion pricing. Assuming Board approval, it would still take time to get the pilot program up and running. More detail on the anticipated feasibility study process is provided in Attachment B to this receive and file report.

2. Normally a plan like this requires careful planning, analysis and thorough outreach? Is this element part of your 12 to 24 month process?

Analysis, planning, and outreach are critical and essential components of the feasibility study and are included in the study timeline. We are asking the Board to approve moving forward with such a study. We expect the study to take a minimum of 12-24 months, inclusive of a comprehensive outreach component.

3. Is it an accurate assumption that you would want to hire consultant experts to lead a study of this magnitude-is the procurement process included as part of the 12 to 24 month process?
  - a. Instruct the CEO to bring forward a schedule on the program approach that details the tasks to be performed during the 12-24 months

We would need to hire consultants to assist us with the feasibility study, but Metro would lead the study. The procurement process for this initial consultant is included as part of the 12-24 months timeline. Attachment B provides a draft initial scope of work highlighting the key tasks to be performed over the next 24 months.

We propose the following timeline and key activities to develop and implement congestion pricing in LA County, if the Board approves both the feasibility study and ultimately moves forward with a pilot. Note that these activities are not meant to be sequential as many of them will need to be undertaken simultaneously.

<b>Immediate &amp; Ongoing</b>	<b>2019 - 2020</b>	<b>Late 2020</b>	<b>To Be Determined</b>

Community and public engagement	<ul style="list-style-type: none"> <li>• Feasibility Study</li> <li>• Partnership and legislative authority</li> </ul>	<ul style="list-style-type: none"> <li>• Pilot Implementation</li> <li>• Initial Revenue Generation</li> </ul>	<ul style="list-style-type: none"> <li>• Expansion</li> <li>• Additional Revenue Generation</li> </ul>
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4. In Attachment B [File #2019-0011, The Re-Imagining of LA County: Mobility, Equity, and the Environment (Twenty-Eight by '28 Motion Response)] you propose that a ten-year estimate can generate up to \$134 billion in revenues if you add up all the congestion pricing options. How did you arrive at the estimate for these revenues?

To clarify, each congestion pricing model in Attachment B included a 10-year estimate of potential revenue generation for each model. These models are not intended to be considered in total; Metro would likely choose one, not all of them. Moreover, these are initial estimates based on very rough assumptions. The 10-year estimates for cordon pricing and VMT pricing are based on scenarios from SCAG estimates. The 10-year estimate of revenue generation for corridor pricing is derived from annual VMT estimates. An objective of the feasibility study is to provide an in-depth analysis of revenue potential for a variety of timelines and congestion pricing models, including a ten-year estimate.

5. In the same attachment you state you can realize savings by exploring Public-Private Partnership opportunities. What other alternatives have you examined besides Public-Private Partnerships as a means to save project costs?

Metro is always looking for ways to reduce costs on major capital projects. Value engineering will always be a priority to keep projects within budget. Cost savings from P3 are largely based on innovations from the private sector and reduced operations and maintenance costs over the life of the assets. The cost certainty of a P3 arrangement allows us to better predict our operations and maintenance needs over time. However, any cost reductions or savings should not be regarded as a meaningful revenue stream to accelerate projects. Other ways to save project costs are to limit the addition of out-of-scope items, reduce project scope, and look at phasing of projects.

6. Will the Feasibility Studies include exploring new technology, such as monorail or other technology that can significantly reduce project costs and timelines compared to traditional 100 year-old technology like underground heavy rail or light rail?

The feasibility studies in this case are oriented towards congestion pricing and Transportation Network Company regulation. Any new transit services resulting from these studies would likely be shorter turn-around items such as buses to deploy in a given area on newly free-flowing lanes, or additional rail cars to supplement service. That said, new technologies such as monorail may be under consideration during corridor studies for Measure M projects. For example, this technology is being considered for the Sepulveda Transit Corridor.

7. How will the NextGen Program fit into the scenarios described in Item 43.

NextGen is a critical program that will seek to re-design our entire bus network. Congestion pricing, on the other hand, will initially be a pilot program in one specific area of LA County. New bus

services, in addition to NextGen, are likely to be a critical part of any congestion pricing pilot program. If and when such a program is implemented, this might create additional changes in the Metro bus network. Metro staff will work to integrate these changes with NextGen as it is rolled out.

#### Monitoring Other Congestion Pricing Activities in California

Motion 43.1 also asked Metro staff to monitor both the State of California's Road Charge Program for synergistic opportunities and the City of San Francisco's Congestion Pricing projects for lessons learned. As part of the research proposed for the Congestion Pricing Feasibility Study, these two efforts will be documented in addition to other pricing models around the world, including pricing approach, performance measures, outcomes, and trends over time.

#### FINANCIAL IMPACT

Congestion pricing offers a compelling mobility solution that can also generate substantial revenues that can be used for transit operations and capital construction. If the Board approves moving forward with a Feasibility Study to assess the potential mobility, equity, and environmental benefits of congestion pricing, the cost center manager will be responsible for budgeting the funds to conduct the full scope of the study as described in this Motion response.

#### IMPLEMENTATION OF STRATEGIC PLAN GOALS

Goal 1.3 of the Metro Vision 2028 Strategic Plan conveys our agency's intentions to manage transportation demand in a fair and equitable manner by 1) developing simplified, sustainable and comprehensive pricing policies to support the provision of equitable, affordable, and high-quality transportation services and 2) testing and implementing pricing strategies to reduce traffic congestion. The initiation of a feasibility study and advisory board for congestion pricing, with the intention of creating a pilot program, is the first step in delivering on this goal.

#### NEXT STEPS

Metro staff will ask the Board to approve the recommended strategies to include in a funding plan to Re-Imagine LA County. If the Board approves the recommended strategies, which include conducting a congestion pricing feasibility study, staff will develop and issue a Request for Proposals for a congestion pricing feasibility study as described in Attachment B.

#### ATTACHMENTS

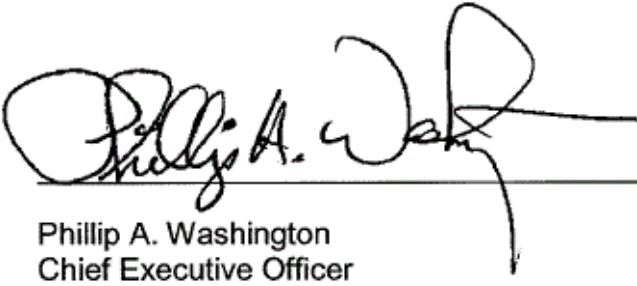
Attachment A - Motion 43.1

Attachment B - Preliminary Scope for Congestion Pricing Feasibility Study

Prepared by: Joshua Schank, Chief Innovation Officer, (213) 418-3345  
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Reviewed by: Phillip A. Washington, Chief Executive Officer, (213) 922-7555





Phillip A. Washington  
Chief Executive Officer



## Board Report

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**File #:** 2019-0033, **File Type:** Motion / Motion Response

**Agenda Number:**

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### REGULAR BOARD MEETING JANUARY 24, 2019

**Motion by:**

**BUTTS**

Related to Item 43: The Re-Imagining of LA County: Mobility, Equity, and the Environment (Twenty-Eight by '28 Motion Response)

I have a number of questions related to the Board report and several instructions pertinent to the Issues before us and would like to amend Item 43 and would like to have staff return to the Board with their responses to the Questions in their February Report.

#### **Questions**

1. On Attachment B of the Board report, it states that the earliest any revenue realization can happen is 12 to 24 months. Can you further explain in detail the planning and development process for this?
2. Normally a plan like this requires careful planning, analysis and thorough outreach? Is this element part of your 12 to 24 month process?
3. Is it an accurate assumption that you would want to hire consultant experts to lead a study of this magnitude - is the procurement process included as part of the 12 to 24 month process?
  - a) **Instruct** the CEO to bring forward a schedule on the program approach that details the tasks to be performed during the 12-24 months?
4. In Attachment B you propose that a ten-year estimate can generate **up to** \$134 billion in revenues if you add up all the congestion pricing options. How did you arrive at the estimate for these revenues?
5. In the same attachment you state you can realize savings by exploring Public-Private-Partnership opportunities. What other alternatives have you examined besides Public-Private Partnerships as a means to save project costs?
6. Will the Feasibility Studies include exploring new technology, such as monorail or other technology that can significantly reduce project costs and timelines compared to traditional 100 year-old

technology like underground heavy rail or light rail? AND

7. How will the NexGen Program fit into the scenarios described in Item 43?

**Instructions**

- A. Direct Metro Staff to return to the Board with information pertaining to the Scope, the proposed Budget and Study Timeline prior to conducting the Feasibility Studies for a Congestion Pricing Pilot strategy;
- B. The CEO shall bring forward a schedule on the program approach that details the tasks to be performed during the 12-24 months?
- C. Monitor the State's Road Charge Program for potential synergistic opportunities and monitor the City of San Francisco's Congestion Pricing projects for potential lessons learned.
- D. The proposed "Sacred Items" for Approval before are subject to future Review and Revision if circumstances arise where the Board feels such Review and Revision is warranted; and

I, Therefore, Move that the Board submit these questions and approve the list of Instructions to the CEO and prepare specific responses to the questions for incorporation in their Report at the Executive Management Committee in February.

Attachment B: Initial Scope for Congestion Pricing Feasibility Study

**Executive Summary**

The current transportation system in Los Angeles is highly inequitable, provides limited mobility, and is damaging our environment. Congestion pricing, if implemented effectively, can be a method of dramatically improving **equity, mobility, and environmental** outcomes to achieve Metro’s strategic goals in the near-term, while also providing revenues for long-term capital projects. The potential public policy benefits are shown in parentheses below and summarized in Table 1.

With a little encouragement from pricing, often less than we might think, people will find it more attractive to:

- Travel during less congested times (mobility)
- Use other modes, such as public transportation, walk, bicycle (environment)
- Consolidate their trips (mobility)
- Share rides/carpool (equity)

Those who continue to drive alone will be able to:

- Enjoy greater certainty and speed in their travel times (mobility)
- Pay less in total gasoline or other fuel (environment)
- Enjoy cleaner air and reduced contribution to climate change (environment)

Revenues from congestion pricing can:

- Offset cost for low income-drivers (equity)
- Be reinvested to improve the quality, reliability, safety, and convenience of transit service (equity, mobility)
- Provide free or low-cost transit fares (equity)
- Supplement funding gap of delivering 28x2028 projects (mobility)

We propose the following timeline and key activities to develop and implement congestion pricing in LA County. Note that these activities are not meant to be sequential as many of them will need to be undertaken simultaneously.

Immediate & Ongoing	2019 - 2020	Late 2020	To Be Determined
Community and public engagement	<ul style="list-style-type: none"><li>• Feasibility Study</li><li>• Partnership and legislative authority</li></ul>	<ul style="list-style-type: none"><li>• Pilot Implementation</li><li>• Initial Revenue Generation</li></ul>	<ul style="list-style-type: none"><li>• Expansion</li><li>• Additional Revenue Generation</li></ul>

Next steps for exploring congestion pricing:

- Begin conducting genuine public and community engagement, starting with an equity lens at the beginning of the process, using Metro’s Equity Platform as a guide and inviting a diverse range of participants to have a voice in this process.

- Procure consultant services to conduct a feasibility study to identify best locations for proof of concept.

**Table 1. Anticipated Outcomes and Public Policy Benefits**

Anticipated Outcomes	Equity	Mobility	Environment
Revenues are reinvested to improve the quality, reliability, safety, and convenience of transit service and walking and biking access.	x	x	
Revenues offset toll cost for low-income drivers.	x		
Reduction in road congestion leads to improved air quality along corridors.	x		x
Transit moves faster through less congested lanes, and transit customers pay no additional charge for better service.	x	x	
Revenues can pay for free or low-cost transit fares.	x		
Shared riders and carpoolers pay less than people who drive alone.	x		
Drivers in priced lanes pay less for fuel since they are not idling in traffic.			x
Revenues can supplement funding gap of delivering 28x2028 projects.		x	
Drivers enjoy greater certainty and speed in their travel times.		x	
Drivers are encouraged to drive during less congested times, or to mode shift to non-SOV driving (e.g. carpooling, public transportation, walking, bicycling), which enables the current system to accommodate more person throughput.		x	
Encourages consolidation and reduction of driving trips. This in turn reduces congestion.		x	

## **Background and Justification**

The concept of congestion pricing has been around for decades. Simple supply and demand tells us that when something is provided for free, people use more of it than they would otherwise. Hence, we have significant roadway congestion when that space is provided with no out-of-pocket costs.

Currently, the price of road (usually zero) bears little relationship to demand for that road at that time. For example, it costs the same to use a road at 3am as it does in the peak of rush hour traffic, even though demand for roads is much lower at 3am. The net effect is that instead of paying for roadway space with money, everyone pays with their time.

People waste time sitting in traffic, essentially waiting in line, to use roads. This vastly inefficient method of allocating roadway space may seem very democratic, in the sense that all must pay with their time. However, it actually discriminates against the poorest and most vulnerable members of society. Transit riders, who have far lower incomes than non-riders in Los Angeles County, use buses that sit in the same slow traffic and face longer commute times on average. Moreover, low-income people typically have less flexible work schedules with hourly wages and face severe penalties for lateness. Whereas higher-income individuals may be able to shift their travel times or work from home to avoid congested periods, lower-income people often cannot.

Finally, many working class individuals depend on their vehicle for day labor and cannot use transit alternatives. When their vehicles sit in traffic they miss out on potential jobs and their earning potential drops dramatically. While they might have to pay to a fee during congested times if congestion pricing were to be implemented, they would likely more than make up for this fee through time savings and being able to perform more work. Under the current system, they are severely limited in the number of jobs they can perform in a day.

### **Congestion Pricing Today**

Congestion pricing has proven challenging to implement for reasons such as lack of political viability, technical and privacy concerns, and equity concerns. Despite these challenges, a number of metropolitan areas have implemented various forms of congestion pricing. Once implemented, these schemes have had various degrees of success and, notably, none have ever been repealed. This includes the only congestion pricing pilot of any kind implemented to date in Los Angeles County, Metro's ExpressLanes Program.

More comprehensive congestion pricing schemes are currently in place in London, Stockholm, Singapore, and Milan. Each of these experiences offers lessons learned, but perhaps most notable is Stockholm. In this city, the congestion pricing scheme was widely opposed and was put in place on a pilot basis. After the trial period, the scheme proved so popular that it was accepted permanently. This demonstrates the value of a pilot period to test such a product, and to demonstrate its value, before casting judgment.

## Congestion Pricing Models and Revenue Forecasts

UCLA analyzed eight active congestion programs in the United States and worldwide. In each case, the program generates surplus revenue. Across the eight programs, the operating cost-to-revenue ratio averaged 36 percent, suggesting that program revenues substantially exceed costs, as shown in Table 2.

**Table 2. Congestion Pricing Programs: Cost and Revenue Estimates**

City/Program	Status	Initial Investment	Annual Operating Costs	Annual Net Revenue	Efficiency (Costs/Revenue)
Oslo, Norway	<i>active</i>	USD \$30M	USD \$11M	USD \$70M	16%
Singapore	<i>active</i>	USD \$145M	USD \$25M	USD \$110M	23%
London, UK	<i>active</i>	USD \$211M	USD \$170M	USD \$179M	95%
Stockholm, Sweden	<i>active</i>	USD \$222M	USD \$12M	USD \$144M	8%
Dubai, UAE	<i>active</i>	n/a	n/a	USD \$217M	n/a
Milan, Italy	<i>active</i>	€7M	€7M	€29.4M	24%
Gothemberg, Sweden	<i>active</i>	USD \$84M	USD \$12M	USD \$89M	13%
San Francisco, USA	<i>active</i>	\$56.3M	\$944M	\$1.3B	72%
Singapore	<i>active</i>	S \$6.6M	S \$5M	S \$47M	11%
Manchester, UK	<i>proposed</i>	\$195M	\$55M	\$140M	39%
Netherlands	<i>proposed</i>	n/a	n/a	n/a	n/a
New York City, USA - Variable Price	<i>proposed</i>	\$265M	\$150M		9%
New York City, USA - Variable Tolls	<i>proposed</i>	\$282M	\$110M	\$2.2B	5%

Sources available upon request

In Los Angeles, there are three conceivable ways congestion pricing could be implemented. These are the following:

- 1) *Cordon Pricing*. This involves creating a boundary around a central district and then charging vehicles to cross that boundary. The fee can be variable, meaning it can go up or down based on demand. Alternatively it could be set at a specific rate for peak times. Either way, the idea is to reduce the number of vehicles entering a central area when demand is higher. This is the most common method of congestion pricing employed around the world.

Cordon pricing is most effective when there is a strong Central Business District (CBD) with high quality mass transit options as alternatives to driving. Los Angeles County does not have a typical CBD, as job centers are more dispersed throughout the region. Preliminary average revenues from cordon pricing of all trips entering downtown LA have been estimated to be as high as \$1.2 billion per year (in year of expenditure dollars). This form of pricing is among the easiest to implement and has the most history from which we can learn.

- 2) *VMT Pricing*. Charging drivers based on Vehicle Miles Traveled (VMT) has been floated for many years as a potential substitute for a gas tax. However, a VMT fee platform can potentially be used to charge variable prices based on location and time of day. The platform could conceivably charge zero when there is no traffic or in uncongested areas, but then charge high enough rates during peak times to deter overuse. There have been VMT-fee experiments in California, Oregon, and Iowa. While none of these pilots have attempted to include additional fees for congestion, the Oregon pilot tested the idea by calculating the number of miles driven in the “congestion zone”. In short, the technology

exists to use VMT as a method of alleviating congestion but it has not yet been attempted due to political challenges.

Preliminary average annual revenues from implementing VMT pricing have been estimated at \$10.35 billion per year (in year of expenditure dollars) for the larger metropolitan area. While net revenues from Los Angeles County alone would be less, Los Angeles County is the most populous part of the region and accounts for more VMT than the rest of the region. This estimate provides a sense of the strong revenue potential of such a scheme.

- 3) *Corridor Pricing.* Corridor pricing is a new kind of congestion pricing that has not been implemented anywhere. The idea is to price all lanes on all roads within a specific corridor with high traffic congestion but a viable public transit alternative. Functioning similar to cordon pricing, anyone traveling within a designated corridor during peak times would pay a fee based on how many miles they travel within the corridor. The price for travel within the corridor would be set high enough to ensure free flow traffic within that entire corridor.

Absolute revenues vary greatly, largely because the tolled areas vary considerably in their size and the demand for the road space they allocate.

## Detailed Plan

People widely perceive the biggest transportation problem in Los Angeles County to be congestion. And it is true that congestion is worse here than it is almost anywhere else.<sup>1</sup> Additionally, LA County today is hampered by deep income inequality.<sup>2</sup> Our current transportation system exacerbates economic inequity and disproportionately harms low-income people, such as in the following ways:

- Congestion exacerbates vehicular air pollution, which has been linked to health problems ranging from cancer to asthma to preterm birth, and it most affects people living near congested roads---who are disproportionately likely to have lower incomes.<sup>3</sup>
- Congestion slows down buses, increases trip time, and creates an inconvenient and unreliable trip experience for passengers. Buses serve over 70% of Metro's transit passengers. The average annual household income of bus passengers is \$26,812, with 56% living below the poverty line.<sup>4</sup>
- Congestion creates transportation inefficiencies that limit access to the most basic needs in life, such as jobs, housing, education, and health care. Wealthy individuals have the means to overcome these inefficiencies to a much greater extent than low-income people.

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<sup>1</sup> <http://inrix.com/press-releases/scorecard-2017/>

<sup>2</sup> PolicyLink and USC Program for Environmental and Regional Equity. "An Equity Profile of the Los Angeles Region". [https://dornsife.usc.edu/assets/sites/242/docs/EquityProfile\\_LA\\_Region\\_2017\\_Summary\\_Final.pdf](https://dornsife.usc.edu/assets/sites/242/docs/EquityProfile_LA_Region_2017_Summary_Final.pdf)

<sup>3</sup> Manville, Michael. "Is congestion pricing fair to the poor?" 100 Hours. <https://medium.com/100-hours/is-congestion-pricing-fair-to-the-poor-62e281924ca3>

<sup>4</sup> Metro June 2018 On-Board Customer Satisfaction Survey: [http://media.metro.net/projects\\_studies/research/images/annual\\_survey\\_results/bus\\_results\\_spring\\_2018.pdf](http://media.metro.net/projects_studies/research/images/annual_survey_results/bus_results_spring_2018.pdf)



Access to high-quality transportation is directly related to our region’s future and its long-term economic prosperity. Better access to high-quality transportation means safe and convenient access to the basic needs in people’s lives, such as job opportunities, housing, education, and health services— all of which contribute to stronger communities.

Metro’s Equity Platform is grounded in making access to opportunity a key objective in public decision-making, public investment, and public service. Researchers from the USC Program for Environmental and Regional Equity describe transportation equity as:

1. Equitable access to quality, affordable transportation options and, therefore, employment, services, amenities, and cultural destinations;
2. Shared distribution of the benefits (e.g., jobs) and burdens (e.g., pollution) of transportation systems and investments; and
3. Partnership in the planning process that results in shared decision-making and more equitable outcomes for disadvantaged communities, while also strengthening the entire region.<sup>5</sup>

We can provide faster and more equitable transportation options for everyone. To do so, we need to simultaneously address both the supply and demand sides of transportation: the need to supply more and better high-quality transportation alternatives to solo driving and the equally important need to manage the demand for more travel. A congestion pricing pilot program would be structured around this concept. The following outlines the recommended timeline and key activities for developing and implementing a pilot program, which if successful could be expanded to more areas of the County. Note that these activities are not meant to be sequential as many of them will need to be undertaken simultaneously.

### **Immediate and Ongoing: Community and Public Engagement**

Throughout the development and implementation timeline, we will develop grass-roots support for this initiative through extensive community and public engagement and outreach. Outreach would mean going into some of the communities facing the greatest traffic congestion and working through potential solutions. This way, when a proposed pilot area emerges, there can be support for the project. During the feasibility study, we will establish multiple forums and methods for meaningfully engaging with communities, such as in-person and virtual meetings, pop-ups, social media platforms, surveys, and a variety of other methods specific to the context and needs of different communities. Outreach will also focus on understanding how best to implement equity programs to subsidize low-income drivers to provide fair access and to collect data on public perceptions and outcomes to inform the feasibility study and implementation.

### **2019 - 2020: Feasibility Study, Partnership and Legislative Authority**

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<sup>5</sup> Carter, Vanessa; Manuel, Pastor; Wander, Madeline. *An Agenda for Equity: A Framework for Building A Just Transportation System in Los Angeles County, Executive Summary*. USC Program for Environmental and Regional Equity, Nov. 2013.

[https://dornsife.usc.edu/assets/sites/242/docs/Executive\\_Summary\\_Agenda\\_for\\_Equity\\_PERE\\_A.pdf](https://dornsife.usc.edu/assets/sites/242/docs/Executive_Summary_Agenda_for_Equity_PERE_A.pdf)

The Southern California Association of Governments (SCAG) has studied congestion pricing in the SCAG region extensively in the past. Metro can build off the knowledge and lessons learned from SCAG as well as explore new approaches through a feasibility study. The Metro study would be conducted with the goal of determining the best potential location and structure for a congestion pricing pilot in LA County.

A key component of the study is that it will not just propose an area where pricing could be piloted – it will propose all of the necessary public transit improvements that will need to accompany that pilot. New transportation options that can be implemented quickly and effectively, such as new local bus routes, transit priority features, express buses, microtransit, Transportation Network Company partnerships, bicycle or other shared mobility options, or other innovative strategies to provide high-quality mobility options would be developed with community input. The study would recommend a slate of transportation improvements specifically designed to provide an alternative to driving during congested times. These improvements would be considered as an essential component of the proposed pilot.

The study would include the impacts of free public transit in the same corridor to determine whether that is worth offering as an added benefit. Free transit would provide even greater incentive for people to avoid driving on roads through the priced area, potentially lowering the congestion fee and improving mobility. It would also bring a transportation subsidy to those who need it the most in our society, improving equity in accessibility.

The study would need to include analysis informed by community engagement to determine how best to compensate those who are potentially disadvantaged by pricing in the pilot area. Most travelers are likely to be better off. For those who can afford the fee, they will be able to travel much faster during peak times. For those who cannot afford or choose not to pay the fee, they will also be able to travel faster if they are able to travel at alternate times, take public transit that now flows faster, or use other transportation options.

The groups potentially negatively affected are those who must travel at peak times, are low-income, and for whom no viable transportation substitute exists. Our ongoing outreach efforts will work to identify the magnitude of these groups and how best to deliver equity programs to subsidize these drivers. These individuals could be compensated by revenues from congestion pricing. Compensation payouts can be delivered to qualifying individuals any number of ways, each of which would need to be explored in this study.

As the area for a potential pilot becomes clear, Metro will need to develop and solidify critical partnerships necessary for delivering the project. Government partners will include cities affected by the pilot (which may not be limited to the pilot area), SCAG, Caltrans, the California Transportation Commission (CTC), and the Federal Highway Administration. Other helpful partners could include new mobility providers such as Uber and Lyft (who are generally supportive of congestion pricing), local businesses that may be affected, auto clubs, the academic community, issue-based non-profits like Natural Resources Defense Council (NRDC), and community-based organizations. Together with these partners, we would need to seek legislative authority at the state level, and regulatory authority at the federal level, to conduct the pilot.

Metro would seek to establish an advisory group to provide input to the feasibility study as it moved forward, and to assist in developing legislative authority. This group would meet regularly to review progress of the study and develop action items to improve progress. The group would include academic experts in congestion pricing, community groups, non-profits, agency representatives, and business leaders.

### **Late 2020: Pilot Implementation**

With the area and form of congestion pricing selected, along with accompanying transit services, the next step would be to launch the pilot for a period of time that is sufficient to evaluate its effectiveness. Previous congestion pricing programs have generally proven to be unpopular prior to implementation, but popular following implementation. The pilot would need to be implemented with specific performance metrics that are agreed to by the affected populations, along with a promise to suspend the pilot if those metrics are not being met after a certain period of time.

Once the pilot program begins, revenues will be realized immediately. However, the associated transit improvements in the pilot area must be in place before or at the same time that pricing begins. This will likely require borrowing funds in anticipation of pricing revenues in order to purchase additional vehicles, create bus/bike lanes, or compensate/subsidize low-income individuals negatively affected by the pilot program. Some portion of realized revenue will need to be allocated towards repaying the debt incurred and the ongoing cost of supplemental transit operations, and some will need to be allocated towards keeping the roads in the pilot area in a state of good repair. The rest can be dedicated towards long-term transit projects in the pilot area.

### **To be determined as warranted: Expansion**

If the pilot proves successful, other areas of the County will likely demand similar programs. With lessons learned from the existing pilot and infrastructure already in place for pricing, it will be possible to create new zones more rapidly. It will be easiest to expand outward from the initial pilot zone, though it may make sense to create other new zones as well. It is through expansion to new areas that the greatest revenue realization will occur. Areas that desire more long-term transit investment will likely be among the first to seek a congestion zone.

### **Conclusion**

Metro's 10-year strategic plan, Vision 2028, was adopted by the Metro Board on June 28, 2018. Goal 1.3 of the strategic plan conveys our agency's intentions to manage transportation demand in a fair and equitable manner by 1) developing simplified, sustainable and comprehensive pricing policies to support the provision of equitable, affordable, and high-quality transportation services and 2) testing and implementing pricing strategies to reduce traffic congestion. The initiation of a feasibility study and advisory board for congestion pricing, with the intention of creating a pilot program, is the first step in delivering on this goal.



## Board Report

File #: 2018-0668, File Type: Motion / Motion Response

Agenda Number: 33.

### OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE FEBRUARY 21, 2019

**SUBJECT: CUSTOMER EXPERIENCE MOTION 38.1 RESPONSE**

**ACTION: RECEIVE AND FILE**

#### **RECOMMENDATION**

RECEIVE AND FILE the status update for Motion 38.1 about the customer experience program.

#### **ISSUE**

On June 21, 2018, the Board of Directors (Board) approved Motion 38 by Directors Garcetti, Kuehl, Bonin and Garcia (Attachment A), requesting staff to:

- A. Rename the System Safety, Security, and Operations Committee to the Operations, Safety, and Customer Experience Committee;
- B. Endorse Travel Speed, Service Frequency, and System Reliability as the highest priority service parameters to guide the work of the NextGen Bus Study;
- C. Develop customer experience key performance indicators (KPIs) within Operations, Communications, Information & Technology Services, TAP, System Security and Law Enforcement, and other functional areas of MTA to regularly report on the status of the system, transit service, and the transit service environment;
- D. Develop an Annual Customer Service and Experience Plan, including but not limited to improvements planned and desired for:
  1. KPIs developed under section C
  2. The status of the Customer Service & Experience projects
  3. Key accomplishments, objectives and challenges in Customer Service and Customer Experience for the following budget year
  4. Key accomplishments, objectives and challenges in transit service marketing for the following budget year
  5. The CEO's Ridership Initiatives, including the Customer Experience Service Strategist

#### **BACKGROUND**

The Customer Experience Committee was established from July 2017 through June 2018 to ensure that Metro services, projects and programs continue to be developed with a focus on the customer. An internal customer experience working group, with representatives from Operations, Security, OEI,

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IT, Communications, TAP and the Office of the CEO was formed to develop, track and monitor progress on Metro projects and initiatives focused on positively impacting customer service, experience and ridership.

## **DISCUSSION**

### Committee Renaming

Per the Board's directive, in July 2018 Metro staff renamed the System Safety, Security, and Operations Committee to the Operations, Safety, and Customer Experience Committee.

### Service Parameters for NextGen

In October 2018, Metro staff provided an update on the NextGen Bus Study (NextGen Update: Transit Competitiveness and Market Potential; File ID: 2018-055; Attachment B) that provided information on transit competitiveness and market potential for bus trips. In that update, Metro staff explained that the transit journey consists of both on-board time and walk/wait time at the bus stop. For short trips, the walk/wait time, as part of the total trip is a larger factor to the customer. This can be mitigated with higher service frequencies for the local trips. In addition, reliability is critical for reducing wait time, both in terms of schedule adherence and more reliable real time information on next bus arrival times which helps reduce the perceived wait time (generally twice as long as actual) back to reality. For longer trips, on-board trip times are more critical to the customer and therefore warrant more attention on travel speed. For this reason, NextGen applies speed, frequency, and reliability in a more nuanced way to address customer travel needs.

The recommendations coming out of NextGen are expected to focus on the following travel markets to better meet the customer needs in LA County:

- 1) Metro should continue to serve the commute market, usually longer distance trips during weekday peak hours to major employment centers. This market requires faster on board travel times with more direct service.
- 2) Metro should restructure to better serve the shorter distance, non-commute market which accounts for nearly 50% of total LA County trips. This market requires a high frequency network of routes to reduce wait and transfer times throughout the late morning, midday into the evening, and on weekends when most workers, residents and visitors need access to local jobs, service, shopping, and regional attractions.
- 3) Areas and times of day that does not have the demand for frequent fixed route service, but require basic mobility for many residents can be better served with flexible or on demand services.

The areas for improvement within these three travel markets will be selected based on a data driven analysis and extensive public outreach. Staff will return in April 2019 with recommendations on service concepts for consideration by the board.

### Annual Customer Service and Experience Plan

Initiative 2.3 of Metro's Vision 2028 Strategic Plan commits Metro to dedicating staff resources to oversee customer experience and developing a comprehensive approach for improving customer satisfaction. Vision 2028 goes on to describe the following specific initiatives:

- Develop a unifying vision and strategy for enhancing the customer's experience,

- Improve customer journey and touch points, and
- Use data analytics to benchmark and measure system performance in meeting customer satisfaction targets.

The response to parts (C) and (D) of Board motion 38.1 will be directly aligned with Initiative 2.3 so that its execution will help to accomplish Vision 2028 Goal 2, “Deliver outstanding trip experiences for all users of the transportation system.”

The Customer Service and Experience Plan (Plan) will cover the components described below that were requested in Board motion 38.1. It should be noted that this Plan is part of a continuous improvement process, and as such, it is a work in progress. This Board report marks the beginning of what staff anticipates to be a comprehensive and impactful customer experience strategy as promised in the Vision 2028 plan.

#### *Key Performance Indicators*

Metro staff will follow the principles of continuous process improvement to establish a comprehensive customer service and experience practice throughout the organization. As part of the Plan, staff have developed an initial list of customer experience key performance indicators (KPIs; Attachment C) that will improve customer touch points for Metro’s services. Starting with this preliminary list, staff will consult a number of additional sources, including results from our most recent Customer Satisfaction Survey and examples from some of the highest performing transit agencies and operators in the world (MTR Corporation, Singapore Land Transport Authority, Japan Railway Company, and Transport for London) to further expand and develop these metrics. High-level categories include convenience, ease-of-use, comfort, security, and customer care. Each category will expand into additional subcategories, providing further detail on metrics that will address customer pain points.

#### *Status of Customer Service & Experience Projects*

Per Motion 38.1, the Plan will include the status, accomplishments, objectives and challenges of Customer Service and Experience projects, beginning with the CEO Ridership Initiatives that were introduced to the Board in May 2018. The first progress report for the CEO Ridership Initiatives is provided in Attachment D to this report. Additional projects that address customer experience will be added as they are launched and removed when complete.

#### *Transit Service Marketing and Communications*

Similar to the status of the customer experience projects, the Plan will also address efforts to improve communications with customers on any number of topics that will make customer trips easier, including new services, closures, schedules, etc. Metro staff will strive to identify new ways to engage customers to improve the transit system and services for everyone.

#### *Customer Experience Culture*

The Plan will also address staff resources and training needed to accomplish the customer experience goals as described in both the Board Motion 38.1 and Vision 2028. As a first step, Metro staff are developing the roles and responsibilities for a Customer Experience Strategist position to lead and manage the customer experience program agency-wide. This will include the oversight of

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the Plan elements. This position is expected to report to the CEO's office to ensure the appropriate level of integration across all Metro departments.

### **DETERMINATION OF SAFETY IMPACT**

Approval of this item will have a positive impact on the safety of our customers and employees.

### **FINANCIAL IMPACT**

All costs relative to Metro Customer Experience Plans, project and programs will be approved during the regular budget process and Department project managers will be responsible for budgeting any future Customer Experience projects and programs.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Approval of this recommendation supports the following Metro Strategic Plan Goal: 2) Deliver outstanding trip experience for all users of the transportation system.

### **NEXT STEPS**

Staff will provide an update to the Board in FY19 Q4 to provide more detail on the Customer Service and Experience Plan. The Plan will provide the framework for the performance metrics, staffing, budget, and status updates for the customer experience initiatives outlined in motion 38.1 and Metro Vision 2028.

### **ATTACHMENTS**

Attachment A - Motion 38.1 - NextGen Bus Study Service Parameters

Attachment B - NextGen Update: Transit Competitiveness and Market Potential; File ID: 2018-0555

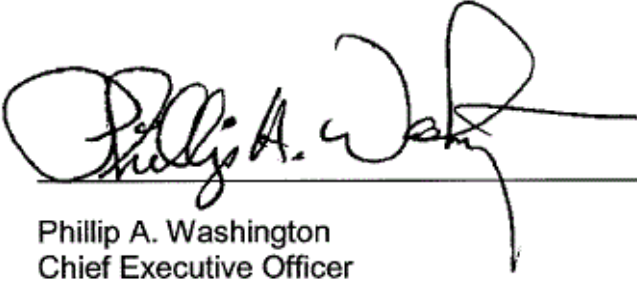
Attachment C - Customer Experience Key Performance Indicators

Attachment D - CEO Ridership Initiatives Progress Report, July 1, 2018-January 31, 2019

Prepared by: Nadine Lee, Interim Chief of Staff, (213) 922-7950

Conan Cheung, Senior Executive Officer, Operations Service Development, Scheduling & Analysis, (213) 418-3034

Reviewed by: James T. Gallagher, Chief Operations Officer, (213) 418-3108



Phillip A. Washington  
Chief Executive Officer





**Board Report**

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**File #:** 2018-0614, **File Type:** Motion / Motion Response

**Agenda Number:**

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**REGULAR BOARD MEETING  
JUNE 28, 2018**

**Motion by:**

**GARCETTI, KUEHL, BONIN AND GARCIA  
AS AMENDED BY BARGER**

Related to Item 38: **NEXTGEN BUS STUDY SERVICE PARAMETERS**

MTA should strive to deliver the best customer experience of any public transit provider in America.

MTA's customers should be able to easily and conveniently access MTA services and data and feel assured that their transit trip will be fast, convenient, and reliable.

Additionally, MTA's customers should feel that MTA actively cares about their experience. MTA's customers should see a proven, constant, and continuous effort by MTA to improve the experience of using MTA's services.

Furthermore, MTA must demonstrate that its services are superior to alternatives.

The Ad Hoc Customer Experience Committee was formed to ensure that MTA was focused on these issues.

Since July, the ad hoc committee has met six times. The committee has examining a wide range of issues, including quality bus service, station cleanliness, TAP, pass programs, real-time data, service interruptions, marketing, Customer Care, system accessibility, and the causes of MTA's recent ridership trends.

In the coming fiscal year, the duties of the Ad Hoc Customer Experience Committee will transition to the Operations Committee.

However, as MTA continues important customer experience initiatives, especially the NextGen Bus Study, it is important that the Board remain engaged on customer experience issues.

Additionally, as MTA advances the NextGen Bus Study, it is appropriate for the Board to provide policy direction on the highest priorities for the future restructuring of the MTA bus network.

**SUBJECT: MOTION BY GARCETTI, KUEHL, BONIN AND GARCIA**

**NEXTGEN BUS STUDY SERVICE PARAMETERS**

WE THEREFORE MOVE THAT the Board:

- A. Rename the System Safety, Security and Operations Committee to the Operations, Safety, and Customer Experience Committee;
- B. Endorse Travel Speed, Service Frequency, and System Reliability as the highest priority service parameters to guide the work of the NextGen Bus Study;

WE FURTHER MOVE that the Board direct the CEO to:

- C. Develop customer experience key performance indicators (KPIs) within Operations, Communications, Information & Technology Services, TAP, System Security and Law Enforcement, and other functional areas of MTA to regularly report on the status of the system, transit service, and the transit service environment;
- D. Develop an Annual Customer Service and Experience Plan, including but not limited to improvements planned and desired for:
  - 1. KPIs developed under section C. above
  - 2. The status of Customer Service & Experience projects
  - 3. Key accomplishments, objectives, and challenges in Customer Service and Customer Experience for the following budget year
  - 4. Key accomplishments, objectives, and challenges in transit service marketing for the following budget year
  - 5. The CEO's Ridership Initiatives, including the Customer Experience Strategist (Board File 2018-0365);
- E. Report back to the Operations Committee on all the above in 120 days.

BARGER AMENDMENT: continue to seek input and feedback on priorities from NextGen working groups and relevant community stakeholders.



## Board Report

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**File #:** 2018-0555, **File Type:** Informational Report

**Agenda Number:** 36.

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**OPERATIONS, SAFETY AND CUSTOMER EXPERIENCE COMMITTEE  
EXECUTIVE MANAGEMENT COMMITTEE  
OCTOBER 18, 2018**

**SUBJECT: NEXTGEN UPDATE: TRANSIT COMPETITIVENESS AND MARKET POTENTIAL**

**ACTION: RECEIVE AND FILE**

### **RECOMMENDATION**

RECEIVE AND FILE an update on NextGen transit competitiveness and market potential information.

### **ISSUE**

On June 28, 2018, the Board of Directors approved Motion 38.1 in relation to Item 38: NextGen Bus Study Service Parameters. The Motion directed the NextGen Bus Study to endorse travel speed, service frequency, and system reliability as the highest priority service parameters to guide the work of the project. With these service parameters defined, this report responds with detailed findings on where these service parameters fit as Metro seeks to prioritize service concepts in the next phase of the project.

### **BACKGROUND**

The goal of the NextGen Bus Study is to design a new bus network that is more relevant, reflective of, and attractive to the residents of LA County. Since 2014, Metro has seen a decline in bus ridership around 20%. This is consistent with many transit agencies across the nation. There are a number of potential explanations for the ridership decline, so it is important to fully understand these issues, particularly as it relates to the diverse needs of LA County.

While Metro's bus network carries over 70% of combined Metro bus and rail ridership, the bus network has not seen major changes in over 25 years. Today, there are more people, more places to go, and more ways to get there. As a result, Metro's bus network has fallen out of alignment with the way people need to travel today.

### **DISCUSSION**

The NextGen Bus Study seeks to improve the bus network for current, former and potential customers. While it is critical to examine the data, it is important to engage with the community and

understand their preferences. As a result, the project has completed a robust campaign of outreach to date.

- 113,000 Multi-lingual Take Ones
- 350,000 Database Contacts
- 30+ Community Based Organization, Faith-Based & Community Events/Presentations
- 25+ Regional Service Council Presentations
- 18+ Community Pop-Up Events
- 10 Rap Sessions with Bus Divisions
- 3 Working Group Meetings
- 3 Customer Care Focus Group Sessions
- 2 Da Vinci High School Student Workshops
- 2 Telephone Town Halls
- 2 Technical Advisory Committee Meetings
- 2 Internal Working Group Meetings

The NextGen Bus Study has determined that there are four types of riders.

- 7% Frequent (ride 3-4 times per week)
- 22% Occasional (ride 2-3 times per month)
- 55% Infrequent (ride 1-2 times per year)
- 16% Non-Rider

While the number of frequent riders only accounts for 7% of all LA County residents, frequent riders represent 80% of all Metro bus boardings. However, the frequent rider base has been declining, as there are a number of publicized factors for this, including affordable car loans, more reliable cars, ease of getting a driver's license, rideshare expansion, and displacement. This means that every frequent rider lost accounts for 2-3 times loss in ridership. The question becomes whether it is prudent to continue prioritizing a shrinking ridership base or explore emerging markets which may have different travel preferences.

According to the Metro Customer Survey conducted in 2017, 31% of current riders stated that their main reason for riding for convenience. Some other positive attributes included not wanting to drive in traffic, good for the environment, and cheaper than parking. Primary improvements desired among current riders were more frequent and reliable service. When compared with Non-Riders, their main reason for not riding is because the bus is too slow from traffic and too many transfers. However, both current riders and non-riders agree that the most important service parameters Metro should focus on are being fast, frequent and reliable. This is consistent with the service parameters outlined in Motion 40.1.

With existing levels of service, Metro cannot be fast, frequent and reliable along every corridor, all day and everyday. Therefore, policy choices must be made to prioritize where and when it makes sense to implement these parameters.

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While many people perceive the Metro bus network to not go where people want to travel, the Metro system in fact covers 85% of all trips in LA County. In many cases, however, these trips are not time competitive with other options. The study examined transit speed competitiveness by using a combination of TAP data and cell phone, location-based data to learn where and when people wanted to travel for both transit and non-transit trips. These trips were then calculated through trip planners to compare travel times and establish which markets are compatible for transit. The analysis revealed that transit can be competitive with other trips so long as it does not take more than twice as long as driving.

A transit journey generally consists of two components, the walk/wait time at the bus stop, then the on-board time as the bus is traveling. These two factors make up total transit travel time. For short trips, the walk/wait time is more critical to riders, as studies show the perception of wait time can be 2-3 times the actual time. For longer trips, the on-board time becomes more critical, as riders spend the majority of time traveling on the bus as opposed to waiting at a bus stop. This reveals that to be competitive for short trips, frequency is critical for minimizing the walk/wait time. To be competitive for long trips, travel speed is critical for minimizing the on-board time. Travel speed can be improved by a number of strategies, including dedicated bus lanes, transit signal priority, and bus stop consolidation.

Today, Metro captures the greatest market share on long distance riders traveling over 10 miles. However, the overall market for long distance trips, whether transit or non-transit, represents only 16% of total trips taken in LA County. The largest amount of total trips are within a shorter distance of 1-5 miles, representing 46% of total trips taken in LA County. If Metro can match its transit share of this 1-5 mile segment with the long distance segment, bus ridership would increase by 500,000 trips.

In order to address the large, short distance trip market, Metro must understand when, where and why these trips generally occur. Short trips serve a variety of purposes, including workers traveling to a local business, single mothers running errands with children, and people traveling for dining or entertainment. These trips all share a similar attribute that the travel occurs primarily during the midday and evening period. This is in contrast to the long distance, commute trips which tend to be during the morning and evening rush hour, focused on major employment centers. As a result, while Metro service currently serves the morning and evening commute trips well, there are missed opportunities for midday and late evening travel when many short distance, non-commute trips are being made.

In summary, there are two areas where Metro should focus on to better meet the needs of LA County travel. First, Metro should build on its success of long distance, commute trips by improving on-board travel times. Second, Metro should enter the short distance, non-commute market where nearly 50% of total LA County trips are made by improving frequencies to reduce wait time at bus stops. These areas for improvement will be selected based on a data driven analysis and extensive public outreach.

### **DETERMINATION OF SAFETY IMPACT**

The recommended action of improving on-board travel times and service frequencies will enhance Metro's ability to provide service that is safe and reliable.

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## **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Approval of this recommendation supports the following Metro Strategic Plan Goals: Provide high-quality mobility options that enable people to spend less time traveling. Deliver outstanding trip experiences for all users of the transportation system. Enhance communities and lives through mobility and access to opportunity. Provide responsive, accountable, and trustworthy governance within the Metro organization. This project will improve safety, service, and reliability in an effort to provide a world-class transportation system that enhances quality of life for all who live, work, and play within LA County.

## **ALTERNATIVES CONSIDERED**

The fulfillment of this project could be accomplished through maintaining the existing bus network. For this project, staff does not recommend this approach. Staff asserts that there are distinct advantages to Metro in better responding to meet the needs of where, when and why people travel in LA County today. As a result, Metro expects bus ridership to improve both in quantity and quality.

## **NEXT STEPS**

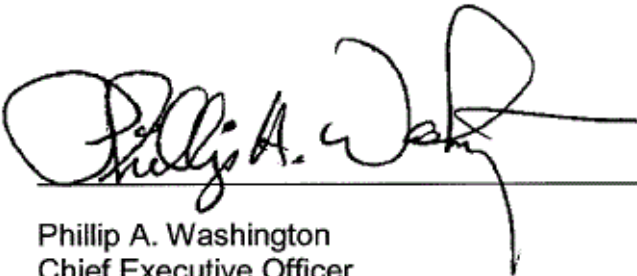
Staff will continue working with the NextGen Working Group to prioritize service concepts, then return to the Board in January 2019 with a recommendation on service concepts. If approved, staff will begin translating service concepts into line-by-line improvements for service changes starting in December 2019 and continuing through June 2020.

## **ATTACHMENTS**

Attachment A - NextGen FAQ

Prepared by: Stephen Tu, Sr. Manager, Operations, (213) 418-3005  
Conan Cheung, Sr. Executive Officer, Operations, (213) 418-3034

Reviewed by: James T. Gallagher, Chief Operations Officer, (213) 418-3108



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Phillip A. Washington  
Chief Executive Officer





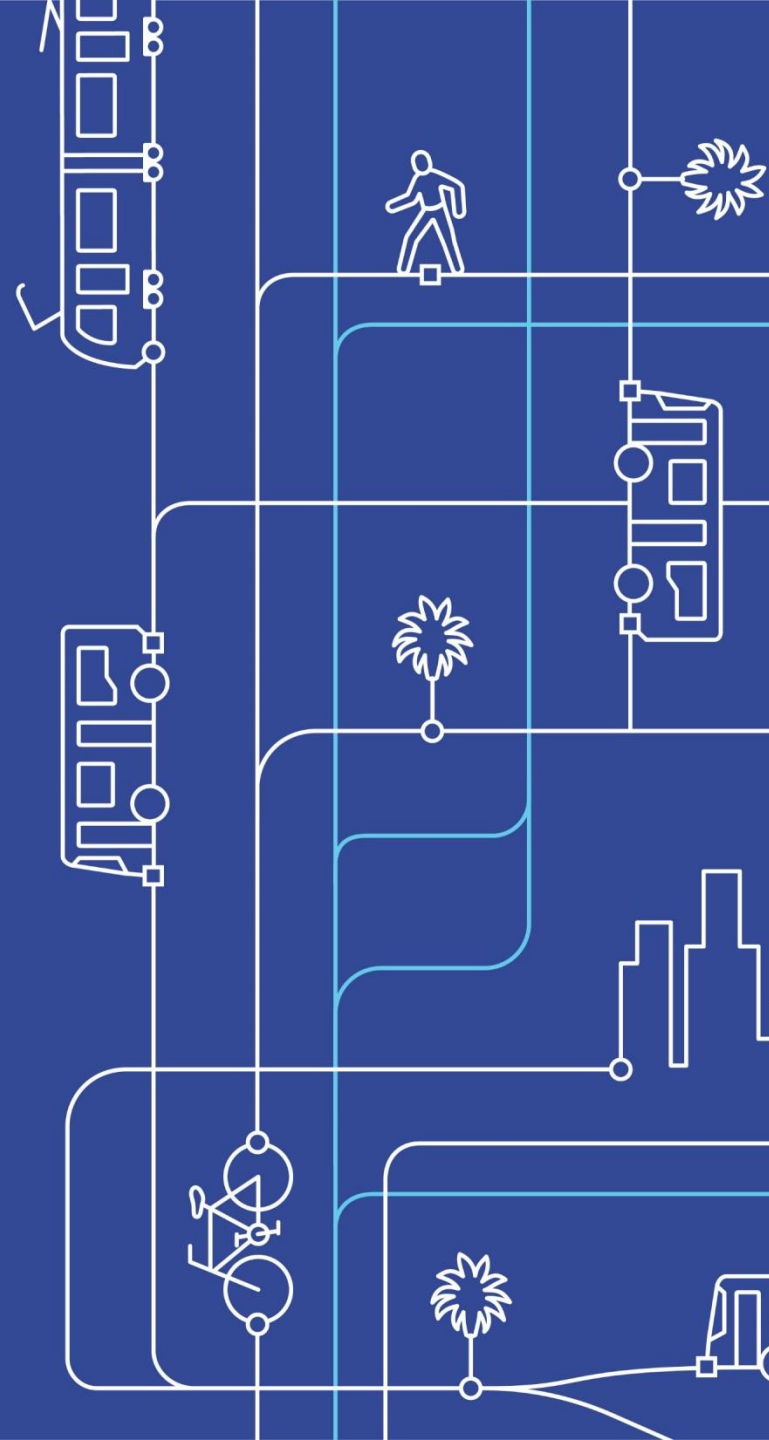




# NEXTGEN Bus Study

## Transit Competitiveness and Market Potential

Operations, Safety, and  
Customer Experience Committee  
Executive Management Committee  
10.18.18



# Study Process

SPRING/SUMMER 2018

FALL 2018/WINTER 2019

SPRING/SUMMER 2019

FALL 2019/WINTER 2020

## Step 1

### Market Demand and Travel Patterns, Existing Service Evaluation

Project awareness and listening to what the market tells us about how we travel, evaluate how existing bus service relates to the needs of the rider.

## Step 2

### Policy Choices for Service (or Market) Priorities, Service Characteristics, and Network Design

Policies to develop potential bus service priorities to better meet the needs of the rider.

## Step 3

### Service Design Guidelines and Route/Schedule Changes

Redesign new routes and schedules based on guidelines and parameters reflecting the adopted Policy Choices.

## Step 4

### Implementation and Marketing

Implement new routes and schedules that reflect the way people travel today. Market the new services to existing, former, and non-riders through education and information sharing tools.



Continuous public engagement →

Telephone Town Hall Meetings



Community Pop-up Events



Community Based Organization Briefings



Service Council/Board Briefings



Community Pop-up Events



Working Group & Stakeholder Briefings



Public Meetings & Webcasts



Service Council/Board Briefings



Metro Board Approval



Telephone Town Hall Meetings



Muni Operators & Local Jurisdictions Collaboration



Formal Public Hearings



Service Council/Board Briefings



Marketing & Messaging



Community Pop-up Events



Public Meetings & Webcasts



Service Council/Board Briefings

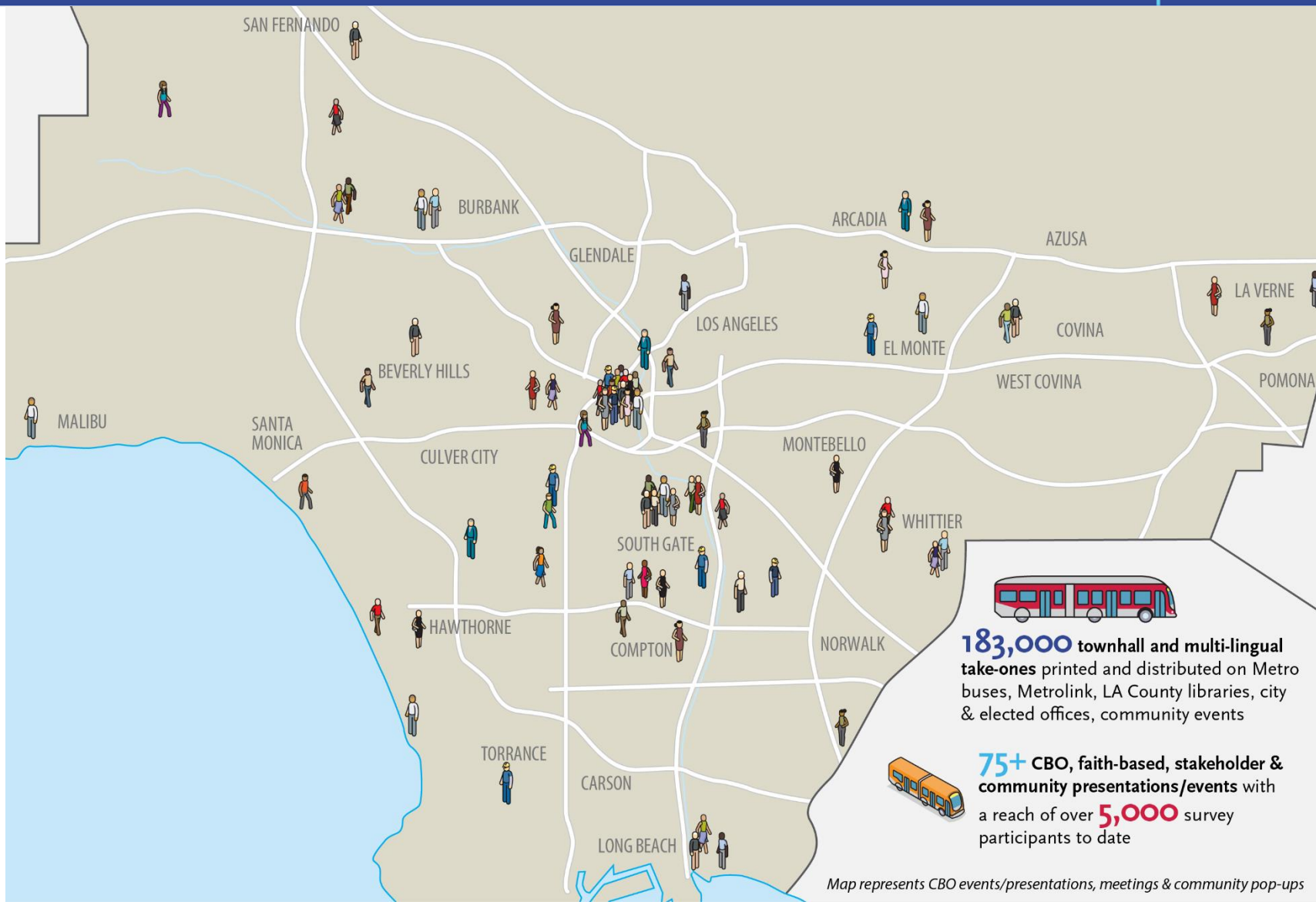


Metro Service Council/Board Approval



Continuous online engagement tools: questionnaire, interactive survey and map →

# Stakeholder Engagement



**183,000** townhall and multi-lingual take-ones printed and distributed on Metro buses, Metrolink, LA County libraries, city & elected offices, community events

**75+** CBO, faith-based, stakeholder & community presentations/events with a reach of over **5,000** survey participants to date

Map represents CBO events/presentations, meetings & community pop-ups

# Service Parameters

## All Riders

Travel Speed

Frequency

Reliability

## Current

More Service

Fares

Information

## Former

Security  
(women, certain geographies)

First/Last Mile  
(elderly, higher income)

Comfort  
(odors, crowding)

## Infrequent/ Non-Rider

Information  
(non-riders)

First/Last Mile  
(women, youth, elderly)

Comfort  
(odors, crowding)



# Transit Service Coverage

Transit is accessible to 85% of all trips made in the region.

## Metro Transit Lines by Tier

Express —

Rapid —

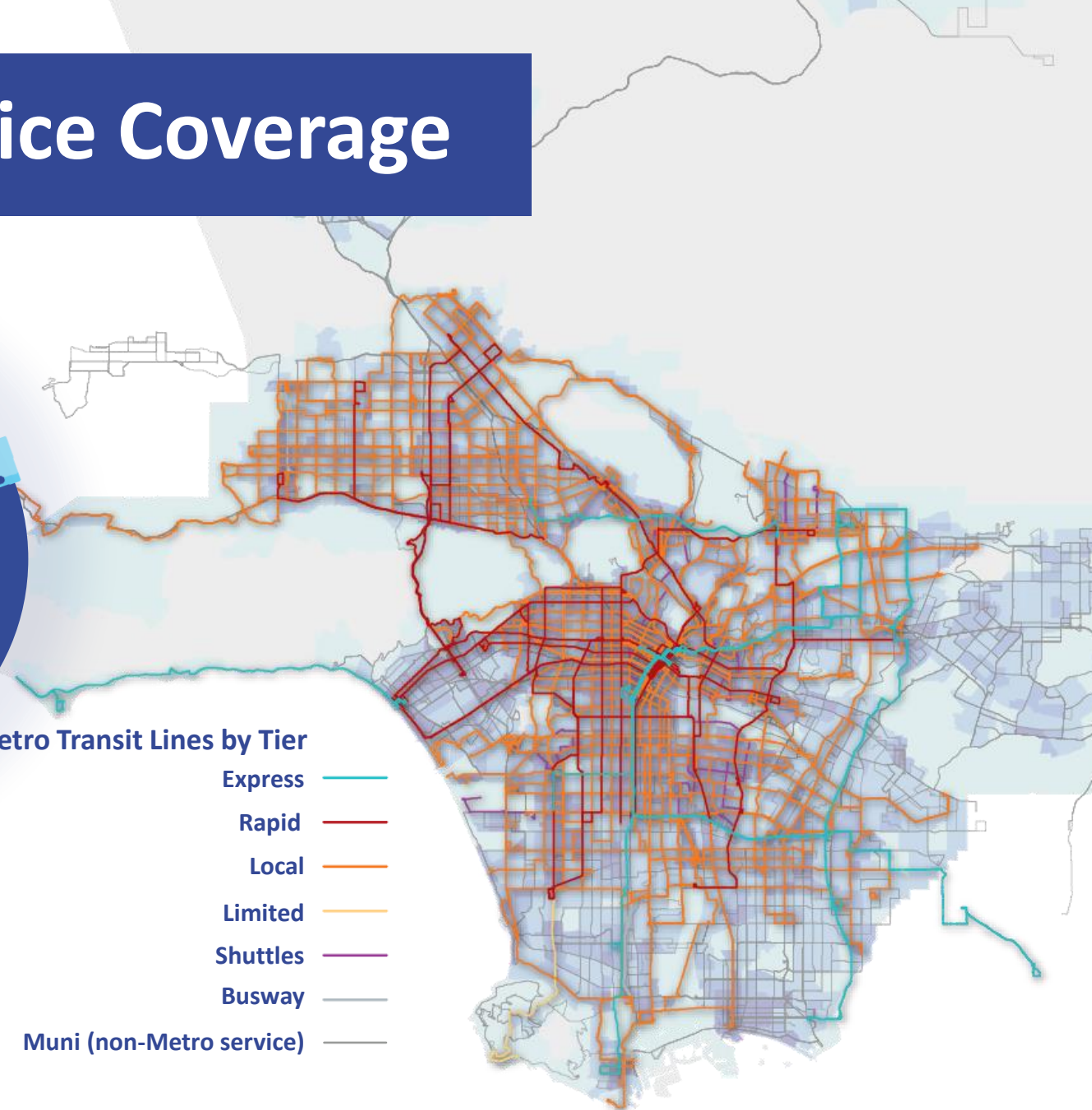
Local —

Limited —

Shuttles —

Busway —



Muni (non-Metro service) —

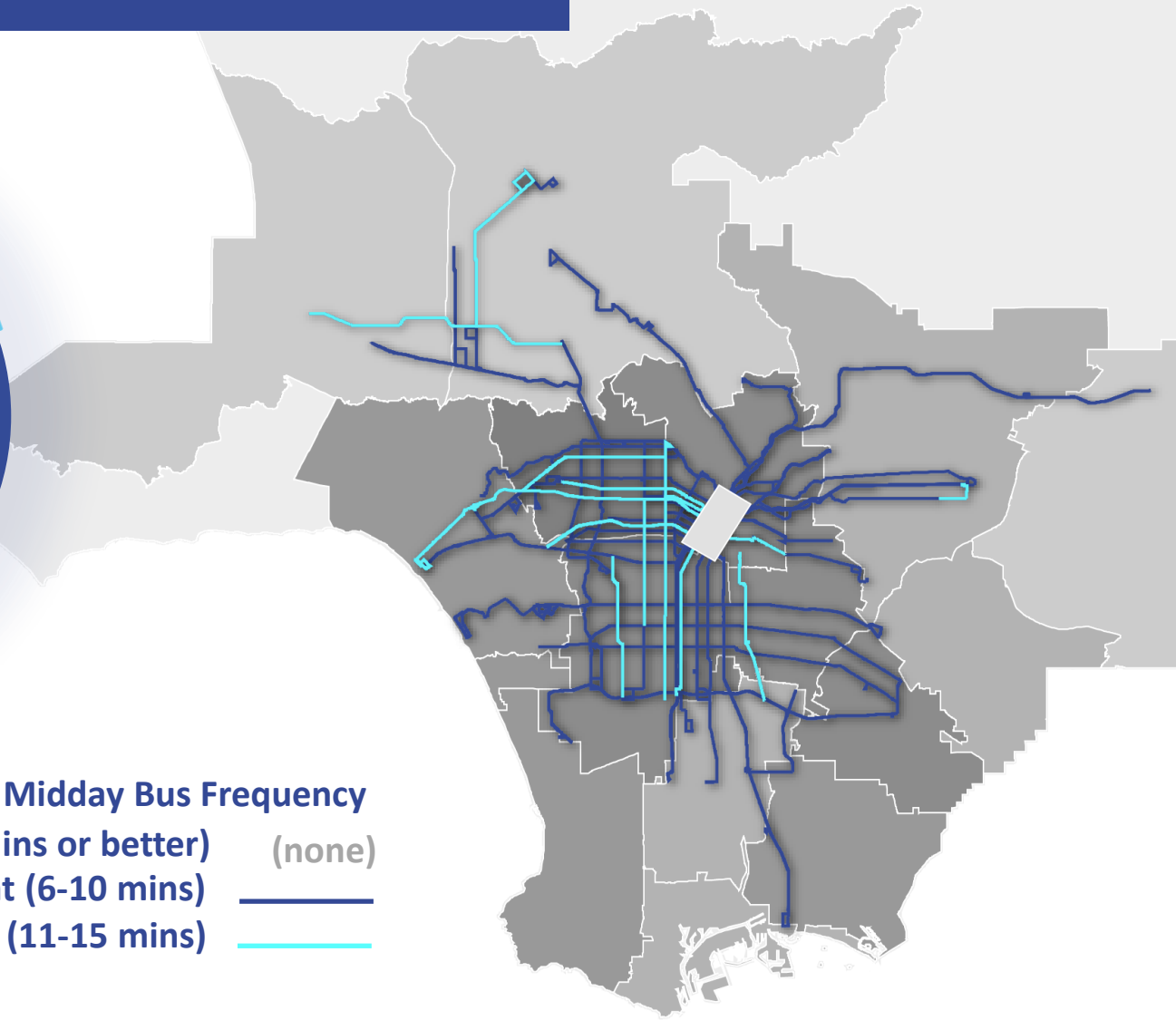


# Transit Service Density

  
**All day  
frequent service  
is concentrated  
in Central LA  
County**

## Midday Bus Frequency

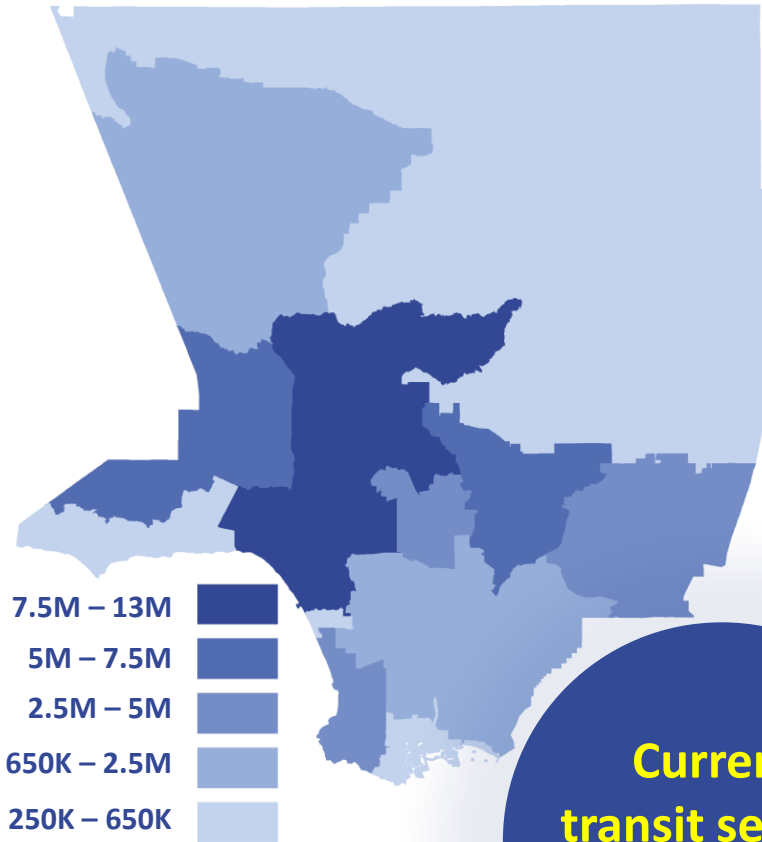
- Super Frequent (5 mins or better) (none)
- Very Frequent (6-10 mins) 
- Frequent (11-15 mins) 



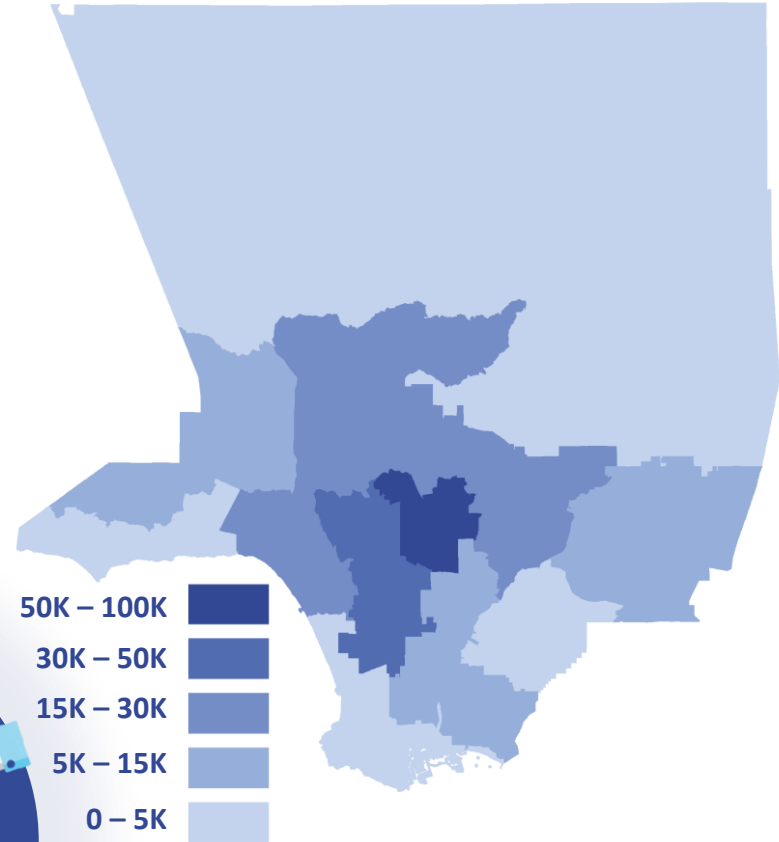
# Trip Origins

# Total vs Transit Trips

All Trip Origins (cell phone data)



Transit Origins (TAP data)



**Current transit service is not always competitive**

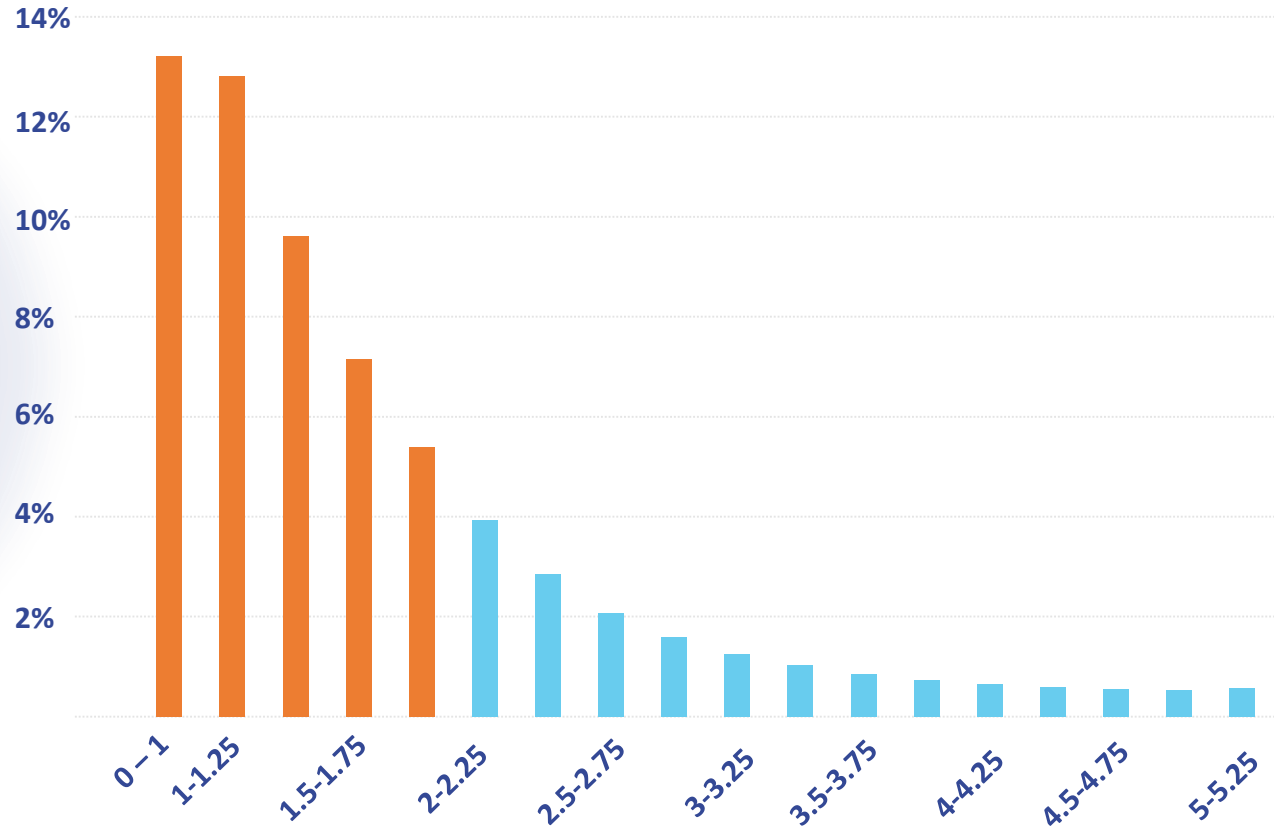


# Competitiveness of Relative Travel Times

## Travel Time Comparison with Auto

Transit Market Share

Transit is most competitive when no more than 2x slower than auto



Transit to Drive Time Ratio

# Understanding Trip Purposes

## Commute Trips

Travel from home to a regular destination at an employment center during peak hours



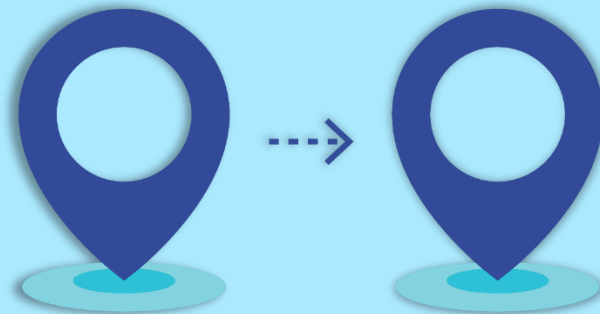
## Work Trips

Travel from home to a regular destination nearby anytime during the day or week



## Other Trips

Occasional travel from a changing origin to a changing destination



# When is Travel Speed important?

*For Long Distance Trips: 10 to 12.5 Miles*

Travel Speed is the key factor for longer trips.



30% of time getting to/from transit

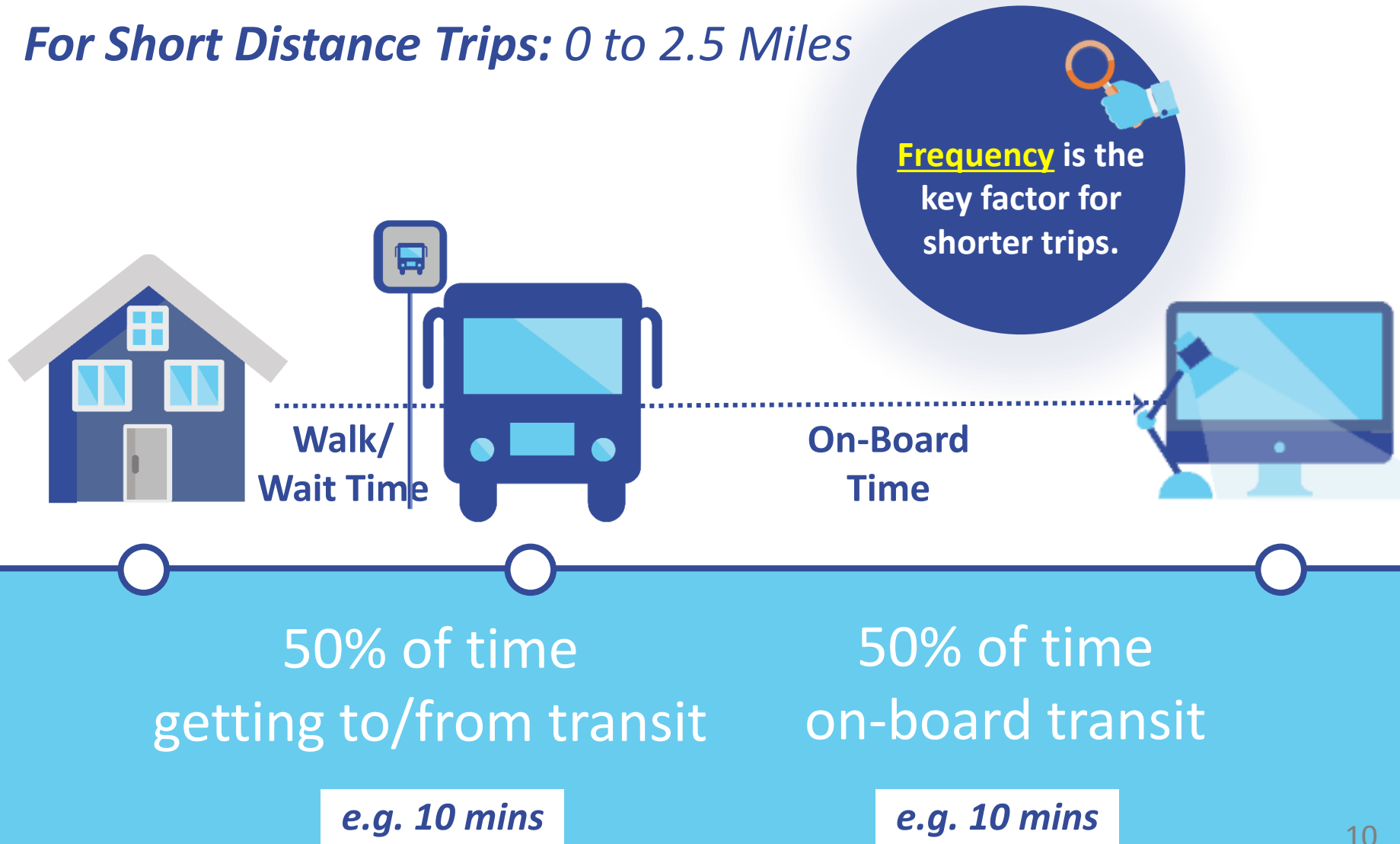
*e.g. 10 mins*

70% of time on-board transit

*e.g. 25 mins*

# When is Frequency important?

*For Short Distance Trips: 0 to 2.5 Miles*



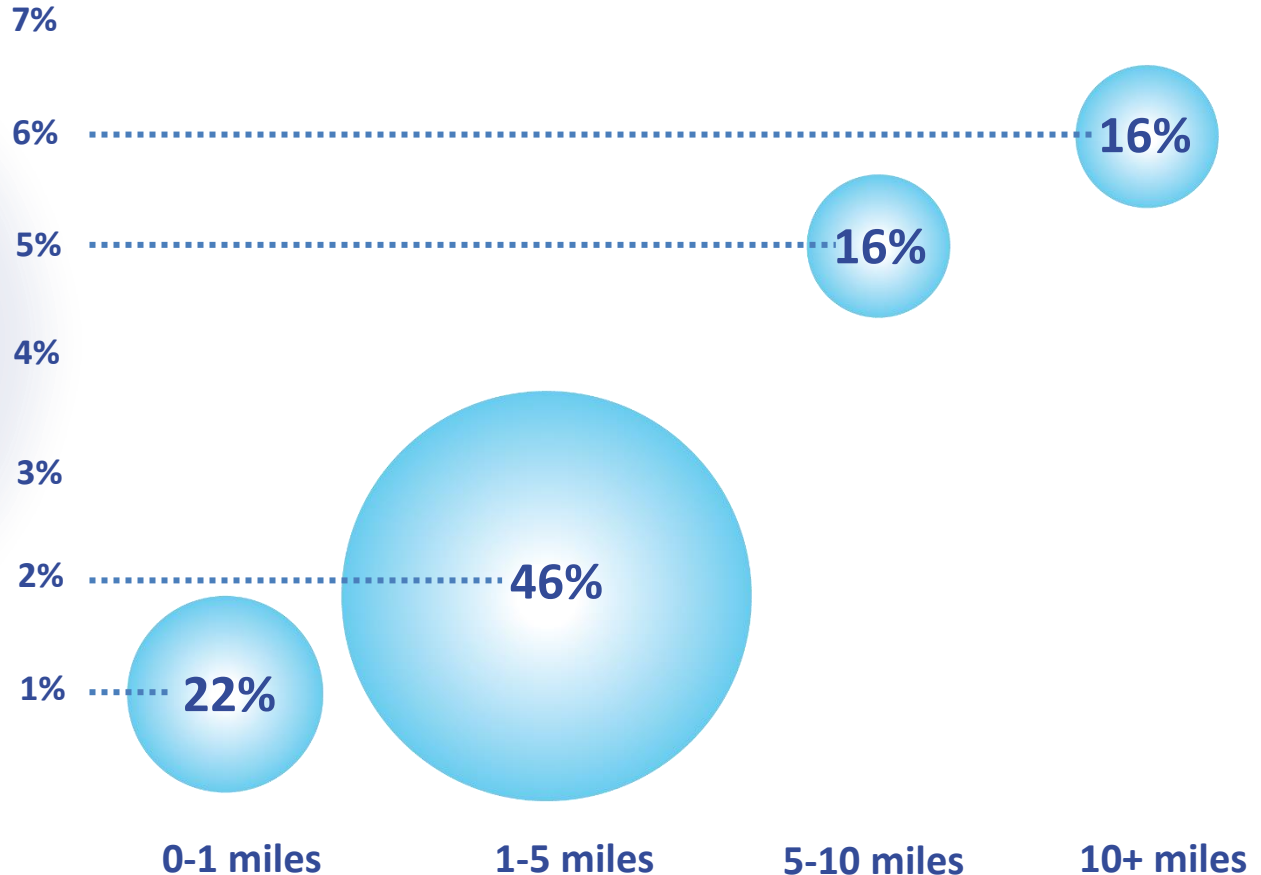
# Competitiveness and Market Potential

## Transit Market Share by Distance & Percent of Total Trips

Transit Market Share

Increasing our transit share of short distance trips to 6% means 500,000 new trips

% of total trips



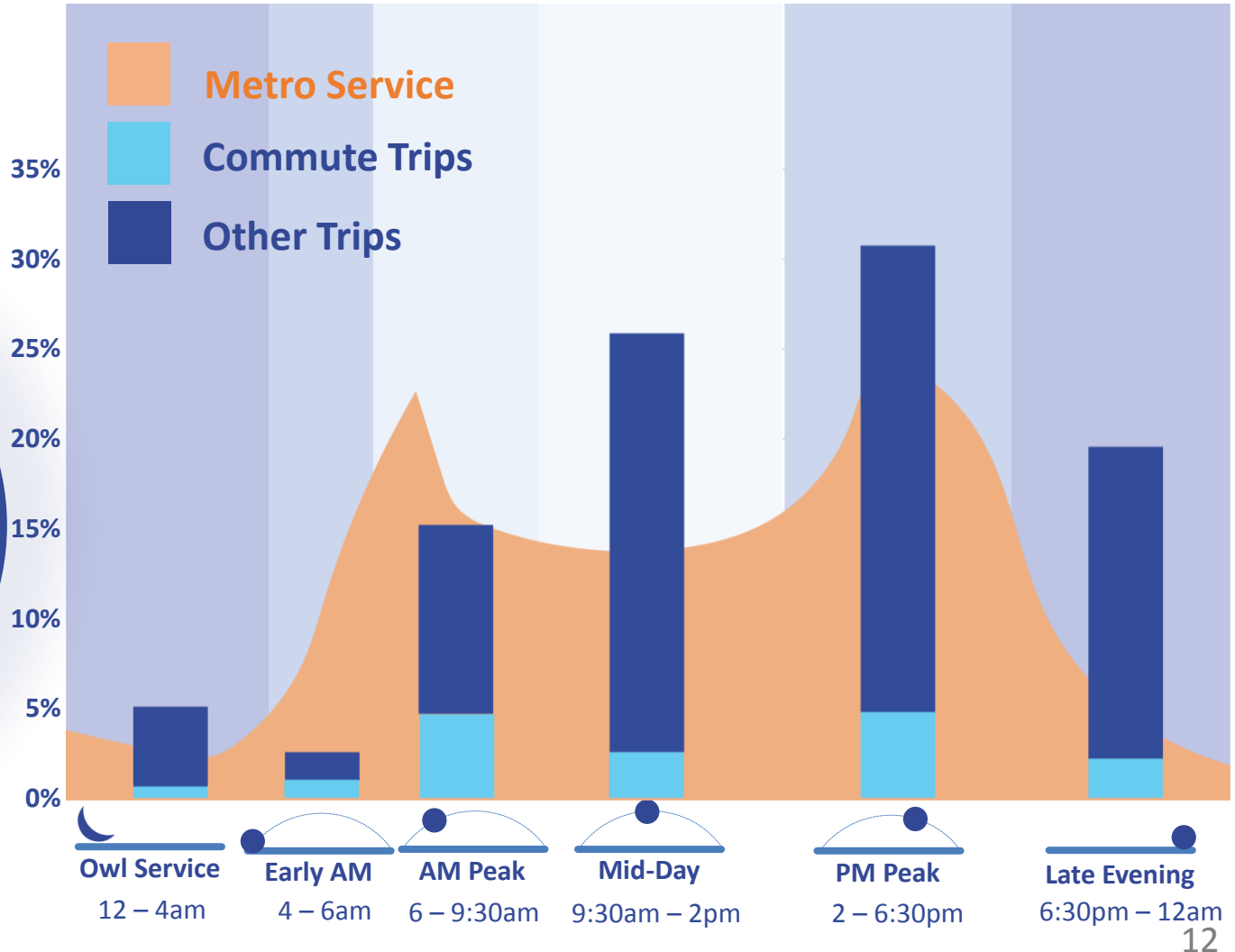
Trip Distance

# More Frequent Service for Non-Commute Trips

## Travel and Operations by Time of Day

Share of all trips and service by time of day

Current service does not match midday and evening travel demand.



Note: Bar chart shows data by time period while area plot shows hourly data

# Market Priorities

## Short Distance



*Frequency*

## Long Distance



*Speed*

### Commute Trips



*Peak Hour*

**8% of all trips**  
**5% transit market share**

**We are successful here and should continue to focus on this travel market.**

### Other Trips



*All Day*

**We are not competing well in our biggest potential market and need to rethink our service to better capture short trips.**

**24% of all trips**  
**4% transit market share**

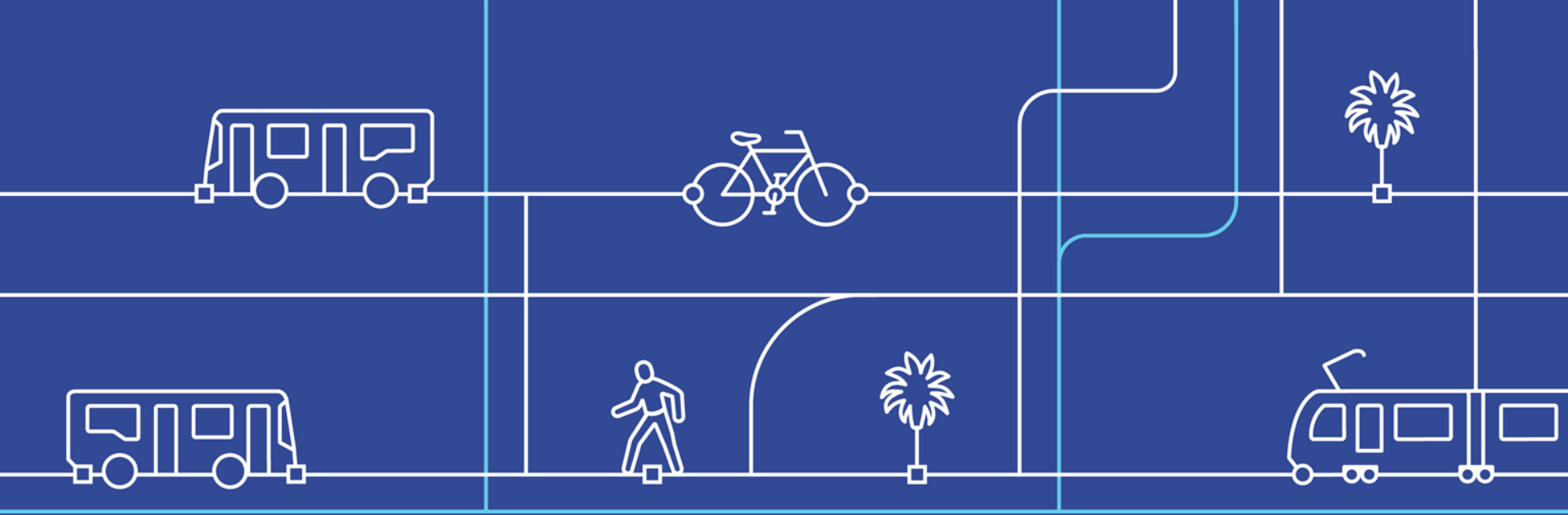
# Next Steps on Service Concepts

Date	Stakeholder	Topic
Sept 2018 Sept 6, 2018 Oct 15, 2018	Service Councils Board Staff Metro Board	Transit Competitiveness & Market Potential
Sept 25, 2018 Jan 2019 Jan 2019	External Working Group Service Councils Public Workshops	Tradeoffs & Service Concepts
Jan-Feb, 2018 TBD	External Working Group Board Staff	Recommend Service Concepts (for Board approval)
Mar 2019	Metro Board	Draft Service Concepts (Policy Guidance)
Apr 2019	Metro Board	Final Service Concept* (Policy Guidance)



\*Beginning of detailed route and schedule planning based on Service Concept





**Thank You**



**Metro**

[Metro.net/nextgen](https://metro.net/nextgen)

CATEGORY	SUBCATEGORY	KPI	DESCRIPTION/EXAMPLES/NOTES
<b>Convenience</b>			
	Journey Experience		
		Availability for Journey	Frequency (Did the service run as planned?)
		Journey Time/On-board time	Passenger journeys on-time (Were there trip disruptions or delays?)
		Journey Time/Wait time	Vehicle punctuality (Did the vehicle show up on-time to origins and destinations?)
		Number of Transfers to complete journey	
<b>Ease of Use</b>			
	Transfers		
		Vertical Circulation	
		Reliability	How long are elevators/escalators down before repaired? How often are they down?
		Redundancy	Are there backup elevators/escalators in the same location?
		Wait time	How long is the average wait for a transfer? How accurate is the estimated wait time?
	Accessible Route		
		Availability	Are multiple routes available, and how convenient are they (especially when they involve vertical circulation)?
		Condition	Are there obstructions in the path of the accessible route?
	Wayfinding (Can include static and digital)		
		Availability	Is signage present and obvious?
		Accuracy	Does signage provide correct information?
		Clarity	Is signage easy to follow and understand?
	Trip Information		
		Availability	Is trip information in multiple forms easy to access, regardless of ability?
		Accuracy	Is trip information correct?
		Clarity	Is trip information easy to follow and understand?
		Timeliness	Does trip information reflect current conditions?
	Ticketing		
		TAP information	How easy to understand? How accurate and clear?
		Ticket Vending Machine reliability	Frequency of failure; How long before a TVM is repaired? Redundancy of machines
		TAP reliability	Transactions per failure
		Bus TAP vending	(Future) Availability and reliability
		Fare gate reliability	Transactions per failure; Time to repair
		Bus TAP reliability	Transactions per failure; Time to repair

CATEGORY	SUBCATEGORY	KPI	DESCRIPTION/EXAMPLES/NOTES
<b>Ease of Use (continued)</b>			
	Passenger Information		
		on-vehicle (rail or bus) announcements	Is volume sufficient? Is information relevant and accurate? Is language easy to understand and clear?
		On-platform announcements	Is volume sufficient? Is information relevant and accurate? Is language easy to understand and clear?
<b>Comfort</b>			
	Cleanliness		Frequency of cleaning (of facility, equipment, etc.); standards of cleanliness
	Security		Perception of secure environment (visibility, security presence, responsiveness to security calls, etc.). Suggest putting Security under its own heading.
	Environmental Conditions		
		Lighting	How well lit is the facility or location? How long before a light is out before repair?
		Temperature	Ability to maintain temperature in controlled environment
		Ventilation	Air quality in controlled environment
		Shade	Availability of shelter from environmental conditions
		Seating	Availability and condition of seating for customers
	Passenger loading		Is overcrowding predictable on the buses/trains at any particular time?
<b>Customer Care</b>			
	Customer-facing interactions		Total call time (actual customer interaction)
	Idle chats		Idle chat time (measures unproductive time for a call center representative)
	Call abandonment		Number of calls abandoned in given period (indicates wait times)



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# INTRODUCTION

Los Angeles County has grown and evolved dramatically and so has transportation. Average system-wide weekday ridership continues to decline. Metro's current bus network carries over 70% of the 1.2 million customers that ride each day, but the system hasn't had a significant update in the last 25 years. The Metro Board has adopted the Vision 2028 Strategic Plan that puts the user experience at the forefront of how we do business. Specifically, Goal 2 of Vision 2028 commits to:

"Deliver outstanding trip experiences for all users of the transportation system. Metro will endeavor to improve trip experiences for all users of the transportation system, recognizing that a world-class system, serving a world-class metropolis, should be attractive, affordable, efficient, safe, convenient, and user-friendly. Specifically, Metro will take actions to improve security, ease of use, and access to accurate travel information on the region's transit systems and will work to improve customer satisfaction at all customer touch points."

The Metro Strategic Plan (Vision 2028) focuses on the desired outcome of increased mobility in Los Angeles County, indicated in part by increased transit usage, or ridership. The CEO presented the Ridership Initiatives to the Metro's Ad Hoc Customer Experience Committee in June 2018. These initiatives are drawn directly from the following initiatives described in Vision 2028:

- Invest in a world class bus system
- Manage transportation demand effectively
- Improve Security for all Metro customers
- Improve customer satisfaction at all customer touch points
- Leverage transit investments to catalyze transit-oriented communities

# IMPROVE BUS TRAVEL SPEEDS

Congested streets and highways degrade the quality and reliability of bus service. Speeding up the system addresses customer feedback that buses are too slow and inconvenient for their trip purposes. Running buses more efficiently can free up resources to be applied to more frequency, off-peak, or new services. By increasing speeds, Metro can improve the competitiveness of bus service, attract more riders, and increase opportunities to recoup and reallocate resources to improve service where and when they are needed.

## **Progress to Date:**

### NextGen Bus Study

- Step 1 of 4 completed consisting of an analysis of existing bus network and analysis of TAP and cell phone location-based data of travel patterns and market opportunities. NextGen staff is hosting 18 public workshops through the county to collect public input on how to improve the bus system, including bus routes, frequencies, and days and times of operations.
- Staff has completed four NextGen Working Group Meetings, over 100 community meetings, pop-up events, stakeholder briefings, and surveys.
- The project is currently in step 2 of 4 where staff are analyzing data and public input to establish a regional service concept and policy priorities for Board adoption in Spring 2019.
- Subsequent to this Board action, Metro staff will initiate step 3 of 4 to prepare bus line service changes across the entire bus system, after which the project team will seek public input on the proposed bus service changes.

### BRT Vision & Principles Study

- The BRT Vision & Principles Study will help support the development of a network of Bus Rapid Transit (BRT) service. BRT is a premium, often rail-like, service that is faster and more reliable than traditional bus service.
- The study will develop a vision for the future countywide BRT network including standards for BRT service and design criteria.
- The study will identify and prioritize promising BRT corridors for future investment.
- The study will help support promoting faster bus speeds, greater reliability, and improved customer experience.
- The Contract was awarded to Sutra Research & Analytics at the October 25, 2018 Board Meeting and is anticipated to be complete in Spring 2021.

## Thinking Outside the Lane

- Silver Line ridership increased 2.3% on the ExpressLanes in FY18. Riders saved up to an average of over 13 minutes when in the ExpressLanes compared to the general-purpose lanes.
- Initial studies and attempts of utilizing shoulder lanes for bus travel began on the 134 freeway as part of the express service to Burbank Airport. However, chokepoints at the 2 freeway denied the project from moving forward.
- Planning and Operations staff will continue to identify potential areas that allow bus travel within freeway shoulders.

## Pursue Signal Preemption for Buses & Trains

- Metro worked with LADOT to implement new signal timing on Washington Blvd. that matches current operating speeds. (January 2018)
- Testing speed advisory system for use on Metro Orange Line to assist operators in obtaining green lights; makes use of Metro's connected bus project implementation. Proof of concept expected to be completed by end of fiscal year 2019.
- Metro has been working with Long Beach staff on the final implementation of transit signal priority improvement along Long Beach Bl. We will not see benefits of this until after New Blue Phase I is complete in May 2019.

## Develop Strategy to Improve Bus Speeds Along Major Corridors

- Metro has hired consultants to evaluate up to five (5) heavily congested corridors & propose congestion reduction mitigation strategies beginning in April/May 2019. The full program of possible mitigation efforts all five corridors is anticipated by August 2019.
- Metro is investigating the possibility of extending current legislation to allow Metro to install "Yield to Bus" signals on the rear of Metro buses to enable buses to more easily re-enter traffic after servicing a bus stop. If this measure is enacted, Metro will need additional enforcement to ensure that motorists adhere to the program.
- Metro is also considering other programs that will require aggressive enforcement of prohibitions (e.g. motorists will not be able to stop in or block bus zones, not blocking intersections with heavy cross traffic, and other traffic operations to reduce the incidence of grid-locked intersections).

## ***3 Month Look Ahead***

### NextGen Bus Study

- Complete Step 2 – Recommend Service Concepts for Board approval – Spring 2019



## BRT Vision & Principles Study

- Project Kickoff & Coordination

## Congested Corridors

- Staff will work closely with the City of LA to develop potential solutions for mitigating congestion that affects bus service. Staff met with LADOT and representatives of the Mayor's office to review the work of consultants hired to examine 5 heavily congested corridors and to enlist their support for the development of realistic mitigation plans.
- Work will continue on the validation of the Metro Orange Speed Improvement advisory system as well as implementation of the Transit Priority System in the City of Long Beach

# PILOT MICROTRANSIT

More than 50% of all trips in Los Angeles County are short (1-5 mile) trips, yet Metro captures a small share of those trips. The prevalence of transportation networking companies, such as Uber and Lyft, is generating popular new on-demand travel options for many people. However, these types of services are not accessible to all residents and can add to congestion and pollution.

The opportunity for Metro is to leverage this new and emerging technology to encourage ridesharing of short trips (approximately 20 mins in vehicle) and as a result improve the user experience of current and future customers. This service will encourage current customers to ride the system more regularly for a safe, comfortable, reliable single-direction or round-trip ride. Customers will also be able to use this service for a seamless transfer experience to Metro's suite of existing services.

The pilot project will:

- Allow customers to order, track, and pay for trips and passes via a mobile app or phone;
- Provide reliable access to real-time information;
- Make possible a single mobile app for trip information and fare payment;
- Provide a safe on demand service within the region; and,
- Offer easy connections to other Metro, municipal, and regional services and offer service for complete trip solutions.

## Progress to Date:

- Three feasibility study contracts have been awarded to RideCo, Via/Nomad, and Transdev
- Design elements, consisting of market research, outreach/marketing, fare structure analysis, software customizations, and vehicle selections, are underway.
- Metro currently has 17 geographies identified with potential demand for short trips that are not currently captured by the public sector (Metro and/or local operators). Short trips are defined as 1-6 miles or about 20 minutes in-vehicle.
- Over the next few months, Metro will be processing the data sets and market research collected by the three private sector partners (RideCo, Transdev and NoMad/Via). Partners are currently working on project planning and design. Metro has not finalized the design elements of this service.
- Metro will be sharing regular updates over email. This will include data from surveys which can be applied to other regional pilots. Metro is also convening an on-demand technology working group for project managers throughout the region.

### *3 Month Look Ahead*

- Board approval of budget – Q4 FY2019
- The first round of in-person meetings will be with local operators and will be scheduled based on request. The goal is to identify a handful of areas where local partners are interested in deploying and championing this service. Metro wants to work hand-in-hand with local operators to ensure this service offers a net gain to the public sector in terms of trips and user experience. As such, Metro is targeting current SOV and TNC trips.
- Metro anticipates launching this service in multiple areas and plans to sequence the deployments with the first launch in December 2019. The timeline is subject to change based on securing regional, community, business, and private sector partnerships.

# MOBILITY INTEGRATOR FOR LA COUNTY

Technological innovations are changing the way customers access goods and services. They influence how businesses operate, create virtual worlds of social interactions and economic transactions that further reshape the mobility landscape and change travel preferences and service performance expectations. Metro will strive to serve as a mobility integrator, leveraging all services and technologies to create seamless trip experiences for the customers. One of the most immediate areas of opportunity is with the Transit Access Pass (TAP) program and the integration of this payment system across services and providers so that customers need only one gateway to access mobility services.

## **Progress to Date:**

### TAPforce

- September 29, 2018 - Launched TAPforce System which enables Mobility as a Service (MaaS) and includes a TAP Wallet that can be used to pay for account-based services with a cloud-based TAP account. This system sits as an accompanying layer on top of the legacy tap-card-based system that enables seamless connection to TAP payment functions without installation of hardware devices.
- TAPforce now enables connection to an infinite number of new systems. Metro Bike Share was the first to launch on September 29. Now, customers can sign up for the program, put funds into the TAP Wallet for Bike Share, or load funds on their TAP card for transit use, all in one convenient place at [taptogo.net](http://taptogo.net).
- In the past, a credit or debit card was required to provide access to many mobility services, but TAPforce now includes an equity component that enables programs to use the cash function to load to their TAP accounts. Programs may choose to use this function with a balance requirement or income validation, but the ability to load cash has opened up program use for cash-based populations that were excluded in the past because they had no access to credit/debit functions.

### TAP Integration

- October 2018 – Completed integration with Metro Bikeshare so that you can use your TAP card to pay for bikeshare.
- Currently, the TAP program is working on integration approaches with our Mobility on Demand, MicroTransit, and parking services programs. External discussions are underway with Lyft, Uber, ride hailing, and scooter rental companies to offer TAP payment for these additional services.

- For the launch of the Mobility-on-Demand (MOD) pilot, TAP worked with the Office of Extraordinary Innovation (OEI) and Via to provide an in-app digital check of TAPforce and the LIFE program to enable discounts for MOD customers with TAP cards.
- TAP is working with OEI to enable TAP integration with the MicroTransit pilot service.

#### Transfer on 2nd boarding

- Eliminated paper transfers
- Increased interagency transfer time period by 30 min
- Transfers automatic on TAP; paid with Stored Value

### ***3 Month Look Ahead***

- TAP will continue expanding current TAP-connected programs to enable Mobility as a Service (MaaS). In addition to Bike Share, Mobility on Demand and Microtransit, the list of programs to which TAP is reaching out include scooter rental companies, ride sourcing companies, parking services, electric vehicle car charging and ExpressLanes.
- Confirm integration approach for MicroTransit Pilot Project.

# UNIVERSAL BLUE LIGHT PROGRAM

While Metro has implemented an emergency call for aid system that allows commuters to quickly contact authorities in the event of an emergency, the locations of these fixtures are not adequately identified. This difficulty in locating the call for aid fixtures may leave commuters in those areas potentially vulnerable and unable to signal for emergency assistance which could result in decreasing customer satisfaction and safety.

The Blue-Light Emergency Call Box initiative seeks to install new and improved emergency Blue Light fixtures throughout the LA Metro's transit system in an effort to improve safety and security of Metro's customers. The installation of Blue Light technology will serve as the foundation for aligning and enhancing the consistency and effectiveness of Metro's customer-facing security devices.

## **Progress to Date:**

After significant research and coordination with the Arts & Design and Civil Rights departments, Metro has branded the unit as the Metro 'Help Point' to avoid confusion with Metro's current emergency 'Blue Light' system. The 'Help Point' is modeled after the Help Point used by the New York MTA, and over time, is designed to replace the existing E-tel, G-tel, and P-tel units systemwide.

Metro is currently working through the design concept. The Gensler (consultant) design team coordinated with Metro internal departments, including Civil Rights (ADA Accessibility) and Signage & Environmental Graphics to ensure all required conceptual design details and basic functionality have been accounted for.

## ***3 Month Look Ahead:***

- Quality Assurance process for design review and comment – FY20 Q1
- Complete design development – FY20 Q2
- Draft Request For Proposals – FY20 Q4

# SHINING MORE LIGHTS

There are many bus stops within the LA Metro system that can benefit from enhanced lighting. An assessment by LA Metro Service Planning staff identified a number of bus stops that needed additional lighting for enhanced safety. Improving lighting has the capability to deter crime and improve sense of security for anyone waiting for transit at bus stops.

The total cost for the Project is estimated to be \$750,000 consisting of an FTA grant and local funds matching. Up to 18 bus stops were prioritized from a list developed by Metro Service Planning and can be funded through this project. Under a Memorandum of Understanding (MOU) with LA Metro, the City of LA will design, procure, install, and maintain these street lights.

## Progress to Date:

- An additional three Stops (for a total of 21 Stops) were identified in 16 locations across the city that can benefit from this project. The list of project locations is as follows:

(M)=MAJOR, (S)=SECONDARY, (L)=LOCAL, (C)=COLLECTOR STREET	CROSS	STREET	CROSS
YORK BLVD. (S)	AVE. 49. (L)	SLAUSON AVE. (S)	2ND AVE. (L)
SAN FERNANDO RD. (S)	EAGLE ROCK BLVD. (S)	SLAUSON AVE. (S)	VAN NESS AVE. (S)
SAN FERNANDO RD. (S)	VERDUGO RD. (L)	FLORENCE AVE. (S)	AVALON BLVD. (S)
VERMONT AVE. (S)	MELROSE AVE. (S)	VERMONT AVE. (S)	76TH ST. (L)
VERMONT AVE. (S)	4TH ST. (L)	VERMONT AVE. (S)	94TH ST. (L)
CESAR CHAVEZ AVE. (S)	VIGNES ST. (L)	O FARRELL ST. (L)	BEACON ST. (S)
CENTRAL AVE. (S)	6TH ST. (S)	CENTURY BLVD. (S)	LA CIENEGA BLVD. (S)
ADAMS BLVD. (S)	BROADWAY (S)	SHERMAN WAY (S)	TOPANGA CANYON BLVD. (S)
38TH ST. (L)	BROADWAY (S)		

- The project has been designed and a contract was awarded to Elecnor Belco Electric, Inc. for \$538,472 on June 20, 2018.
- Pre-construction meetings took place and equipment has been ordered.
- Construction commenced January 2019.

## 3 Month Look Ahead:

- Anticipated project completion date is March 2019.

# THE POWER OF TAP

Technological innovations are changing the way customers access goods and services. Transit must prepare to be competitive in the new markets that include more choices and new options for customers.

TAP is transforming fare collection with new technology to meet the travel demands of LA County riders. Innovative solutions must continue to be applied to a variety of projects that leverage existing systems, make fare purchases easier, enhance payment options, and integrate multimodal programs into one payment system. Solutions are needed that can span both the legacy transit system and the new cloud-based system. Completion of these projects ensures that fare payment supports mobility as a service for all customers.

## **Progress to Date:**

### TAP Website

- Enhanced the taptogo website, resulting in nearly double the number of page views, sessions and users over last year
- Added family account capabilities that enable parent/child account management
- Launched TAP Wallet-enhanced payment options including cash options for riders without bank accounts
- Added ability to create discounts and promotional codes for ridership incentives

### Stored Value sales added on bus

- Replaced declining Metro Day Pass with Stored Value
- Aligned fare payment options with customer demand

### TAP vending machine improvements

- Made improvements to vending machine screens based on customer input
- EZ transit passes added to product choices
- Implemented Multiple Metro Day Pass purchases in one transaction
- Enabled customized Stored Value purchases
- Adjusted TAP card cost for consistency across the network

### TAP vendor network

- Increased vendor network by 20% for a total of 445 vendor locations
- Added 84 LA County public libraries to vendor network



### ***3 Month Look Ahead***

- TAP's mobile app solution will begin testing in February 2019. Metro and Muni Farebox equipment is currently being upgraded and Metro rail station validators are being replaced. This upgrade needs to be completed for security purposes before the app can launch. Upgrades are scheduled to begin in February and completed by late summer 2019.
- TAP will implement automatic LIFE discounts on TAP; Elimination of paper coupons began in January 2019.
- TAP will continue transitioning customers and organizations from tokens onto TAP throughout the next three months, ultimately finishing token use in November 2019.
- The rollout of a new Retail Point of Sales (RPOS) device will begin February 2019
- Complete TAP mobile app focus groups and testing

# METRO MAINTENANCE DIARIES

In an effort to enhance the customer experience and advance the continuous improvement of systemwide cleanliness, Metro Operations performed a review of cleanliness procedures and inspections of bus stops, bus/rail stations, rolling stock, and shared rights-of-way (ROW). Metro property, including ROW heavily affected by homelessness, will be addressed with the development of encampment clean-up protocols to keep our ROW safe and clean. Also, Metro will continue to collaborate with partner agencies to improve cleanliness, and Operations will strengthen station, terminal and vehicle cleaning procedures.

## Progress to Date:

- In October 2018, Operations performed a comprehensive review of Metro cleanliness program for Metro bus stops, bus/rail stations, rolling stock systemwide.
  - Staff recognized multi-department involvement and level of effort was required for cleanliness program effectiveness.
  - Staff adopted a rail facilities tablet platform for incident reporting and is expanding this reporting program to cover all stations and bus terminals.
  - An enhanced station cleanliness program will launch in July 2019.
- Metro is also performing Security & Ancillary Area Intrusion Surge Program in the subway stations which has been ongoing since April 2018. The purpose of this program is to increase customer safety by preventing intrusion. This program has been led by Security & Law Enforcement and Operations, has resulted in over 300 clean up requests, and has reduced intrusions on the Red and Purple Lines.
- Metro is currently working with LA City, County, and railroads to improve cleanliness of multiple locations and along any shared Rights-Of-Way (ROW).
- The following Memorandums of Understanding (MOUs) are in place to enhance system cleanliness.
  - MOU with Metrolink for maintenance activities performed along shared ROW.
  - MOU with the City of Long Beach for maintenance activities performed along the Metro Blue Line south of Willow Station.
- Metro will continue to seek additional MOUs with railroads in joint corridors and provide information flow to railroads, jurisdictions, etc. for coordination and joint clean-up activities coordination.
- Returned to the Board in January 2019 with a Cleanliness Program Update, including collaboration and partnership agreements with external agencies to contribute to Metro's cleanliness results.

### ***3 Month Look Ahead:***

- Staff intends to provide more detail on the Customer Service and Experience KPIs in an update to the Board in the FY19 Q3.

# MAKING THE SWITCH

In response to public comment about soiled seats and to more efficiently maintain vehicle cleanliness and aesthetics, Metro Operations launched a heavy rail vehicle (HRV) seat replacement project in early 2018. To date, Metro has received positive feedback regarding this project and therefore, plans to expand this program are currently in development. The HRV seat replacement project includes a total of 104 vehicles and is expected to be completed over the next 2 years. The program includes conversion of all fabric seat inserts to vinyl seat inserts to improve cleanliness and allow more efficient maintenance by Metro personnel.

## **Progress to Date:**

- The HRV seat replacement project team has converted fabric seats to vinyl for a total of 16 rail cars to-date. The goal is to complete one married pair every two months. Staff is on target to complete the seat replacement project over the course of about two years.
- Staff is also developing a scope of work to expand the interior renovation pilot project to light rail vehicles (LRVs).
- In 2019, Operations staff will continue to identify solutions for the removal of cloth seats on Metro's existing bus fleet and is working with procurement on new vehicle acquisition options that will include vinyl seats.

## ***3 Month Look Ahead:***

- Staff will continue to monitor and deliver the HRV seat replacement project on time and within budget.
- Staff will track and monitor customer and employee feedback to improve existing products and services and ensure that we are enhancing the customer experience.
- Staff will also begin development of an LRV interior renovation project scope of work, budget and schedule.

# DIGITAL COUNTDOWN DISPLAYS & REAL TIME ACCURACY

Certainty of the customer journey is affected by traffic congestion, construction/detours, incidents, and related events which affect travel time. However, improving the accuracy of real-time travel information can communicate to customers if they should expect delays to their trips.

## **Progress to Date:**

- A multi-departmental task force has been established to identify the various elements that contribute to prediction accuracy. Each element is being independently reviewed to assess potential refinements that will achieve better accuracy for the customer. The task force elements under review include the following:
  - Lateral/Longitudinal rail track sensor location accuracy;
  - Procedures for flagging missed trips in the rail prediction system;
  - Possible rail schedule adjustments that may be needed during peak load periods;
  - Duplicate train ID's for service replacement trains that create logic anomalies;
  - Investigate implementation of daily system updates on bus schedule changes (pink letters);
  - Prediction logic enhancements
- Metro staff continues to advance the connected bus project, which involves installing cellular communications on the Metro bus fleet to improve predictive arrival information by increasing the poll rate for information on vehicle location and speed.

## ***3 Month Look Ahead:***

- Continue installations for connected bus project - 1046 of 2365 (44%) completed through September 2018
- Complete proof-of-concept mobile router kit solution for P2550 fleet type (Gold Line)
- Investigate proof-of-concept mobile router kit solution for P2000 fleet type (Blue/Green Lines)

# PUTTING THE CUSTOMER AT THE HEART OF THE OPERATION

Initiative 2.3 of Metro's Vision 2028 Strategic Plan commits Metro to dedicating staff resources to oversee customer experience and developing a comprehensive approach for improving customer satisfaction. Vision 2028 goes on to describe the following specific initiatives:

- Develop a unifying vision and strategy for enhancing the customer's experience,
- Improve customer journey and touch points, and
- Use data analytics to benchmark and measure system performance in meeting customer satisfaction targets.

This ridership initiative is directly aligned with Initiative 2.3 so that its execution will help to accomplish Goal 2, "Deliver outstanding trip experiences for all users of the transportation system."


## **Progress to Date:**

- The Metro Board of Directors, through Board motion 38.1, requested the creation of an Annual Customer Service and Experience Plan (Plan). As part of this effort and in alignment with this ridership initiative, staff is in the process of developing customer experience key performance indicators (KPIs) that will improve customer touchpoints for Metro's services. Staff will draw from a number of sources to develop these metrics, including results from our most recent Customer Satisfaction Survey and examples from some of the highest performing transit agencies and operators in the world (MTR Corporation, Singapore Land Transport Authority, Japan Railway Company, and Transport for London). High-level categories include convenience, ease-of-use, comfort, security, and customer care. Each category will include additional subcategories that will provide further detail on the metrics that address customer pain points.
- The Plan will also address staff resources needed to accomplish the customer experience goals as described in both the Board motion 38.1 and Vision 2028. Currently, Metro staff is developing the roles and responsibilities for a Customer Experience Strategist position to lead and manage the customer experience program agency-wide, which will include the oversight of key accomplishments, objectives and challenges in customer service and experience, and working with the CEO on these Ridership Initiatives.
- Metro intends to deploy periodic customer satisfaction surveys and benchmark results to the Summer 2017 survey. By tracking the trends in how customers respond to the survey questions, staff will be able to see if the improvements made have a positive effect on customers' experiences riding transit. OEI will prepare for a summer 2020 launch of the next comprehensive Customer Satisfaction Survey, benchmarked against the 2017 results. This survey will build upon the benchmark data collected for the development of Vision 2028. As

with the previous survey, staff will update the Board on the results, once the survey is completed.

### ***3 Month Look Ahead:***

- Refine Customer Service and Experience Plan and KPIs
- Provide update on status of Plan to Board in Q4 FY19



# Customer Service & Experience Plan

## Response to Motion 38.1

Operations, Safety, and Customer Experience Committee  
February 21, 2019



**Metro**





# Presentation Contents

- Background
- Overview of Customer Service & Experience Plan
- Next Steps



## Background

The Metro Board approved the Motion 38.1 on June 21, 2018, requesting staff to:

- A. Rename the committee to the Operations, Safety, and Customer Experience Committee
- B. Endorse speed, frequency, and reliability as highest priority service parameters for NextGen
- C. Develop customer experience key performance indicators (KPIs)
- D. Develop an Annual Customer Service & Experience Plan

## Metro Vision 2028

Metro Vision 2028 Initiative 2.3 commits to:

- Develop a unifying vision and strategy for enhancing the customer experience
- Improve customer journey and touch points
- Use data analytics to benchmark and measure system performance for customer satisfaction

*The response to Motion 38.1 is directly aligned with this commitment.*



# Customer Service & Experience Plan

The Customer Service & Experience Plan will address:

- Key performance indicators (KPIs)
- Status of Customer Service & Experience Projects
- Transit Service Marketing & Communications
- Customer Experience Culture

# Customer Service & Experience Plan

## Key Performance Indicator Categories

- Convenience
- Ease of Use
- Comfort
- Safety/Security
- Customer Care



# Customer Service & Experience Plan

## Customer Service & Experience Projects

- Progress Report on Metro Ridership Initiatives

## Transit Service Marketing & Communications

- Improve customer communications on topics that make customers' trips easier
- Identify new ways to engage customers

# Customer Service & Experience Plan

## Customer Experience Culture

- Training to cultivate the Customer Experience Culture
  - Role mapping
- Staff Resources
  - Customer Experience Strategist
  - Oversee Plan elements
  - Report to Office of the CEO



## Next Steps

### ***Please note:***

- The Customer Service & Experience Plan is part of a continuous improvement process; it is a work in progress
- This report is a starting point for a comprehensive and impactful customer experience strategy, as promised in Vision 2028





## Next Steps

Staff will provide an update in Q4 FY19 with more detail on:

- Performance metrics
- Resources
- Status updates for customer experience initiatives



Thank You



**Board Report**

**File #:** 2019-0050, **File Type:** Contract

**Agenda Number:**

**CONSTRUCTION COMMITTEE  
FEBRUARY 21, 2019**

**SUBJECT: WESTSIDE PURPLE LINE EXTENSION SECTION 3 PROJECT**

**ACTION: APPROVE LIFE OF PROJECT BUDGET AND CONTRACT AWARD**

**RECOMMENDATION**

CONSIDER:

- A. AMENDING the Life-of-Project (LOP) Budget of \$1,374,826,466 to \$3,223,623,255 to include the Stations, Trackwork, Systems and Testing portion of the Westside Purple Line Extension Section 3 Project (Project), consistent with previous actions taken by the Board in February 2016, January 2017, and June 2018;
- B. AUTHORIZING the Chief Executive Officer (CEO) to award an 89-month firm fixed price contract under Request for Proposal (RFP) No. C45161C1152 to Tutor Perini/O&G, JV, the responsive and responsible Proposer determined to provide Metro with the best value for the final design and construction of the Westside Purple Line Extension Section 3 Project Stations, Trackwork, Systems and Testing, in the amount of \$1,363,620,000, subject to the Federal Transit Administration (FTA) approval of a Full Funding Grant Agreement (FFGA) and resolution of protest(s), if any;
- C. AUTHORIZING the withholding of funds, pursuant to the provisions of the Measure M Ordinance, from the Local Return/Regional Rail Subfund to pay for the 3% local agency contributions to the Project should no agreement with the local jurisdictions be approved or upon default of payment by a local jurisdiction; and
- D. APPROVING an additional 12 full time Metro staff for FY19 to strengthen the existing project management and support team.

**ISSUE**

In February 2016, the Board authorized staff to begin the necessary steps to advance the project delivery of the Westside Purple Line Extension Section 3 Project (Project) as part of the Shovel Ready Program of Projects, which included the advancement of other Measure R Projects. In

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January 2017, the Board approved the Project delivery methodology of design-build.

In consideration of advancing the Project, three procurement packages were established to meet the desired project delivery schedule. The major project work was separated into two discrete design/build procurements: 1) C4043C1151, Tunnels and 2) C45161C1152, Stations, Trackwork, Systems and Testing. The third, the Advanced Utility Relocations contract, was awarded in October 2017 under the FTA pre-award authority.

In June 2018, the Board authorized the CEO to award the C1151 Tunnels contract, subject to the FTA approval of the Letter of No Prejudice (LONP), and to establish the LOP Budget for the Tunnels portion of the Project. The Contract was awarded on November 30, 2018 after receiving a Letter of No Prejudice (LONP) from the FTA. The LONP permitted Metro to award the contract, but not issue the Notice to Proceed (NTP) until the completion of the 23 CFR §771.130 (c) environmental review, which was received on December 21, 2018. The NTP was issued to Frontier-Kemper/Tutor Perini, JV on January 15, 2019. This action to award the Stations, Trackwork, Systems and Testing contract is subject to receiving an FFGA from the FTA. Staff has been working diligently with the FTA to secure an FFGA for the Project.

The recommended actions to amend the LOP Budget for the final phase of the Project and to award Contract C45161C1152 are consistent with the approval actions taken by the Board in February 2016, January 2017, and June 2018. The funding plan is outlined in Attachment C.

Amending the LOP Budget for the Stations, Trackwork, Systems and Testing portion of the Project at the time of contract award is consistent with the recommendations in the Office of the Inspector General (OIG) Construction Management Best Practices Study Report and lessons learned regarding establishing final budgets, when adequate information (such as the recommended price) is available.

As part of the approval process of the FFGA, staff was required to produce a Westside Purple Line Extension Section 3 Project Management Plan (PMP) and sub plans that would ensure that Metro has the capacity and capability to manage and oversee the Project safely, on-time and within budget. As part of the Metro budget process, to strengthen the existing project management and support team, staff will be requesting the need for additional Metro staff. These staff will support engineering, design, construction management, project controls, safety, third party coordination, community relations, and real estate, in accordance with the PMP and the needs of the Project.

## **BACKGROUND**

The Westside Purple Line Extension Section 3 Project consists of approximately 2.56 miles of twin-bored tunnels and two underground stations located at Westwood/UCLA and Westwood/VA Hospital. Advanced utility relocation work has begun and is approximately 70% complete. That work began

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under pre-award authority that was granted by the FTA in 2012 upon approval of the Record of Decision. The major design and construction work will be performed under two contracts; C1151 for the twin bore tunnels and C1152 for the stations, trackwork, systems and testing.

In January 2017, the Board authorized staff to use a design/build contracting delivery approach to complete the final design and construction of the Project and to solicit two contracts for the 2.56-mile dual track heavy rail extension and two new underground stations. The Board authorized the procurement under Public Utilities Code (PUC) Section 130242(a) and Public Contract Code Sections 22160 - 22169 to reduce project costs, expedite project completion and allow for an award to the lowest responsive and responsible bidder, or the negotiation and award of a design/build contract to a responsible proposer whose proposal is determined to be the best value to Metro.

A Request for Qualifications (RFQ)/Request for Proposals (RFP) two-phase negotiated procurement was implemented for the C1152 design/build delivery approach. An open procurement was advertised on September 15, 2017, which culminated with five firms meeting the RFQ requirements and subsequently invited to submit proposals in response to the second phase of the solicitation, the RFP. Additional details for the procurement process, including the evaluation results, are in Attachment A.

## **DISCUSSION**

The recommended action to award the contract to the most advantageous proposer, Tutor Perini/O&G,JV, is based on a "Best Value" selection process. In accordance with Public Contract Code Sections 22160 - 22169, the RFP defined Best Value as a value determined by objective criteria and may include, but is not limited to price, features, functions, life-cycle costs, and other criteria deemed appropriate by Metro; and the Best Value Proposal as the most advantageous Proposal to Metro when evaluated in accordance with the Evaluation Criteria defined in the RFP.

The Source Selection Plan and the RFP established the weighted value assigned to the major evaluation criteria:

·	Project Management	45%
·	Technical Approach	20%
·	Price	<u>35%</u>
	<i>Subtotal</i>	100%
·	A Prompt Payment to Subcontractors Initiative	5% (bonus scoring)

Total 105%

After a thorough and extensive competitive procurement process, staff recommends Tutor Perini/O&G, JV as the contracting team for the final design and construction of the Westside Purple Line Extension Section 3 Project Stations, Trackwork, Systems and Testing.

### **DETERMINATION OF SAFETY IMPACT**

This Board action will not have an impact on established safety standards for Metro's construction projects.

### **FINANCIAL IMPACT**

Cumulative funds required through fiscal year 2019, in the amount of \$268,275,191, are included in Project 865523 Westside Purple Line Extension Section 3 Project, in Cost Center 8510 (Construction Project Management), and Account Number 53101 (Acquisition Building and Structure).

Since this is a multi-year Project, the Chief Program Management Officer and the Project Manager will be responsible for budgeting costs in future fiscal years.

On June 15, 2017, the Board authorized the Chief Executive Officer to enter into a stipend agreement with the unsuccessful responsive proposers for the Project, in the amount of \$1,250,000. A stipend is a common construction industry practice to compensate unsuccessful responsive and responsible proposers for the high cost of producing a competitive and comprehensive proposal. Both AECOM Westside Partners and Healy Dragados PL3S JV will receive a stipend in exchange for their work products, which entitles Metro's use of any such products.

### **Impact to Budget**

The FY19 sources of funds for the recommended actions includes Section 5309 New Starts Funds advanced for FY19, Measure R 35% and Measure M 35%. The approved FY19 budget is designated for the Westside Purple Line Extension Project and does not have an impact to operations funding sources. The Project is not eligible for Propositions A and C funding due to the tunneling element of the Project. No other funds were considered.

### **Multiyear Impact**

The sources of funds to support the \$3.224 Billion Project LOP are capital funds identified in the recommended Funding/Expenditure Plan as shown in Attachment C. Federal sources are identified with Measure R 35%, Measure M 35% and Local Returns funding the balance of project costs. The project cost was included and funded in the 2017 Long Range Transportation Plan Financial Forecast.

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## **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Recommendation supports Strategic Plan Goal #3 - Plan and deliver capital projects on time and budget while increasing opportunities for small business development and innovation. The recommendation supports the plan to deliver the Project in time to support the 2028 Olympic and Paralympic Games while broadening small business opportunities.

## **ALTERNATIVES CONSIDERED**

The Board may choose to not move forward with the contract award and amending the LOP Budget for the second and final project phase. This is not recommended as this is an adopted project within the Long Range Transportation Plan, and not moving forward with the recommendations will delay the schedule, increase the cost of the Project, and jeopardize \$1.3 billion in New Starts funding from the FTA, as well as jeopardize completion of the Westside Purple Line Extension Section 3 Project by 2027.

## **NEXT STEPS**

Upon approval by the Board and the receipt of an FFGA, Metro will issue a Notice-of-Award, execute a contract with the recommended Design/Build Contractor and once bonds, insurance, and project labor agreement requirements are met; issue a Contract Notice-to-Proceed. Thereafter, the LOP Budget will be amended accordingly per Recommendation A.

## **ATTACHMENTS**

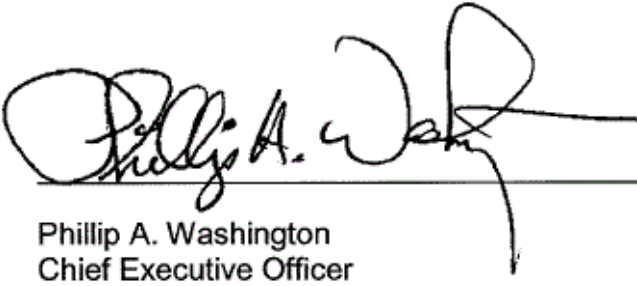
Attachment A - Procurement Summary  
Attachment B - DEOD Summary  
Attachment C - Funding /Expenditure Plan  
Attachment D - Request for Project Staff Positions

### Prepared by:

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Phillip A. Washington  
Chief Executive Officer



## PROCUREMENT SUMMARY

**WESTSIDE PURPLE LINE EXTENSION SECTION 3 STATIONS PROJECT-  
DESIGN/BUILD  
CONTRACT NO. C45161C1152**

1.	<b>Contract Number:</b> C45161C1152	
2.	<b>Recommended Vendor:</b> Tutor Perini/O&G, JV, a Joint Venture	
3.	<b>Type of Procurement (check one):</b> <input type="checkbox"/> IFB <input checked="" type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	<b>Procurement Dates:</b>	
	<b>A. Issued:</b> 9-15-2017	
	<b>B. Advertised/Publicized:</b> 9-15-2017	
	<b>C. Pre-Proposal Conference:</b> 10-9-2017	
	<b>D. Proposals Due:</b> 08-22-2018	
	<b>E. Pre-Qualification Completed:</b> 1-23-2018	
	<b>F. Conflict of Interest Form Submitted to Ethics:</b> 8-24-2018	
	<b>G. Protest Period End Date:</b> 3-2-2019	
5.	<b>Solicitations Picked up:</b> 66	<b>Bids/Proposals Received:</b> 3
6.	<b>Contract Administrator:</b> Albert Soliz	<b>Telephone Number:</b> 213-418-3110
7.	<b>Project Manager:</b> Kimberly Ong	<b>Telephone Number:</b> 213-312-3143

**A. Procurement Background**

This Board Action is to approve the award of a design-build “Best Value” procurement issued in support of the Westside Purple Line Extension Section 3 Stations Project (Project). This Project will extend the existing heavy rail subway Purple Line approximately 2.59 miles from the future Century City Constellation Station site and includes two stations - the Westwood/UCLA Station and Westwood/VA Hospital Station. The Section 3 alignment extends beneath the City of Los Angeles, Caltrans (I-405), County of Los Angeles, and Veterans Affairs (VA) Hospital property. Board approval of the contract award is subject to resolution of any properly submitted protest(s).

The Work under this contract includes, but is not limited to, furnishing all management, coordination, professional services, labor, equipment, materials and other services to perform the final design and construction of Stations, Trackwork, Utilities and Systems of the Project. The contract type is a firm fixed price.

A Request for Qualification (RFQ)/Request for Proposal (RFP) was issued on September 15, 2017. A pre-proposal conference was held on October 9, 2017, in the Board Room with representatives of approximately 200 firms in attendance. A networking event was held for the subcontracting community, including DBEs immediately after the conference.

The RFQ/RFP implemented a two-phase negotiated procurement in accordance with California Public Contract Code § 22160-22169 and in accordance with Metro's Acquisition Policy. The first phase of the procurement was a request for Statement of Qualifications (SOQ), where a qualification evaluation team determined the entities pre-qualified to proceed to the second phase, submitting a proposal. Five SOQs were received on November 13, 2017.

On January 11, 2018, the qualification evaluation team determined all five respondents qualified to participate in the second phase of the procurement process and submit proposals. The firms were:

- AECOM Westside Partners
- Healy Dragados PL3S, JV
- Skanska-Obayashi, JV
- Tutor Perini/O&G, JV
- Walsh-Traylor JV

The second phase of the procurement process sought Request for Proposals (RFP), due on August 22, 2018. Proposers were required to provide the following:

Administrative Submittal - Providing licensing, certifications, disclosure of litigation, Disadvantaged Business Enterprise (DBE) and subcontractor information, past performance, organizational documents, and insurance requirements.

Project Management Submittal – Providing information that addressed skill and experience, approach to management, design and construction, DBE Contracting Outreach, risk, safety, quality and schedule.

Technical Approach Submittal – Requesting proposer's understanding of the technical issues, scope and approaches to develop and effectively execute appropriate and efficient solutions to technical issues for utilities, traffic engineering, drainage, trackwork, general civil works, station design, geotechnical, environmental compliance, traffic management, jurisdictional coordination, track electrification, signaling, communications, ventilations, and system integration.

Pricing Submittal – Providing the proposer's price for the following: Base Proposal (base work), Provisional Sums, Unit Prices, Delay Compensation, and Life Cycle Costs.

During the solicitation, Proposers and subcontractors submitted technical and commercial questions that were recorded, reviewed, and responses issued by Metro staff. Formal written answers to 212 questions were provided to the 70 planholders.

Twelve amendments were issued to the RFQ/RFP during the solicitation process:

- Amendment No. 1, issued on October 13, 2017, clarified the Key Personnel years of experience and the Disadvantaged Business Enterprise (DBE) Program requirements;
- Amendment No. 2, issued on November 3, 2017, clarified Metro's Local Hire Initiative and replaced a duplicate question on the past performance questionnaire;
- Amendment No. 3, issued on December 15, 2017, provided RFP Reference Documents and revised reference drawings;
- Amendment No. 4, issued on December 29, 2018, revised portions of the Project Definition Documents;
- Amendment No. 5, issued on January 23, 2018, announced the firms which met the minimum pre-qualification requirement to submit Proposals;
- Amendment No. 6, issued on February 7, 2018, revised portions of the Project Definition Documents and drawings;
- Amendment No. 7, issued on March 23, 2018, revised portions of Project Definition Documents, Reference Documents and schedules;
- Amendment No. 8, issued on April 2, 2018, added additional Reference Documents and Definition Drawings;
- Amendment No. 9, issued on April 5, 2018, revised the Proposal Due date to June 22, 2018;
- Amendment No. 10, issued on April 25, 2018, revised portions of the Project Definition Documents and Reference Documents;
- Amendment No. 11, issued on May 15, 2018, revised the Proposal Due date to August 22, 2018 and;
- Amendment No. 12, issued on June 6, 2018, revised the General Condition for Subcontractor Costs and revised portions of the Project Definition Documents, Reference Documents and schedules.

Three proposals were received on August 22, 2018, from the following firms:

- AECOM Westside Partners, comprised of AECOM Energy & Construction, Inc., of Los Angeles; California, Shimmick Construction Company, Inc., of Irvine, California, an AECOM company; Tishman Construction Corporation of Los Angeles, California, an AECOM company; and a joint venture of AECOM Technical Services Inc., of Los Angeles, California and FMG Architects Design, of Los Angeles.
- Healy Dragados PL3S JV, a joint venture of S.A. Healy Company of Henderson, Nevada and Dragados USA, Inc., of Costa Mesa, California.
- Tutor Perini/O&G, JV, a joint venture of Tutor Perini Corporation of Sylmar, California and O&G Industries, Inc. of Torrington, Connecticut.

Two pre-qualified firms, Skanska-Obayashi, JV and Walsh-Traylor JV, elected to not submit proposals, citing commitments to other projects.

## **B. Evaluation of Proposals**

A Proposal Evaluation Team (PET) consisting of one representative each from Metro Program Management, Systems Engineering, and Transportation Planning conducted a comprehensive evaluation of the proposals received, in accordance with the factors and sub-factors set forth in the RFP and Source Selection Plan to assign a score and ranking. Additionally, the PET was supported by 15 subject matter experts (SME) in key areas of the evaluation criteria, who reviewed those portions of the proposals and provided written reports to the PET to aid in the evaluation. Only members of the PET scored the Proposals.

The proposals were evaluated based on the following major evaluation criteria and weights:

- |   |                           |
|---|---------------------------|
| • Project Management                            | 45 percent                |
| • Technical Approach                            | 20 percent                |
| • Price   | 35 percent                |
| • A Prompt Payment to Subcontractors Initiative | 5 percent (bonus scoring) |

The Proposers could opt for the prompt payment initiative, noted above, that requires the prime contractor to pay its first tier subcontractors for work completed prior to submitting its monthly billing to Metro. This triggers the cascading of earlier payments where each subcontractor must make payment to their subcontractors of undisputed amounts within 7 days of having received payment. In return, Metro provides terms of Net 21 days payment of undisputed amounts to the Contractor.

Proposers received written Requests for Clarification from the PET regarding topics, such as, work experience, key personnel assignments, management approach, design approach, schedule, risk management approach and organizational documents. DEOD also sought clarification on the DBE participation forms submitted in the proposals.

During the period of November 6, 2018 to November 18, 2018, each proposing team provided an oral presentation to the PET for the purpose of highlighting certain aspects of their written proposals, enhance the PET's understanding of the Proposals and facilitate the evaluation process. The agenda of the presentation was standardized in duration and topics for each Proposer that was followed by standardized questions asked by the PET. Each of the Proposer's responses to those questions were followed by formal written responses to provide each team the best opportunity to highlight strengths within their Proposal.

Upon the conclusion of oral presentations and the receipt of all clarifications, the PET finalized the Technical Approach and Project Management evaluation scoring.

Price Proposals were evaluated for price reasonableness and scored in compliance with the methods set forth in the RFP and Source Selection Plan, see Section C, Cost/Price Analysis. The results of the weighted scoring were then added to arrive at the cumulative total score for each Proposal.

Each of the three proposals were responsive to the requirements of the RFP, including evidence of bonding capability, insurability, current contract licenses, appropriate and duly notarized joint venture agreements, as well as disclosure of litigation.

Based upon the final scoring of the Evaluation Criteria weightings, the PET determined that a recommendation for Award could be made without further Discussions or Best and Final Offer (BAFO).

A summary of the of the final evaluation criteria scores for each Proposal is provided below:

Firm	Average Score	Factor Weight	Weighted Average Score	Rank
<b>Tutor Perini/O &amp; G, JV</b>				
Project Management	86.69	45.00%	39.01	
Technical Approach	87.20	20.00%	17.44	
Price	98.57	35.00%	34.50	
*Voluntary Payment to Subcontractors Initiative	100.00	5.00%	5.00	
<b>Total</b>		<b>105.00%</b>	<b>95.95</b>	<b>1</b>
<b>Healy Dragados PL3S, JV</b>				
Project Management	83.27	45.00%	37.47	
Technical Approach	81.50	20.00%	16.30	
Price	89.14	35.00%	31.20	
*Voluntary Payment to Subcontractors Initiative	100.00	5.00%	5.00	
<b>Total</b>		<b>105.00%</b>	<b>89.97</b>	<b>2</b>
<b>AECOM Westside Partners</b>				
Project Management	83.38	45.00%	37.52	
Technical Approach	82.10	20.00%	16.42	
Price	87.37	35.00%	30.58	
*Voluntary Payment to Subcontractors Initiative	100.00	5.00%	5.00	
<b>Total</b>		<b>105.00%</b>	<b>89.52</b>	<b>3</b>

*Scores rounded to the second decimal*

*\* All Proposers received full credit.*

**Evaluation Outcome**

Each of the proposals was determined to have met or exceeded the minimum requirements of the evaluation scoring standards. While all proposers are capable of performing the work, the PET’s evaluation determined that it need not consider any tradeoff factors in determining the Best Value.

Based on the assessment of all proposals, the Proposal Evaluation Team determined, in accordance with the specified evaluation factors and sub-factors, that the Tutor Perini/O&G, JV Proposal offers the Best Value overall, and is the most advantageous to Metro.

Significant strengths of Tutor Perini/O&G, JV’s Proposal included their understanding of attaining approval of project plans from agencies and jurisdictions involved in the Project; the ability to transition subcontractors from the Section 2 project; and the lowest responsive price.

**C. Cost/Price Analysis**

A line by line proposal pricing evaluation for price reasonableness was performed and is documented in the procurement file. Each price proposal was evaluated for price reasonableness to determine if the proposer’s price fully contemplated the required work; unbalanced pricing that evaluates, despite an acceptable total evaluated price, the price of one or more line items is significantly overstated or understated; and the proposer’s ability to perform the work for the stated pricing compared to Project Management and Technical Approach submittal.

The price of the recommended award is determined to be fair and reasonable based on Metro’s budget, corresponding funding levels, adequate price competition, and comparison to the independent cost estimate which was submitted concurrently with the proposals.

Proposer Name	Total Price Proposal <sup>1</sup>	Total ICE <sup>2</sup> Price Proposal	Award Price <sup>3</sup>	ICE <sup>2</sup> Award Price <sup>3</sup>
AECOM Westside Partners	\$1,673,015,004	\$1,328,583,699	\$1,591,840,500	\$1,241,176,270
Healy Dragados PL3S, JV	\$1,554,333,297		\$1,428,892,540	
Tutor Perini/O&G, JV	\$1,450,424,058		\$1,363,620,000	

Note<sup>1</sup>: The Total Price Proposal includes the Base Work, Provisional Sums, Unit Prices, Delay Compensation, and Life Cycle Costs.

Note<sup>2</sup>: The Independent Cost Estimate (ICE) amounts are submitted before the due date and opened concurrently with the other Proposals.

Note<sup>3</sup>: The Award Price includes Base Work and Provisional Sums only.

Tutor Perini/O&G, JV is also the contractor for the Purple Line Section 2 work and a part of the joint venture awarded the Section 3 Tunnels work, as such, Tutor Perini/O&G, JV offered LACMTA within its Proposal a simplified solution to integrating and coordinating this Contract with the other two existing Purple Line contracts. The declaration was not considered in the evaluation by the PET, but was further confirmed and clarified by the LACMTA Contracting Officer and affirmed as to be added to the Contract requirements, if the Proposer was the successful Proposer.

This added provision provides for integration of the Purple Line contracts, as if the Contractor is managing one contract, without combining Key Personnel or other key resources, to significantly reduce the risks of Delay and cost overruns between the Contracts due to the contractor's actions or inactions.

#### **D. Background of Recommended Contractor**

Tutor Perini/O&G, JV is a fully integrated joint venture between Tutor Perini Corporation (Tutor Perini), the Managing Partner with 75% equity, and O&G Industries, Inc. (O&G) with 25% equity.

Tutor Perini Corporation, headquartered in Sylmar, California, is ranked 10th on Engineering News-Record (ENR)'s Top 400 Contractors list for 2018. Tutor Perini Corporation has performed work on very large projects in the City of Los Angeles, throughout California, and the US, including more than 20 separate projects for LACMTA's underground system. Recent major project experience includes Purple Line Extension Section 2, the Third Street Light Rail Program Phase 2, Gold Line Eastside Extension and California High Speed Rail Construction Package 1.

O&G Industries, Inc. is a privately held company, is ranked 321st on Engineering News-Record (ENR)'s Top 400 Contractors list for 2018 and is one of the largest heavy civil contractors in the Northeast. O & G has worked with Tutor Perini on large projects in the past. Locally, Tutor Perini and O & G delivered the D-B Alameda Corridor Project in south Los Angeles.

STV is the lead design firm and is currently ranked 7th among ENR's Top 25 in Mass Transit and Rail and 9th among the Top 50 in the Transportation category. STV has worked with Tutor Perini on design-build transportation projects throughout the United States since 1997, as well as on Section 2.

## DEOD SUMMARY

**WESTSIDE PURPLE LINE EXTENSION SECTION 3 PROJECT – DESIGN/BUILD  
CONTRACT NO. C45161C1152  
Stations, Trackwork, Systems and Testing**

**A. (1) Small Business Participation - Design**

The Diversity and Economic Opportunity Department (DEOD) established a 17% Disadvantaged Business Enterprise (DBE) goal for Design. Tutor Perini/O&G, JV exceeded the goal by making a 19.25% DBE commitment.

<b>Small Business Goal</b>	<b>17% DBE</b>	<b>Small Business Commitment</b>	<b>19.25% DBE</b>
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	<b>DBE Subcontractors</b>	<b>Ethnicity</b>	<b>% Committed</b>
1.	Coast Surveying, Inc.	Hispanic American	0.74%
2.	Colmena Engineering	Hispanic American	0.58%
3.	Cornerstone Studios, Inc.	Asian Pacific American	0.35%
4.	Electrical Building Systems, Inc.	Hispanic American	1.64%
5.	Hinman Consulting Engineers, Inc.	Non-Minority Female	0.10%
6.	LIN Consulting, Inc.	Asian Pacific American	1.68%
7.	NUVIS	Hispanic American	0.87%
8.	OptiTrans	Asian Pacific American	0.79%
9.	Pacific Railway Enterprises	Non-Minority Female	0.33%
10.	PacRim Engineering, Inc.	Asian Pacific American	4.92%
11.	Sanchez/Kamp & Associates dba SKA Design	Hispanic American	0.47%
12.	Ted Tokio Tanaka Architects	Asian Pacific American	4.94%
13.	The Morcos Group, Inc.	Non-Minority Female	0.96%
14.	V&A, Inc.	Hispanic American	0.88%
<b>Total DBE Commitment</b>			<b>19.25%</b>

**A. (2) Small Business Participation - Construction**

DEOD established a 21% DBE goal for Construction. Tutor Perini/O&G, JV exceeded the goal by making a 21% DBE commitment. To be responsive to DBE requirements, Tutor Perini/O&G, JV was required to identify all known DBE subcontractors at the time of proposal. Tutor Perini/O&G, JV listed two (2) known DBE firms as noted below, with commitments totaling 21%. In addition, Tutor



Perini/O&G, JV is required to submit a DBE Contracting Plan within sixty (60) days after Notice to Proceed (NTP), identifying construction opportunities to meet its DBE commitment of 21%. Tutor Perini/O&G, JV must update the Contracting Plan monthly as contract work is bid and awarded to DBE firms.

<b>Small Business Goal</b>	<b>21% DBE</b>	<b>Small Business Commitment</b>	<b>21% DBE</b>
----------------------------	----------------	----------------------------------	----------------

	<b>DBE Subcontractors</b>	<b>Ethnicity</b>	<b>% Committed</b>
1.	Modern Times, Inc.	Hispanic American	0.03%
2.	Valverde Construction, Inc.	Hispanic American	1.87%
3.	To Be Determined at Time of Final Design	TBD	19.10 %
<b>Total DBE Commitment</b>			<b>21.00%</b>

**B. Contracting Outreach and Mentoring Plan (COMP)**

To be responsive, Proposers were required to submit a Contracting Outreach and Mentoring Plan (COMP) including strategies to mentor for protégé development two (2) DBE firms for Design and four (4) DBE firms for Construction. Tutor Perini/O&G, JV selected PacRim Engineering and LIN Consulting, Inc. as protégés for Design and committed to identify the four (4) Construction protégés after the start of Construction.

**C. Project Labor Agreement/Construction Careers Policy (PLA/CCP)**

The PLA/CCP requires that contractors commit to meet the following targeted hiring goals for select construction contracts over 2.5 million dollars:

<b>Federally Funded Projects</b>		
<b>Extremely / Economically Disadvantaged Worker Goal</b>	<b>Apprentice Worker Goal</b>	<b>Disadvantaged Worker Goal</b>
<b>40%</b>	<b>20%</b>	<b>10%</b>

**D. Prevailing Wage Applicability**

Prevailing Wage requirements are applicable to this project. DEOD will monitor contractors' compliance with the State of California Department of Industrial Relations (DIR), California Labor Code, and, if federally funded, the U S Department of Labor (DOL) Davis Bacon and Related Acts (DBRA).

**E. Living Wage Service Contract Worker Retention Policy Applicability**

The Living Wage / Service Contract Worker Retention Policy is not applicable to this design/build contract.

**FUNDING / EXPENDITURE PLAN  
WESTSIDE PURPLE LINE EXTENSION SECTION 3 PROJECT  
LIFE OF PROJECT BUDGET (LOP)**

**ATTACHMENT C**

(DOLLARS IN MILLIONS)														Previously Appr'd LOP for Phase 1	Request Balance of LOP
Capital Project 865523	Prior	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28 to FY31	LOP Total	% of Total		
<b>Uses of Funds</b>															
Guideway & Track Elements	0.0	26.5	46.4	81.5	102.7	103.1	82.6	48.0	0.0	0.0	0.0	490.7	15.2%	362.6	128.1
Stations, Stops, Terminals, Intermodal	0.0	0.1	48.6	89.9	114.6	124.1	117.3	151.4	147.2	0.6	0.0	793.9	24.6%	6.4	787.5
Sitework & Special Conditions	3.1	52.0	59.4	56.4	75.7	82.3	75.7	57.5	29.6	0.0	0.0	491.8	15.3%	187.3	304.5
Row, Land, Existing Improvements	0.0	100.0	209.6	95.5	61.7	0.0	0.0	0.0	0.0	0.0	0.0	466.9	14.5%	465.9	1.0
Professional Services	49.5	28.2	72.7	72.7	72.7	72.7	52.3	41.2	27.6	15.1	0.0	504.5	15.6%	212.3	292.2
Unallocated Contingency	0.0	8.0	14.0	82.0	87.8	79.5	69.5	64.1	46.9	12.3	0.0	464.1	14.4%	128.6	335.5
<b>Section 3 LOP Budget (FFGA) Subtotal:</b>	<b>52.6</b>	<b>214.8</b>	<b>450.7</b>	<b>478.0</b>	<b>515.2</b>	<b>461.6</b>	<b>397.5</b>	<b>362.2</b>	<b>251.4</b>	<b>28.0</b>	<b>0.0</b>	<b>3,211.9</b>	<b>99.6%</b>	<b>1,363.1</b>	<b>1,848.8</b>
<b>Concurrent Non-FFGA</b>															
Sitework & Special Condition	0.0	0.0	0.0	6.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.0	0.2%	6.0	0.0
ROW Acquisition (Lost of Good Will)	0.0	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0%	1.0	0.0
Professional Services	0.0	1.0	1.0	1.0	0.6	0.0	0.0	0.0	0.0	0.0	0.0	3.6	0.1%	3.6	0.0
Planning / Environmental	0.8	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.1	0.04%	1.1	0.0
<b>Concurrent Non-FFGA Subtotal:</b>	<b>0.8</b>	<b>1.8</b>	<b>1.5</b>	<b>7.0</b>	<b>0.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>11.7</b>	<b>0.4%</b>	<b>11.7</b>	<b>0.0</b>
<b>Total Life of Project Budget (LOP):</b>	<b>53.4</b>	<b>216.6</b>	<b>452.2</b>	<b>485.0</b>	<b>515.8</b>	<b>461.6</b>	<b>397.5</b>	<b>362.2</b>	<b>251.4</b>	<b>28.0</b>	<b>0.0</b>	<b>3,223.6</b>	<b>100%</b>	<b>1,374.8</b>	<b>1,848.8</b>
<b>Source of Funds</b>															
<b>Federal Sources</b>															
Section 5309 New Starts	0.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	400.0	1,300.0	40.3%	283.8	1,016.2
Surface Transportation Block Grant Program	0.0	0.0	0.0	0.0	0.0	0.0	0.0	93.0	0.0	0.0	0.0	93.0	2.9%	0.0	93.0
Congestion Mitigation & Air Quality Program	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.1	25.0	14.9	0.0	45.0	1.4%	0.0	45.0
<b>Total Federal Funds</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>198.1</b>	<b>125.0</b>	<b>114.9</b>	<b>400.0</b>	<b>1,438.0</b>	<b>44.6%</b>	<b>283.8</b>	<b>1,154.2</b>
<b>Non-Federal Sources</b>															
Local Funds	53.4	116.6	352.2	385.0	433.8	379.6	333.6	167.2	207.1	13.0	0.0	2441.5	75.7%	1,091.0	1,350.5
Reimbursement of Local Funds from New Starts *	0.0	0.0	0.0	0.0	(18.0)	(18.0)	(36.1)	(34.9)	(80.7)	(100.0)	(400.0)	(687.8)	(0.2)	0.0	(687.8)
Regional Improvement Program Funds (RIP)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	31.8	0.0	0.0	0.0	31.8	0.0	0.0	31.8
<b>Total Non-Federal Funds</b>	<b>53.4</b>	<b>116.6</b>	<b>352.2</b>	<b>385.0</b>	<b>415.8</b>	<b>361.6</b>	<b>297.5</b>	<b>164.1</b>	<b>126.4</b>	<b>(87.0)</b>	<b>(400.0)</b>	<b>1,785.6</b>	<b>0.6</b>	<b>1,091.0</b>	<b>694.6</b>
<b>Total Life of Project Budget Funding:</b>	<b>53.4</b>	<b>216.6</b>	<b>452.2</b>	<b>485.0</b>	<b>515.8</b>	<b>461.6</b>	<b>397.5</b>	<b>362.2</b>	<b>251.4</b>	<b>28.0</b>	<b>0.0</b>	<b>3,223.6</b>	<b>100%</b>	<b>1,374.8</b>	<b>1,848.8</b>

\* Does not include finance costs

\* Timing of funding sources is subject to change

**REQUEST FOR PROJECT STAFF POSITIONS  
WESTSIDE PURPLE LINE EXTENSION SECTION 3 PROJECT**

**ATTACHMENT D**

<b>No. FTE</b>	<b>Cost Center</b>	<b>Position Title</b>	<b>Job Description</b>	<b>QTR Needed</b>
1	6510	Principal Real Estate Officer (Acquisitions)	The Principal Real Estate Officer (Acquisitions) serves in a lead capacity performing highly complex real estate functions, including property acquisition and other specific tasks, and may supervise subordinate staff in support of the Project needs.	FY19, Q3
<b>1</b>	<b>Subtotal 6510</b>			
1	6810	Director Construction (Safety)	The Director of Construction (Safety) provides direction and leadership to individuals inside and outside of Metro, and ensures construction contract compliance, as well as compliance with applicable federal, state, and local safety regulations in support of the Project. This position is also responsible for overseeing the implementation of the Corporate Construction Safety Goals and Objectives at the line supervision level.	FY19, Q3
<b>1</b>	<b>Subtotal 6810</b>			
1	7120	Sr. Manager Transportation Planning	The Senior Manager, Transportation Planning will work closely with the Project Manager, engineers, design professionals and community members to ensure holistic integration of art and design into the Project, as well as the required removal and/or demolition of third party artworks is addressed with sensitivity. Will engage significant art, design and cultural organization stakeholders, non-profits, schools and community members in the project area to develop community arts and cultural resource guides and ensure early input into the process and application of industry best practices. Will host artist workshops, develop scopes of work, issue calls to artists, respond to RFIs, review technical submittals, participate in design resolution, cost estimating, value engineering, construction management, manage art design development, fabrication, installation and other related project delivery activities.	FY19, Q3
<b>1</b>	<b>Subtotal 7119</b>			
1	7160	Sr. Construction Relations Officer	The Sr. Community Relations Officer's primary responsibilities are to conduct public outreach, stakeholder communications and construction impact coordination and mitigation in partnership with project management and contractors.	FY19, Q3
<b>1</b>	<b>Subtotal 7160</b>			

No. FTE	Cost Center	Position Title	Job Description	QTR Needed
1	8010	Sr. Director Construction (Systems)	The Sr. Director Construction (Systems) oversees, manages, and coordinates design and construction activities related to systems final design, design support during construction and testing/startup of the Project. This position has the day-to-day responsibility of directing Metro Engineering staff assigned to the Project to review work performed by the contractor's design consultants.	FY19, Q3
1	8010	Director Construction (Systems)	Director of Construction (Systems) reports to the Sr. Director Construction (Systems) oversees the day-to-day engineering and construction management services staff assigned to the Project.	FY20, Q1
1	8010	Director Construction	Director of Construction reports to the D.E.O., Program Management and oversees the day-to-day activities of the construction management support services staff assigned to the Project.	FY19, Q3
1	8010	Sr. Administrative Analyst	The Sr. Administrative Analyst provides administrative and analytical support, and interacts with Metro staff, consultants and outside agencies and coordinates administrative functions. Coordinates work efforts for new projects/contracts, sets up preliminary project management plans and other requirements in support of the departmental Directors.	FY19, Q3
1	8010	Engineering Associate	The Engineering Associate performs intermediate-level engineering technical work in support the Project.	FY19, Q3
<b>5</b>	<b>Subtotal 8010</b>			
1	8430	Third Party Administrator	The Third Party Administrator plans and coordinates the multi-disciplined and complex work associated with the Project construction activities involving public agencies, public/private utilities, and other third parties.	FY19, Q3
<b>1</b>	<b>Subtotal 8430</b>			
1	8610	Director Cost Estimating	The Director of Cost Estimating provides cost estimating oversight and direction to the Project estimating staff that provide independent project specific cost estimates and analysis.	FY19, Q3
1	8610	Sr. Configuration Management Analyst	The Sr. Configuration Management Analyst processes request for information, change notices, contract modifications, submittals, drawings, claims, and project correspondence for compliance with laws, regulations and requirements.	FY19, Q3
<b>2</b>	<b>Subtotal 8610</b>			

No. FTE	Cost Center	Position Title	Job Description	QTR Needed
12	Total			

Westside Purple Line Extension Stations Project - Section 3  
C1152 Recommendation for Award – Board Meeting  
February 28, 2019



# Westside Purple Line Extension Stations Project - Section 3 C1152 Recommendation for Award Board Item 2019-0050 - Recommended Actions

- A. AMENDING the Life-of-Project (LOP) Budget of \$1,374,826,466 to \$3,223,623,255 to include the Stations, Trackwork, Systems and Testing portion of the Westside Purple Line Extension Section 3 Project (Project), consistent with previous actions taken by the Board in February 2016, January 2017, and June 2018;
- B. AUTHORIZING the Chief Executive Officer (CEO) to award an 89-month firm fixed price contract under Request for Proposal (RFP) No. C45161C1152 to Tutor Perini/O&G, JV, the responsive and responsible Proposer determined to provide Metro with the best value for the final design and construction of the Westside Purple Line Extension Section 3 Project Stations, Trackwork, Systems and Testing, in the amount of \$1,363,620,000, subject to the Federal Transit Administration (FTA) approval of a Full Funding Grant Agreement (FFGA), and resolution of protest(s), if any;
- C. AUTHORIZING the withholding of funds, pursuant to the provisions of the Measure M Ordinance, from the Local Return/Regional Rail Subfund to pay for the 3% local agency contributions to the Project should no agreement with the local jurisdictions be approved or upon default of payment by a local jurisdiction; and
- D. APPROVING an additional 12 full time Metro staff for FY19 to strengthen the existing project management and support team.



# Westside Purple Line Extension Section 3 Project (Century City Constellation to Westwood/VA Hospital) Project Description



- The WPLE Section 3 Project is a 2.56 mile alignment from the future Century City Constellation Station to the future Westwood/VA Hospital Station. The Project includes 16 heavy rail vehicles, twin-bored tunnels and two (2) new subway stations:
  - Westwood/UCLA
  - Westwood/VA Hospital
- Requested LOP Budget
  - \$3.22 Billion
- Revenue Service Date:
  - Forecast – 2027
- Daily Project Transit Trips: 42,903
- Daily New Transit Trips: 9,386

# Westside Purple Line Extension Stations Project - Section 3 C1152 Recommendation for Award Basis of Award/Procurement Method

LACMTA used a competitive negotiated procurement process to select the contractor for the design-build delivery, as follows.

**Request for Qualifications to establish a listing of pre-qualified teams.** On September 15, 2017, five teams submitted Statements of Qualifications..

**Request for Proposal** – On August 22, 2018, three of the five pre-qualified teams submitted proposals:

AECOM Westside Partners  
Healy Dragados PL3S, JV  
Tutor Perini/O&G, JV

Two pre-qualified firms, Skanska-Obayashi, JV and Walsh-Traylor JV, elected to not submit proposals, citing commitments to other projects.

The basis for award is to a responsive and responsible Proposal determined by LACMTA, based on the evaluation factors set forth in the RFP, to provide the best value.

Notice of Intent to Award was issued on February 15, 2019.

# Westside Purple Line Extension Stations Project - Section 3 C1152 Recommendation for Award Price Analysis

Proposer Name	Total Price Proposal <sup>1</sup>	Total ICE <sup>2</sup> Price Proposal	Award Price <sup>3</sup>	ICE <sup>2</sup> Award Price <sup>3</sup>
AECOM Westside Partners	\$1,673,015,004	\$1,328,583,699	\$1,591,840,500	\$1,241,176,270
Healy Dragados PL3S, JV	\$1,554,333,297		\$1,428,892,540	
Tutor Perini/O&G, JV	\$1,450,424,058		\$1,363,620,000	

Note<sup>1</sup>: The Total Price Proposal includes the Base Work, Provisional Sums, Unit Prices, Delay Compensation, and Life Cycle Costs.

Note<sup>2</sup>: The Independent Cost Estimate (ICE) amounts are submitted before the due date and opened concurrently with the other Proposals.

Note<sup>3</sup>: The Award Price includes Base Work and Provisional Sums only.

A line by line detailed price comparison of all Price Proposals with the Independent Cost Estimate (ICE) was performed. The one line item which represented a significant component of lower costs than other Proposers for Tutor Perini/O&G, JV was the General Requirements line Item.

An evaluation for price reasonableness was performed for each Proposal, to determine: 1) If the proposer's price fully contemplates the required work; 2) Unbalanced pricing, which despite an acceptable total evaluated price, the price of one or more line items is significantly overstated or understated; and 3) The proposer's ability to perform the work for the stated pricing compared to their Management and Technical Approach submittal.

The price of the recommended award is determined to be fair and reasonable based on Metro's budget, corresponding funding levels, adequate price competition, and comparison to the Independent Cost Estimate which was submitted concurrently with the proposals

# Westside Purple Line Extension Stations Project - Section 3 C1152 Recommendation for Award Disadvantage Business Enterprise Determination

The Diversity & Economic Opportunity Department (DEOD) Disadvantaged Business Enterprise (DBE) subcontractor goals for the project were established at 16% for Design and 21% for Construction. Proposers were required to identify DBE subcontractors for Design and provide a DBE Contracting Plan detailing their plan to achieve their DBE commitment for Construction.

Tutor Perini/O&G, JV's proposal committed to a DBE subcontractor goal of 19.25% for Design and 21.00% for Construction.





**Board Report**

**File #:** 2018-0753, **File Type:** Program

**Agenda Number:** 36.

**REGULAR BOARD MEETING  
FEBRUARY 28, 2019**

**SUBJECT: PROP A AND PROP C COMMERCIAL PAPER/SHORT-TERM BORROWING PROGRAMS**

**ACTION: APPROVE RECOMMENDATIONS**

**RECOMMENDATION**

**CONSIDER:**

- A. AUTHORIZING the Chief Executive Officer to renew and/or replace the direct-pay letters of credit (“LOC”) and direct purchase revolving credit facility (“RCF”) to be provided by the banks described below, finalize negotiations with the recommended banks and enter into reimbursement/credit agreements and related documents associated with such LOCs and RCF;
  - 1. Replace the LOCs currently being provided by Sumitomo Mitsui Banking Corporation (“Sumitomo”) and MUFG Union Bank, N.A. (“MUFG”), for the Proposition A commercial paper program with a LOC to be provided by Barclays Bank PLC (“Barclays”) for a commitment amount of \$200 million for a 3 year term at an estimated cost of \$13.5 million including interest, legal fees and other related expenses.
  - 2. Replace the LOC currently being provided by Bank of America (“BANA”) of \$75 million for the Proposition C commercial paper program with a revolving credit facility provided by Wells Fargo Bank, N.A. (“Wells Fargo”) for an estimated amount of \$150 million (Metro currently has \$75 million outstanding with Wells Fargo) for a 3 year term at an estimated cost of \$9.9 million including interest, legal fees and other related expenses
- B. If unable to reach agreement with one of the recommended banks described above, AUTHORIZE the Chief Executive Officer to finalize negotiations with each successively ranked bank for LOCs and/or RCFs having 3 year terms and the estimated costs shown in Attachment A;
- C. ADOPTING a resolution with respect to the Proposition A commercial paper and short-term program that approves the selection of Barclays or such other banks selected by the Chief Executive Officer for the Proposition A commercial paper program, and the forms of the reimbursement agreement, fee agreement and reimbursement note in similar form with those on file with the Board Secretary and that makes certain benefits findings in compliance with the Government Code, Attachment B;

D. ADOPTING a resolution with respect to the Proposition C commercial paper and short-term borrowing program that approves the selection of Wells Fargo or such other banks selected by the Chief Executive Officer for the Proposition C commercial paper program, and the forms of the revolving credit agreement, revolving obligation notes and supplemental subordinate trust agreement in similar form with those on file with the Board Secretary and that makes certain benefits findings in compliance with the Government Code, Attachment C.

**(REQUIRES SEPARATE, SIMPLE MAJORITY BOARD VOTE)**

**ISSUE**

The Proposition A (“Prop A CP”) and Proposition C (“Prop CP”) Commercial Paper/Short-Term Borrowing programs have proven to be flexible, cost effective methods of short-term financing for our capital program. A letter of credit or similar facility is required for CP programs in order to guarantee repayment of notes at maturity. A revolving credit facility provides short-term financing by entering into a direct loan with a bank and bears interest at variable interest rates. Prop A CP LOCs with Sumitomo and Union Bank expire in March 2019. The Prop C CP LOC with Bank of America and the RCF with Wells Fargo expire in April 2019.

**BACKGROUND**

The purpose of the Commercial Paper (“CP”) programs is to provide interim taxable or tax-exempt financing until grant reimbursement or other funding sources are received, or until permanent financing is arranged. The Prop A CP and Prop C CP programs authorize us to issue and have outstanding at any one time up to \$350 million and \$150 million in commercial paper notes, respectively. A letter of credit is required for the CP programs in order to guarantee repayment of the maturing notes. Commercial paper is a short-term debt instrument that can be issued with maturities from 1 to 270 days. As notes mature, new notes are simultaneously issued, i.e., rolled over. The LOCs provide guaranteed liquidity to investors when their notes mature and are a required component of the program. Additionally, the LOCs provide a safety net to us in the form of a term loan in the unlikely event the notes cannot be remarketed, precluding any requirement that we immediately repay the entire outstanding amount from cash. The securities are backed by a subordinate pledge of 75% of Proposition A sales tax revenues and 80% of Proposition C sales tax revenues for the Prop A and the Prop C programs, respectively. We can issue either tax-exempt or taxable CP under both programs. The borrowing costs under the CP programs have been just under 1.75% over the past year.

The RCF operates in a similar manner as the Prop C CP in that Wells Fargo will provide short-term revolving loans to us directly of up to \$150 million outstanding at any one time. The loans provided under the RCF will bear interest at variable interest rates based on an index of 80% of 1-month LIBOR for tax-exempt loans and 100% of 1-month LIBOR for taxable loans, plus the bank’s applicable fee. The RCF will be backed by a subordinate pledge of 80% of Prop C sales tax revenues. The borrowing costs for the Wells Fargo RCF have been approximately 2.20% over the past year.

## **DISCUSSION**

Requests for proposal were sent to 19 banks by our financial advisor, PFM Financial Advisors LLC (“PFM”). Under our Debt Policy, the financial advisor conducts competitive processes to select financial product providers including letters of credit. The request for proposal required banks to have short-term ratings of at least P-1, A-1 or F-1 from at least two of the three following rating agencies: Moody’s Investor Services, Standard & Poor’s and Fitch ratings, respectively in order to respond. Evaluation criteria included pricing, any rate penalties investors may impose on a particular bank, the status of a bank’s credit approval and willingness to execute our form of agreement. Overall program objectives include low cost and maximizing access to borrowing capacity achieved through diversification of products and providers. Twelve proposals were received for commitment amounts ranging from \$75 million to \$200 million for both programs. The source selection group was composed of Treasury staff and PFM. Proposals were received from banks that included alternative products or terms that were considered to be less desirable, such as standby purchase agreement. The selection group ranked each proposer and we are recommending Barclays and Wells Fargo, both for 3 year terms.

Costs will also depend on the amount of tax-exempt and taxable debt we issue under the Prop A and Prop C programs. Additional fees and interest could be incurred under certain extreme circumstances. To date, none of our commercial paper notes have ever failed to be remarketed.

## **DETERMINATION OF SAFETY IMPACT**

Approval of this report will not impact the safety of Metro's patrons or employees.

## **FINANCIAL IMPACT**

Funding of \$15.6 million for the Proposition A and Proposition C commercial paper programs is included in the FY2019 budget in Cost Center #0521, Treasury Non-Departmental, under project #610306, task 03.01 and project #611309, task 01 for Proposition A and project #610307, task 03.01 for Proposition C. The cost center manager and the Chief Financial Officer will be accountable for budgeting the cost in future years.

## **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Recommendation supports the following Metro Strategic Plan Goal(s):

Goal #5: Provide responsive, accountable, and trustworthy governance within the Metro organization.

## **ALTERNATIVES CONSIDERED**

The Board could choose to not approve the recommended credit support for the Prop A CP or the Prop C CP programs or could direct a reduction below the current capacity for each program. A reduction of the capacity of the CP programs would reduce our ability to quickly provide low cost, interim financing when needed. A decision to cancel the programs and not replace the letter of credit support would result in the need to refund all of the outstanding short term debt (\$105 million for Prop



A and approximately \$143 million for Prop C) with a higher cost fixed rate financing. These alternatives are not recommended.

### **NEXT STEPS**

- Negotiate final terms and conditions with the recommended banks.
- If satisfactory terms cannot be agreed upon with the recommended banks, negotiate with each of the next highest ranked proposers in order to obtain the best combination of terms and pricing.
- Prepare agreements and documentation to implement the letters of credit and revolving credit facility, including, among others, notices, reimbursement agreements, fee agreements, reimbursement notes, credit agreements, revolving obligation notes, supplemental trust agreements and offering memoranda.
- Obtain credit ratings for the CP notes based on the credit ratings of the banks.
- Execute documents prior to the expiration date of the current agreements in March and April of 2019.

### **ATTACHMENTS**

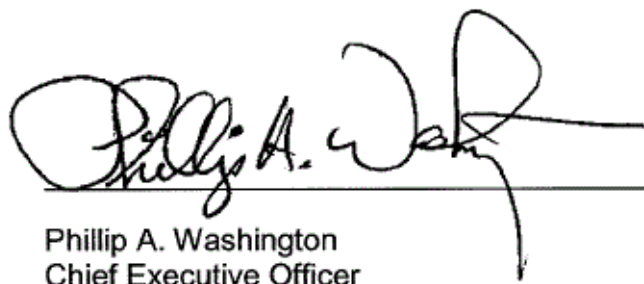
Attachment A - Recommendation Summary

Attachment B - Proposition A Authorizing Resolution

Attachment C - Proposition C Authorizing Resolution

Prepared by: Donna R. Mills, Treasurer, (213) 922-4047  
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Phillip A. Washington  
Chief Executive Officer

## **Additional Documents**

[http://libraryarchives.metro.net/DB\\_Attachments/2018-0753\\_Barclays\\_Bank\\_Note.pdf](http://libraryarchives.metro.net/DB_Attachments/2018-0753_Barclays_Bank_Note.pdf)

[http://libraryarchives.metro.net/DB\\_Attachments/2018-0753\\_Barclays\\_Fee\\_Agreement.pdf](http://libraryarchives.metro.net/DB_Attachments/2018-0753_Barclays_Fee_Agreement.pdf)

[http://libraryarchives.metro.net/DB\\_Attachments/2018-0753\\_Barclays\\_Reimbursement\\_Agreement.pdf](http://libraryarchives.metro.net/DB_Attachments/2018-0753_Barclays_Reimbursement_Agreement.pdf)

[http://libraryarchives.metro.net/DB\\_Attachments/2018-0753\\_Proposition\\_C\\_Fourth\\_Supplemental\\_Subordinate\\_Trust\\_Agreement.pdf](http://libraryarchives.metro.net/DB_Attachments/2018-0753_Proposition_C_Fourth_Supplemental_Subordinate_Trust_Agreement.pdf)

[http://libraryarchives.metro.net/DB\\_Attachments/2018-0753\\_Wells\\_Fargo\\_Revolving\\_Credit\\_Agreement.pdf](http://libraryarchives.metro.net/DB_Attachments/2018-0753_Wells_Fargo_Revolving_Credit_Agreement.pdf)

[http://libraryarchives.metro.net/DB\\_Attachments/2018-0753\\_Wells\\_Fargo\\_Revolving\\_Obligation\\_Notes.pdf](http://libraryarchives.metro.net/DB_Attachments/2018-0753_Wells_Fargo_Revolving_Obligation_Notes.pdf)

**Recommendation Summary**

<b>Proposer / Program</b>	<b>Maximum Commitment</b>	<b>Estimated First Year Cost (including interest based on \$200 million for Prop A and \$150 million for Prop C)</b>	<b>Total Estimated 3 yr. Costs (including interest based on \$200 million for Prop A and \$150 million for Prop C)</b>
<b>Prop A Program</b>			
<b>Letter of Credit</b>			
<b>Barclays</b>	<b>\$200,000,000</b>	<b>\$4,517,000</b>	<b>\$13,451,000</b>
<i>Wells Fargo<sup>(1)</sup></i>	<i>\$200,000,000</i>	<i>\$4,514,000</i>	<i>\$13,452,000</i>
Bank of America	\$200,000,000	\$4,526,000	\$13,489,000
MUFG	\$75,000,000	\$4,682,000	\$13,956,000
SMBC <sup>(2)</sup>	\$200,000,000	\$4,812,000	\$14,336,000
Citi	\$200,000,000	\$4,842,000	\$14,416,000
<b>CP Alternatives</b>			
State Street	\$150,000,000	\$3,459,000	\$10,288,000
US Bank	\$200,000,000	\$4,706,000	\$11,698,000
<i>Wells Fargo<sup>(1)</sup></i>	<i>\$200,000,000</i>	<i>\$4,454,000</i>	<i>\$13,272,000</i>
JP Morgan <sup>(3)</sup>	\$200,000,000	\$5,357,000	\$15,981,000
<b>Prop C Program</b>			
<b>Letter of Credit</b>			
BMO Harris	\$150,000,000	\$3,289,000	\$9,777,000
Bank of the West	\$75,000,000	\$3,378,000	\$10,044,000
<i>Wells Fargo<sup>(1)</sup></i>	<i>\$150,000,000</i>	<i>\$3,399,000</i>	<i>\$10,106,000</i>
SMBC	\$150,000,000	\$3,409,000	\$10,127,000
Barclays	\$150,000,000	\$3,409,000	\$10,127,000
Bank of America	\$150,000,000	\$3,413,000	\$10,150,000
Citi	\$150,000,000	\$3,654,000	\$10,852,000
<b>CP Alternatives</b>			
<b>Wells Fargo<sup>(1)</sup></b>	<b>\$150,000,000</b>	<b>\$3,352,000</b>	<b>\$9,965,000</b>
Bank of the West	\$75,000,000	\$3,389,000	\$10,078,000
State Street	\$150,000,000	\$3,459,000	\$10,288,000
US Bank	\$150,000,000	\$3,542,000	\$10,535,000
JP Morgan <sup>(3)</sup>	\$150,000,000	\$4,029,000	\$11,997,000

**Notes**

**Targeted firms are shown in bold.**

<sup>(1)</sup> Wells Fargo offered a total commitment of \$200 million for Prop A and/or Prop C programs. The Revolving Credit facility gives access to the total \$150 million capacity versus the \$137 million available with the BMO Harris LOC.

<sup>(2)</sup> SMBC cost reflects an increase in fee of 15 basis points for Metro to retain flexibility to issue Prop A second tier obligations.

<sup>(3)</sup> JP Morgan provided indicative pricing only for the programs which did not comply with the request made in the RFP.

All Costs are based on the respective Maximum commitment amounts listed. Some firms provided less than the amount listed. For comparison purposes Metro staff increased the commitment amounts so that an accurate comparison could be made. First year costs include legal fees, which are not required in years two and three.

**Proposition A Authorizing Resolution**

RESOLUTION OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A REIMBURSEMENT AGREEMENT AND CERTAIN OTHER DOCUMENTS RELATED TO THE PROPOSITION A COMMERCIAL PAPER PROGRAM AND AUTHORIZING OTHER RELATED MATTERS

WHEREAS, the Los Angeles County Metropolitan Transportation Authority (the "LACMTA"), as successor to the Los Angeles County Transportation Commission (the "Commission"), is authorized, under Chapter 5 of Division 12 of the California Public Utilities Code (the "Act"), to issue bonds, including but not limited to notes, to finance and refinance the acquisition, construction or rehabilitation of facilities to be used as part of a countywide transportation system; and

WHEREAS, pursuant to the provisions of Section 130350 of the California Public Utilities Code, the Commission is authorized to adopt a retail transactions and use tax ordinance applicable in the incorporated and unincorporated territory of the County of Los Angeles (the "County") subject to the approval of the voters of the County; and

WHEREAS, the Commission, by Ordinance No. 16 adopted August 20, 1980 ("Ordinance No. 16"), imposed a 1/2 of 1% retail transactions and use tax upon retail sales of tangible personal property and upon the storage, use or other consumption of tangible personal property in the County, the proceeds of the tax to be used for public transit purposes (the "Proposition A Tax"), and such tax was approved by the electors of the County on November 4, 1980; and

WHEREAS, the revenues received by the LACMTA from the imposition of the Proposition A Tax are, by statute, directed to be used for public transit purposes, which purposes include a pledge of such tax to secure any bonds issued pursuant to the Act and include the payment or provision for the payment of the principal of such bonds and any premium, interest on such bonds and the costs of issuance of such bonds; and

WHEREAS, the LACMTA, on an on-going basis, is planning and engineering a County-wide public transportation system (the "Public Transportation System") to serve the County and on an on-going basis is constructing portions of the Public Transportation System; and

WHEREAS, to facilitate the development and construction of the Public Transportation System, as authorized by the Act, the LACMTA by resolution adopted January 23, 1991 (the "1991 Authorizing Resolution"), authorized and implemented a program of commercial paper (the "Program") involving the issuance from time to time of the Second Subordinate Sales Tax Revenue Commercial Paper Notes, Series A (the "Notes") for the purpose of providing for the financing of the acquisition of real and personal property and the construction of the Public Transportation System, provided that the aggregate principal amount of Notes and Reimbursement Obligations (as defined in such 1991 Authorizing Resolution) outstanding at any time shall not exceed \$350,000,000; and

WHEREAS, the Notes and other obligations incurred in connection with the Program are issued under and secured by the Subordinate Trust Agreement, dated as of January 1, 1991 (the “Subordinate Agreement”), by and between the LACMTA (as successor to the Commission) and U.S. Bank Trust National Association, as successor to BancAmerica Trust Company, as successor to Security Pacific National Trust Company (New York), as trustee (the “Trustee”); the First Supplemental Subordinate Trust Agreement, dated as of January 1, 1991, as amended (the “First Supplemental Trust Agreement”), by and between the LACMTA and the Trustee; the Second Supplemental Subordinate Trust Agreement, dated as of January 1, 1994 (the “Second Supplemental Trust Agreement”), by and between the LACMTA and the Trustee; the Third Supplemental Subordinate Trust Agreement, dated as of December 1, 1996 (the “Third Supplemental Trust Agreement”), by and between the LACMTA and the Trustee; the Fourth Supplemental Subordinate Trust Agreement, dated as of December 1, 1996 (the “Fourth Supplemental Trust Agreement”), by and between the LACMTA and the Trustee; the Fifth Supplemental Subordinate Trust Agreement, dated as of May 1, 2004 (the “Fifth Supplemental Trust Agreement”), by and between the LACMTA and the Trustee; the Sixth Supplemental Subordinate Trust Agreement, dated as of September 24, 2009 (the “Sixth Supplemental Trust Agreement”); and the Seventh Supplemental Subordinate Trust Agreement, dated as of September 1, 2010 (the “Seventh Supplemental Trust Agreement” and collectively with the Subordinate Agreement, the First Supplemental Trust Agreement, the Second Supplemental Trust Agreement, the Third Supplemental Trust Agreement, the Fourth Supplemental Trust Agreement, the Fifth Supplemental Trust Agreement and the Sixth Supplemental Trust Agreement, the “Trust Agreement”), by and between the LACMTA and the Trustee; and

WHEREAS, the LACMTA has determined that it is necessary and desirable to have the Notes secured by one or more letters of credit (the “Letter of Credit,” or the “Letters of Credit”) that are delivered pursuant to the terms of one or more reimbursement agreements (a “Reimbursement Agreement,” or the “Reimbursement Agreements”) each between one or more providers of a Letter of Credit (a “Letter of Credit Provider,” or the “Letter of Credit Providers”) that sets forth the terms and conditions for the repayment by the LACMTA of Reimbursement Obligations; and

WHEREAS, a portion of the Notes is currently secured by a Letter of Credit (the “Sumitomo Mitsui Letter of Credit”) provided by Sumitomo Mitsui Banking Corporation, acting through its New York Branch (“Sumitomo Mitsui”), in the stated amount of \$124,999,176, which expires on March 7, 2019; and

WHEREAS, Sumitomo Mitsui issued the Sumitomo Mitsui Letter of Credit pursuant to the Amended and Restated Letter of Credit Reimbursement Agreement, dated as of March 1, 2016, between the LACMTA and Sumitomo Mitsui; and

WHEREAS, an additional portion of the Notes is currently secured by a Letter of Credit (the “Union Bank Letter of Credit”) provided by MUFG Union Bank, N.A. (formerly known as Union Bank, N.A.) (“Union Bank”) in the stated amount of \$74,999,724 which expires on March 7, 2019; and

WHEREAS, Union Bank issued the Union Bank Letter of Credit pursuant to the Amended and Restated Letter of Credit Reimbursement Agreement, dated as of March 1, 2016, between the LACMTA and Union Bank; and

WHEREAS, the LACMTA now desires to (a) replace the Sumitomo Letter of Credit and the Union Bank Letter of Credit with a Letter of Credit (the “Barclays Letter of Credit”) to be provided by Barclays Bank PLC (“Barclays”) in the stated amount of \$200,000,000, or (b) renew the Sumitomo Letter of Credit amount and/or the Union Bank Letter of Credit, and/or (c) replace the Sumitomo Mitsui Letter of Credit (at the stated amount of \$124,999,176) and/or the Union Bank Letter of Credit (at the stated amount of \$74,999,724) with one or more new Letters of Credit to be issued by such other Letter of Credit Provider or one or more Bank Products or Alternative Products to be provided by such financial institutions that may be selected by the LACMTA from the pool of respondents to the LACMTA’s “Request for Proposals to Provide Replacement Direct Pay Letter of Credit and/or Bank Product and/or Alternative Products” (the “Bank RFP”) distributed to potential respondents on November 6, 2018 (each, an “Other Letter of Credit Provider”);

WHEREAS, so long as the Program is active, the LACMTA deems it necessary and desirable to have one or more Letters of Credit securing the payment of principal of and interest on the Notes as they mature from time to time; and

WHEREAS, Section 5922 of the Government Code of the State of California provides that in connection with, or incidental to, the issuance or carrying of bonds (which is defined to include notes) any public entity may enter into any contracts which the public entity determines to be appropriate to place the obligations represented by the bonds, in whole or in part, on the interest rate, cash flow or other basis desired by the public entity, including without limitation contracts providing for payments based on levels of, or changes in, interest rates or stock or other indices, or contracts to exchange cash flows or a series of payments, in each case to hedge payment, rate, spread or similar exposure; and

WHEREAS, pursuant to Section 5922 of the Government Code of the State of California, the LACMTA hereby finds and determines that the Reimbursement Agreements to be entered into in connection with, or incidental to, the Program, will reduce the amount and duration of interest rate risk with respect to the Notes and are designed to reduce the amount or duration of payment, rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the Notes or enhance the relationship between risk and return with respect to investments; and

WHEREAS, in order to minimize debt service and maximize benefits to the LACMTA, the LACMTA will enter into one or more Reimbursement Agreements with Barclays, Sumitomo Mitsui, Union Bank and/or such Other Letter of Credit Provider which will provide one or more Letters of Credit that will separately secure the payment of principal of and interest on certain designated Notes as issued and maturing from time to time, or the LACMTA will enter into one or more agreements for Bank Products or Alternative Products pursuant to the Bank RFP; and

WHEREAS, Barclays, Sumitomo Mitsui, Union Bank and/or such Other Letter of Credit Provider will provide credit support for \$183,693,000 in aggregate principal amount of the Notes

(which is only a portion of the \$350,000,000 authorized under the 1991 Authorizing Resolution); and

WHEREAS, forms of the following documents are on file with the Secretary of the Board of Directors of the LACMTA and have been made available to the members of the Board of Directors of the LACMTA (the "Board"):

(a) a Letter of Credit Reimbursement Agreement (the "Barclays Reimbursement Agreement"), that will be entered into by the LACMTA and Barclays in connection with the issuance of the Barclays Letter of Credit;

(b) a Fee Agreement (the "Barclays Fee Agreement"), that will be entered into by the LACMTA and Barclays;

(c) a Reimbursement Note (the "Barclays Reimbursement Note" and collectively, with the Barclays Reimbursement Agreement and the Barclays Fee Agreement, the "Documents"), that will be executed and delivered by the LACMTA to evidence its reimbursement obligations under the Barclays Reimbursement Agreement and the Barclays Fee Agreement; and

WHEREAS, the LACMTA has been advised by its Bond Counsel that such documents are in appropriate form, and the LACMTA hereby acknowledges that said documents are subject to modification to reflect the various details applicable to the Program and the Notes and the results of negotiation with Barclays (or Sumitomo, Union Bank or an Other Letter of Credit Provider, as the case may be); and

WHEREAS, in the event the LACMTA decides that it is in its best interests to renew the Sumitomo Mitsui Letter of Credit and/or the Union Bank Letter of Credit or replace such Letters of Credit with one or more Letters of Credit to be issued by one or more Other Letter of Credit Provider(s) other than Barclays, the LACMTA will (a) enter into one or more Reimbursement Agreements with the Other Letter of Credit Provider(s), (b) will enter into one or more fee agreements with the Other Letter of Credit Provider(s), and (c) execute and deliver one or more reimbursement notes relating to such Reimbursement Agreement or Agreements; and

WHEREAS, terms used in this Resolution and not otherwise defined herein shall have the meanings assigned to them in the Trust Agreement

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY, AS FOLLOWS:

**Section 1. Findings.** The foregoing recitals are true and correct and the LACMTA so finds and determines.

**Section 2. Approval of Documents; Authorization for Execution.** The LACMTA hereby approves the appointment of Barclays and/or Sumitomo Mitsui and/or Union Bank and/or such Other Letter of Credit Provider selected and appointed by a Designated Officer (as defined below), as the providers of the Letters of Credit (in a combined stated amount of up to

\$200,000,000) with respect to the Program and the Notes. The form, terms and provisions of the Documents are in all respects approved and the Chief Executive Officer of the LACMTA, the Chief Financial Officer of the LACMTA, the Treasurer of the LACMTA, any Executive Officer, Finance of the LACMTA, any Deputy Executive Officer, Finance of the LACMTA, any Assistant Treasurer, or any such officer serving in an acting or interim capacity, and any written designee of any of them (each, a “Designated Officer”), and any one or more thereof, are hereby authorized, empowered and directed to execute, acknowledge and deliver each of the Documents including counterparts thereof, in the name and on behalf of the LACMTA. The Documents, as executed and delivered, shall be in substantially the forms now on file with the Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board’s approval of any and all changes or revisions therein from the forms of the Documents now on file with the Secretary of the Board and made available to the Board; and from and after the execution and delivery of the Documents, the officers, agents and employees of the LACMTA are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Documents.

If a Designated Officer determines that it is in the LACMTA’s best interests to replace the Sumitomo Mitsui Letter of Credit and/or the Union Bank Letter of Credit with one or more Letters of Credit to be issued by one or more Other Letter of Credit Provider(s), instead of Barclays, the Designated Officers are hereby authorized to (a) (i) enter into one or more Reimbursement Agreements with one or more Other Letter of Credit Provider(s) (each an “Alternate Reimbursement Agreement”), (ii) enter into one or more fee agreements with one or more Other Letter of Credit Provider(s) (each an “Alternate Fee Agreement”) and (iii) execute and deliver one or more reimbursement notes (each an “Alternate Reimbursement Note”) or (b) enter into documents relating to a Bank Product or Alternate Product pursuant to the Bank RFP (each an “Alternate Product,” and collectively with the Alternate Reimbursement Agreement, the Alternate Fee Agreement and the Alternate Reimbursement Note, the “Alternate Documents”). The Alternate Documents, as executed and delivered, may be substantially similar to the forms of the Documents now on file with the Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board’s approval of any and all changes or revisions therein from the forms of the Documents now on file with the Secretary of the Board and made available to the Board; and from and after the execution and delivery of the Alternate Documents, the officers, agents and employees of the LACMTA are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Alternate Documents.

The LACMTA hereby determines that entering into one or more Reimbursement Agreements with Sumitomo Mitsui, Union Bank and/or such Other Letter of Credit Provider pursuant to Section 5922 of the Government Code of the State of California would be designed to reduce the LACMTA’s cost of borrowing for the Notes. In addition to the provisions set forth in the previous paragraph, no Designated Officer shall enter into a Reimbursement Agreement with Sumitomo Mitsui, Union Bank and/or such Other Letter of Credit Provider unless (a) such Reimbursement Agreement is designed (i) to reduce or hedge the amount or duration of any



payment, interest rate, spread or similar risk, or (ii) to result in a lower cost of borrowing when used in combination with the issuance of the Notes, (b) the term of such Reimbursement Agreement or Alternate Product does not exceed the Program Termination Date; and (c) the amounts payable by the LACMTA with respect to such Reimbursement Agreements shall be payable solely and exclusively from Net Pledged Revenues. In accordance with Section 5922 of the Government Code of the State of California, the LACMTA hereby finds and determines that the Reimbursement Agreements entered into in accordance with this Resolution and consistent with the requirements set forth herein is designed to reduce the amount or duration of payment, interest rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the Notes.

**Section 3. Additional Authorization.** The Designated Officers and all officers, agents and employees of the LACMTA, for and on behalf of the LACMTA, be and they hereby are authorized and directed to do any and all things necessary to effect the execution and delivery of the Documents and/or the Alternate Documents and to carry out the terms thereof. The Designated Officers and all other officers, agents and employees of the LACMTA are further authorized and directed, for and on behalf of the LACMTA, to execute all papers, documents, certificates and other instruments and take all other actions that may be required in order to carry out the authority conferred by this Resolution or the provisions of the Documents and/or the Alternate Documents or to evidence said authority and its exercise. In connection with the execution and delivery of the Documents and the delivery of the Barclays Letter of Credit and/or the execution and delivery of the Alternate Documents and/or the issuance of a new Letter of Credit by an Other Letter of Credit Provider, the LACMTA is hereby authorized and directed to prepare and cause to be distributed, from time to time, one or more commercial paper offering memoranda with respect to the Notes. All actions heretofore taken by the officers, agents and employees of the LACMTA in furtherance of this Resolution are hereby confirmed, ratified and approved.

**Section 4. Severability.** The provisions of this Resolution are hereby declared to be severable, and, if any section, phrase or provision shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions hereof.

**Section 5. Effective Date.** This Resolution shall be effective upon adoption by the Board.

CERTIFICATION

The undersigned, duly qualified and acting as Board Secretary of the Los Angeles County Metropolitan Transportation Authority, certifies that the foregoing is a true and correct copy of the Resolution adopted at a legally convened meeting of the Board of Directors of the Los Angeles County Metropolitan Transportation Authority held on \_\_\_\_\_, 2019.

[SEAL]

By \_\_\_\_\_  
Board Secretary, Los Angeles County  
Metropolitan Transportation Authority

Dated: \_\_\_\_\_, 2019

**Proposition C Authorizing Resolution**

RESOLUTION OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF ONE OR MORE REVOLVING CREDIT AGREEMENTS AND CERTAIN OTHER DOCUMENTS RELATED TO THE PROPOSITION C REVOLVING OBLIGATIONS, THE EXECUTION AND DELIVERY OF ONE OR MORE REIMBURSEMENT AGREEMENTS AND CERTAIN OTHER DOCUMENTS RELATED TO THE PROPOSITION C COMMERCIAL PAPER PROGRAM AND AUTHORIZING OTHER RELATED MATTERS

WHEREAS, the Los Angeles County Metropolitan Transportation Authority (the "LACMTA"), as successor to the Los Angeles County Transportation Commission (the "Commission"), is authorized, under Chapter 5 of Division 12 of the California Public Utilities Code (the "Act"), to issue indebtedness and securities of any kind or class, including, but not limited to, bonds, notes, bond anticipation notes, commercial paper and other obligations ("Bonds"), to finance and refinance the acquisition, construction, rehabilitation or equipping of facilities to be used as part of a countywide transportation system; and

WHEREAS, pursuant to the provisions of Section 130350 of the California Public Utilities Code, the Commission is authorized to adopt a retail transactions and use tax ordinance applicable in the incorporated and unincorporated territory of the County of Los Angeles (the "County") subject to the approval of the voters of the County; and

WHEREAS, the Commission, by Ordinance No. 49 adopted August 28, 1990 ("Ordinance No. 49"), imposed a 1/2 of 1% retail transactions and use tax upon retail sales of tangible personal property and upon the storage, use or other consumption of tangible personal property in the County, the proceeds of the tax to be used for public transit purposes (the "Proposition C Tax"), and such tax was approved by the electors of the County on November 6, 1990; and

WHEREAS, the revenues received by the LACMTA from the imposition of the Proposition C Tax are, by statute, directed to be used for public transit purposes, which purposes include a pledge of such tax to secure any Bonds issued pursuant to the Act and include the payment or provision for the payment of the principal of such Bonds and any premium, interest on such Bonds and the costs of issuance of such Bonds; and

WHEREAS, the LACMTA, on an on-going basis, is planning and engineering a County-wide public transportation system (the "Public Transportation System") to serve the County and on an on-going basis is constructing portions of the Public Transportation System; and

WHEREAS, to facilitate the development and construction of the Public Transportation System, as authorized by the Act, the LACMTA by resolution adopted June 23, 1993 (the "1993 CP Authorizing Resolution"), authorized and implemented a commercial paper program (the "CP Program") involving the issuance, from time to time, of the Subordinate Proposition C Sales Tax Revenue Commercial Paper Notes, Series A (the "CP Notes") for the purpose of providing

for the financing of the acquisition and construction of the Public Transportation System, provided that the aggregate principal amount of CP Notes and Reimbursement Obligations (as defined in the 1993 CP Authorizing Resolution) outstanding at any time shall not exceed \$150,000,000; and

WHEREAS, the CP Notes and other obligations incurred in connection with the CP Program are issued under and secured by the Subordinate Trust Agreement, dated as of June 1, 1993 (the “Subordinate Trust Agreement”), by and between the LACMTA and U.S. Bank National Association, as successor to Bank of America National Trust and Savings Association, as trustee (the “Trustee”), and the First Supplemental Subordinate Trust Agreement, dated as of June 1, 1993 (the “Original First Supplemental Subordinate Trust Agreement”), by and between the LACMTA and the Trustee, as amended by Amendment No. 1 to First Supplemental Subordinate Trust Agreement, dated as of October 16, 1995 (the “First Amendment”), by and between the LACMTA and the Trustee, Amendment No. 2 to First Supplemental Subordinate Trust Agreement, dated as of July 1, 1996 (the “Second Amendment”), by and between the LACMTA and the Trustee, Amendment No. 3 to First Supplemental Subordinate Trust Agreement, dated as of June 1, 1998 (the “Third Amendment”), by and between the LACMTA and the Trustee, Amendment No. 4 to First Supplemental Subordinate Trust Agreement, dated as of May 1, 2002 (the “Fourth Amendment”), by and between the LACMTA and the Trustee, Amendment No. 5 to First Supplemental Subordinate Trust Agreement, dated as of January 1, 2008 (the “Fifth Amendment”), by and between the LACMTA and the Trustee, Amendment No. 6 to First Supplemental Subordinate Trust Agreement, dated as of September 1, 2010 (the “Sixth Amendment” and collectively with the Original First Supplemental Subordinate Trust Agreement, the First Amendment, the Second Amendment, the Third Amendment, the Fourth Amendment, the Fifth Amendment and the Sixth Amendment, the “First Supplemental Subordinate Trust Agreement”), the Second Supplemental Subordinate Trust Agreement, dated as of April 1, 2013 (the “Second Supplemental Subordinate Trust Agreement”), and the Third Supplemental Subordinate Trust Agreement, dated as of March 1, 2016 (the “Third Supplemental Subordinate Trust Agreement” and together with the Subordinate Trust Agreement, the First Supplemental Subordinate Trust Agreement and the Second Supplemental Subordinate Trust Agreement, the “Existing Subordinate Trust Agreement”), each by and between the LACMTA and the Trustee; and

WHEREAS, the LACMTA has previously determined that it is necessary and desirable to have the CP Notes secured by one or more letters of credit (the “Letter of Credit,” or the “Letters of Credit”) that are delivered pursuant to the terms of one or more reimbursement agreements (a “Reimbursement Agreement,” or the “Reimbursement Agreements”) each between the LACMTA and one or more providers of a Letter of Credit (a “Letter of Credit Provider,” or the “Letter of Credit Providers”) that sets forth the terms and conditions for the repayment by the LACMTA of Reimbursement Obligations; and

WHEREAS, the CP Notes are currently secured by a Letter of Credit (the “Bank of America Letter of Credit”) provided by Bank of America, N.A. (“Bank of America”) in the stated amount of \$74,999,724, which expires on April 5, 2019; and

WHEREAS, the LACMTA now desires to replace the Bank of America Letter of Credit (and the issuance of CP Notes supported by the Bank of America Letter of Credit) with

Subordinate Revolving Obligations (as defined below) provided by a Line of Credit Provider (as defined below) that may be selected by the LACMTA from the pool of respondents to the LACMTA's "Request for Proposals to Provide Replacement Direct Pay Letter and/or Bank Product and/or Alternative Products" (the "Bank RFP") distributed to potential respondents on November 6, 2018; and

WHEREAS, Section 5922 of the Government Code of the State of California provides that in connection with, or incidental to, the issuance or carrying of bonds (which is defined to include notes) any public entity may enter into any contracts which the public entity determines to be appropriate to place the obligations represented by the bonds, in whole or in part, on the interest rate, cash flow or other basis desired by the public entity, including without limitation contracts providing for payments based on levels of, or changes in, interest rates or stock or other indices, or contracts to exchange cash flows or a series of payments, in each case to hedge payment, rate, spread or similar exposure; and

WHEREAS, pursuant to Section 5922 of the Government Code of the State of California, the LACMTA hereby finds and determines that any Reimbursement Agreement(s) to be entered into in connection with, or incidental to, the CP Program, will reduce the amount and duration of interest rate risk with respect to the CP Notes and are designed to reduce the amount or duration of payment, rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the CP Notes or enhance the relationship between risk and return with respect to investments; and

WHEREAS, in addition to the CP Notes, pursuant to the terms of the Subordinate Trust Agreement and the Second Supplemental Subordinate Trust Agreement, the LACMTA is authorized to issue and/or incur, from time to time, Subordinate Obligations in the form of Subordinate Proposition C Sales Tax Revenue Revolving Obligations (the "Subordinate Revolving Obligations"); and

WHEREAS, the Subordinate Revolving Obligations are issued and/or incurred in the form of one or more revolving lines of credit (a "Revolving Line of Credit") provided by one or more providers of such Revolving Lines of Credit (a "Line of Credit Provider"); and

WHEREAS, a Revolving Line of Credit (the "Existing Revolving Line of Credit") is currently provided by Wells Fargo Bank, National Association ("Wells Fargo") pursuant to the Amended and Restated Revolving Credit Agreement, dated as of March 1, 2016, by and between the LACMTA and Wells Fargo, which is scheduled to expire on March 28, 2019; and

WHEREAS, the LACMTA now desires to replace (a) the Bank of America Letter of Credit (and the issuance of CP Notes supported by the Bank of America Letter of Credit) and/or (b) the Existing Revolving Line of Credit with either (i) a replacement Revolving Line of Credit with Wells Fargo or (ii) one or more replacement Revolving Lines of Credit to be provided by such other Line of Credit Provider(s) that may be selected by the LACMTA from the pool of respondents pursuant to the Bank RFP (each, an "Other Line of Credit Provider"); and

WHEREAS, the replacement Revolving Line of Credit (the "Replacement Revolving Line of Credit") will be provided to the LACMTA by Wells Fargo or such Other Line of Credit

Provider, as applicable, pursuant to a revolving credit agreement (each, a “Credit Agreement”) to be entered into by and between the LACMTA and Wells Fargo or such Other Line of Credit Provider, as applicable, whereby the LACMTA will be allowed to request Advances (as defined in the applicable Credit Agreement), from time to time, in an aggregate principal amount not to exceed \$150,000,000 at any one time outstanding to finance or refinance on either a reimbursement or forward funding basis the acquisition, construction, rehabilitation or equipping of facilities authorized under the Act and Ordinance No. 49 (including, but not limited to facilities to be used as part of a Public Transportation System), to finance certain costs of issuance and for any other financing needs of the LACMTA authorized under the Act and Ordinance No. 49 (including, but not limited to, the refunding and restructuring of existing indebtedness of the LACMTA); and

WHEREAS, the Advances, the Revolving Loans (as defined in the applicable Credit Agreement) and the Term Loans (as defined in the applicable Credit Agreement) will be incurred pursuant to the Subordinate Trust Agreement, the Second Supplemental Subordinate Trust Agreement (as amended, including as amended by the Fourth Supplemental Subordinate Trust Agreement, as defined below) and the applicable Credit Agreement; and

WHEREAS, the obligations incurred by the LACMTA pursuant to the terms of the Credit Agreement (including, but not limited to, the Advances, the Revolving Loans and the Term Loans) will be limited obligations of the LACMTA, secured by, and payable from, Net Pledged Revenues and such other funds and accounts as provided in the Subordinate Trust Agreement and the Second Supplemental Subordinate Trust Agreement and will be evidenced by one or more promissory notes; and

WHEREAS, the Advances, the Revolving Loans and the Term Loans may be incurred under the Credit Agreement whereby the interest paid by the LACMTA on such Advances, Revolving Loans and Term Loans may be (i) excluded from the gross income of the recipients thereof under the varying provisions of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder or related thereto (collectively, the “Code”) and/or (ii) included in the gross income of the recipients thereof under the Code; and

WHEREAS, forms of the following documents are on file with the Secretary of the Board of Directors of the LACMTA and have been made available to the members of the Board of Directors of the LACMTA (the “Board”) with respect to the Replacement Revolving Line of Credit:

(a) a Fourth Supplemental Subordinate Trust Agreement (the “Fourth Supplemental Subordinate Trust Agreement”) by and between the LACMTA and the Trustee, which among other things, amends the Second Supplemental Subordinate Trust Agreement;

(b) a Second Amended and Restated Credit Agreement (the “Wells Fargo Credit Agreement”), to be entered into by the LACMTA and Wells Fargo, in connection with the Replacement Revolving Line of Credit; and

(c) a Tax-Exempt Note and a Taxable Note (the “Wells Fargo Revolving Obligation Notes,” and together with the Wells Fargo Credit Agreement, the “Revolving Obligations Documents”), that will be executed and delivered by the LACMTA to evidence its payment and reimbursement obligations under the Wells Fargo Credit Agreement; and

WHEREAS, the LACMTA has been advised by its Bond Counsel that such documents are in appropriate form, and the LACMTA hereby acknowledges that said documents will be modified and amended to reflect the various details applicable to the Subordinate Revolving Obligations and the Replacement Revolving Line of Credit; and

WHEREAS, in the event the LACMTA decides that it is in its best interests to replace (a) the Bank of America Letter of Credit and/or (b) the Existing Revolving Line of Credit with a Letter of Credit to be issued by an Other Letter of Credit Provider, the LACMTA will (i) enter into a Reimbursement Agreement with the Other Letter of Credit Provider, (ii) enter into a fee agreement with the Other Letter of Credit Provider and (iii) execute and deliver a reimbursement note relating to such Reimbursement Agreement; and

WHEREAS, in the event the LACMTA decides that it is in its best interests to replace (a) the Bank of America Letter of Credit (and the issuance of CP Notes supported by the Bank of America Letter of Credit) and/or (b) the Existing Revolving Line of Credit with a Revolving Line of Credit to be provided by an Other Line of Credit Provider, instead of Wells Fargo, the LACMTA will (i) enter into a Credit Agreement with the Other Line of Credit Provider and (ii) execute and deliver tax-exempt and taxable notes relating to such Credit Agreement; and

WHEREAS, terms used in this Resolution and not otherwise defined herein shall have the meanings assigned to them in the Subordinate Trust Agreement, the First Supplemental Subordinate Trust Agreement, the Second Supplemental Subordinate Trust Agreement and the Fourth Supplemental Subordinate Trust Agreement;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY, AS FOLLOWS:

**Section 1. Findings.**

(a) The foregoing recitals are true and correct and the LACMTA so finds and determines.

(b) The issuance and/or incurrence of the Subordinate Revolving Obligations, from time to time, and the payment of certain costs related thereto, if determined by a Designated Officer (as hereinafter defined) to be in the best interest of the LACMTA, are in the public interest.

**Section 2. Issuance and/or Incurrence and Terms of Subordinate Revolving Obligations.** For the purposes set forth in the foregoing recitals, the LACMTA is hereby authorized to (a) issue and/or incur, from time to time, the Subordinate Revolving Obligations in

the form of the Replacement Revolving Line(s) of Credit to be provided by Wells Fargo or such Other Line of Credit Provider, as applicable, pursuant to one or more Credit Agreements (including the Wells Fargo Credit Agreement or the Alternate Credit Agreement (as hereinafter defined)), provided that the aggregate principal amount of all Subordinate Revolving Obligations outstanding at any time shall not exceed \$150,000,000, and (b) incur the other Obligations (as defined in the applicable Credit Agreement) under each Credit Agreement, the Subordinate Trust Agreement, the Second Supplemental Subordinate Trust Agreement and Fourth Supplemental Subordinate Trust Agreement. Wells Fargo's or such Other Line of Credit Provider's commitment to make Advances under the applicable Credit Agreement shall have a term not less than two years from the date of execution of the applicable Credit Agreement unless such date is earlier terminated pursuant to the terms of the applicable Credit Agreement or extended, reduced or rescinded by a subsequent resolution of the LACMTA (and approved by Wells Fargo or such Other Line of Credit Provider, as applicable). The outstanding principal amount of each Revolving Loan and each Term Loan shall bear interest at the interest rates set forth in each Credit Agreement. Notwithstanding anything to the contrary in the previous sentence or the provisions of this Resolution, interest payable by the LACMTA on any Revolving Loan or Term Loan shall not exceed the Maximum Rate (as defined in the applicable Credit Agreement); provided, however, if the rate of interest calculated in accordance with the terms of each Credit Agreement exceeds the Maximum Rate, interest at the rate equal to the difference between the rate of interest calculated in accordance with the terms of the applicable Credit Agreement and the Maximum Rate shall be deferred until such date as the rate of interest calculated in accordance with the terms of the applicable Credit Agreement ceases to exceed the Maximum Rate, at which time the LACMTA shall pay Wells Fargo or such Other Line of Credit Provider, as applicable, the deferred interest as provided in the applicable Credit Agreement.

The Revolving Lines of Credit are being obtained to provide funds, from time to time, to finance on either a reimbursement or forward funding basis the acquisition, construction, rehabilitation and equipping of facilities authorized under the Act and Ordinance No. 49 (including, but not limited to facilities to be used as part of a Public Transportation System), to finance certain costs of issuance and for any other financing needs of the LACMTA authorized under the Act and Ordinance No. 49 (including, but not limited to, the refunding and restructuring of existing indebtedness of the LACMTA).

The LACMTA shall be obligated to repay Wells Fargo or such Other Line of Credit Provider, as applicable, for all Advances, Revolving Loans and Term Loans and pay all Obligations owed to Wells Fargo or such Other Line of Credit Provider, as applicable, and such Advances, Revolving Loans, Term Loans and Obligations shall be payable, both with respect to interest and principal as provided for in the Subordinate Trust Agreement, the Second Supplemental Subordinate Trust Agreement, each Credit Agreement and the Wells Fargo Revolving Obligation Notes and the Alternate Revolving Obligation Notes (as hereinafter defined, and together with the Wells Fargo Revolving Obligation Notes, the "Subordinate Revolving Obligation Notes"). The Advances, the Revolving Loans and the Term Loans may be incurred under each Credit Agreement whereby the interest paid by the LACMTA on such Revolving Loans and Term Loans is excluded from gross income for federal income tax purposes or not excluded or part excluded and part not excluded in such combination as is acceptable to the Designated Representative (as hereinafter defined) authorizing the same.



The terms of each Advance shall, consistent with this Resolution and the Second Supplemental Subordinate Trust Agreement, be set forth in a Request for Advance and Revolving Loan (as described in the applicable Credit Agreement) delivered to Wells Fargo or such Other Line of Credit Provider, as applicable, by a Designated Representative.

**Section 3. Pledge to Secure the Advances, the Revolving Loans, the Term Loans, the Notes and the Obligations – Subordinate Revolving Obligations.** The LACMTA hereby approves the pledge to secure the Subordinate Revolving Obligations, the Advances, the Revolving Loans, the Term Loans, the Subordinate Revolving Obligation Notes and the Obligations as set forth in the Subordinate Trust Agreement, the Second Supplemental Subordinate Trust Agreement, each Credit Agreement and the Subordinate Revolving Obligation Notes.

**Section 4. Limited Obligations; Subordinate Obligations - Subordinate Revolving Obligations.** The Subordinate Revolving Obligations, the Advances, the Revolving Loans, the Term Loans, the Subordinate Revolving Obligation Notes and the Reimbursement Obligations (as defined in the applicable Credit Agreement) shall be limited obligations of the LACMTA, secured by, have a lien on and be payable from, Net Pledged Revenues and from the funds and accounts held by the Trustee and the LACMTA under the Subordinate Trust Agreement and the Second Supplemental Subordinate Trust Agreement, as and to the extent therein described. The Subordinate Revolving Obligations, the Advances, the Revolving Loans, the Term Loans, the Subordinate Revolving Obligation Notes and the Reimbursement Obligations (as defined in the applicable Credit Agreement) shall also be secured by and be paid from such other sources as the LACMTA may hereafter provide, including, but not limited to, proceeds of additional borrowings for such purpose and any applicable state or federal grants received by the LACMTA.

The Subordinate Revolving Obligations shall be issued, from time to time, as Subordinate Obligations as provided for in Section 2.09 of the Subordinate Trust Agreement.

The Obligations (other than Reimbursement Obligations (as defined in the applicable Credit Agreement) and payment of principal of and interest on the Subordinate Revolving Obligation Notes) shall be secured by and have a lien on Net Pledged Revenues junior and subordinate in all respects to the liens on, security interest in and pledges of the Net Pledged Revenues granted to the Subordinate Obligations (including, but not limited to, the Subordinate Revolving Obligations, the Advances, the Revolving Loans, the Term Loans, the Subordinate Revolving Obligation Notes and the Reimbursement Obligations (as defined in the applicable Credit Agreement)).

**Section 5. Approval of Revolving Obligations Documents; Authorization for Execution - Subordinate Revolving Obligations.** The LACMTA hereby approves the appointment of Wells Fargo, or such Other Line of Credit Provider selected and appointed by a Designated Officer, as the provider of the Revolving Line of Credit with respect to the Subordinate Revolving Obligations. The form, terms and provisions of the Fourth Supplemental Subordinate Trust Agreement and the Revolving Obligations Documents are in all respects approved and the Chief Executive Officer of the LACMTA, the Chief Financial Officer of the LACMTA, the Treasurer of the LACMTA, any Executive Officer, Finance of the LACMTA,

any Deputy Executive Officer, Finance of the LACMTA, any Assistant Treasurer, or any such officer serving in an acting or interim capacity, and any written designee of any of them (each, a “Designated Officer”), any one or more thereof, are hereby authorized, empowered and directed to execute, acknowledge and deliver each of the Fourth Supplemental Subordinate Trust Agreement and the Revolving Obligations Documents, including counterparts thereof, in the name and on behalf of the LACMTA. The Fourth Supplemental Subordinate Trust Agreement and the Revolving Obligations Documents, as executed and delivered, shall be generally in the forms now on file with the Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board’s approval of any and all changes or revisions therein from the forms of the Fourth Supplemental Subordinate Trust Agreement and the Revolving Obligations Documents now on file with the Secretary of the Board and made available to the Board; and from and after the execution and delivery of the Fourth Supplemental Subordinate Trust Agreement and the Revolving Obligations Documents, the officers, agents and employees of the LACMTA are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Fourth Supplemental Subordinate Trust Agreement and the Revolving Obligations Documents.

If a Designated Officer determines that it is in the LACMTA’s best interests to replace the Wells Fargo Revolving Line of Credit with a Revolving Line of Credit to be provided by an Other Line of Credit Provider, instead of renewing the Wells Fargo Revolving Line of Credit, the Designated Officers are hereby authorized to (a) enter into a Credit Agreement with the Other Line of Credit Provider that is substantially similar to the form of the Wells Fargo Amended and Restated Credit Agreement (an “Alternate Credit Agreement”) now on file with the Secretary of the Board and made available to the Board and approved above, and (b) execute and deliver tax-exempt and taxable notes that are substantially similar to the form of the Wells Fargo Revolving Obligation Notes (the “Alternate Revolving Obligation Notes” and together with the Alternate Credit Agreement, the “Alternate Revolving Obligations Documents” now on file with the Secretary of the Board and made available to the Board and approved above. The Alternate Revolving Obligations Documents, as executed and delivered, shall be substantially similar to the forms of the Revolving Obligations Documents now on file with the Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board’s approval of any and all changes or revisions therein from the forms of the Revolving Obligations Documents now on file with the Secretary of the Board and made available to the Board; and from and after the execution and delivery of the Alternate Revolving Obligations Documents, the officers, agents and employees of the LACMTA are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Alternate Revolving Obligations Documents.

**Section 6. Trustee, Paying Agent and Registrar – Subordinate Revolving Obligations.** U.S. Bank National Association is hereby appointed as Trustee, Paying Agent and Registrar for the Subordinate Revolving Obligations. Such appointments shall be effective upon the adoption of this Resolution and shall remain in effect until the LACMTA, by supplemental agreement, resolution or other action, shall name a substitute or successor thereto.

**Section 7. Designated Representatives – Subordinate Revolving Obligations.**

The Board hereby appoints the Chair of the LACMTA, any Vice Chair of the LACMTA, the CEO of the LACMTA, the Chief Financial Officer of the LACMTA, the Treasurer of the LACMTA, any Executive Officer, Finance, any Deputy Executive Officer, Finance, any Assistant Treasurer of the LACMTA, or any such officer serving in an acting or interim capacity and any other persons the CEO may designate to serve, as “Designated Representatives” of the LACMTA under the terms of this Resolution, the Second Supplemental Subordinate Trust Agreement and each Credit Agreement. The Designated Representatives are, and each of them is, hereby authorized and are hereby directed to perform those duties set forth in the Subordinate Trust Agreement, the Second Supplemental Subordinate Trust Agreement and the Revolving Obligations Documents or the Alternate Revolving Obligations Documents, including, without limitation, the execution of a Request for Advance and Revolving Loan (as described in the applicable Credit Agreement). The Designated Representatives are, and each of them is, also authorized to make representations, certifications and warranties in connection with implementing and obtaining the Revolving Lines of Credit and the issuance and/or incurrence of Advances, Revolving Loans and Term Loans as and when required in the Subordinate Trust Agreement, the Second Supplemental Subordinate Trust Agreement and the Revolving Obligations Documents or the Alternate Revolving Obligations Documents, and the certifications and agreements relating to the federal tax exemption with regards to certain advances. The Designated Representatives are hereby further authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Subordinate Trust Agreement, the Second Supplemental Subordinate Trust Agreement and the Revolving Obligations Documents or the Alternate Revolving Obligations Documents.

**Section 8. Authorized Authority Representative – Subordinate Revolving Obligations.** The Board hereby designates the Executive Director, Finance and Budget of the LACMTA, any Treasurer of the LACMTA, any Assistant Treasurer of the LACMTA, or any such officer serving in an acting or interim capacity, as an Authorized Authority Representative for all purposes under the Subordinate Trust Agreement, the Second Supplemental Subordinate Trust Agreement and each Credit Agreement and with respect to the Subordinate Revolving Obligations, the Revolving Lines of Credit, the Advances, the Revolving Loans, the Term Loans and the Subordinate Revolving Obligation Notes. Such appointments shall remain in effect until modified by resolution.

**Section 9. Additional Authorization – Subordinate Revolving Obligations.** Each Designated Officer and all officers, agents and employees of the LACMTA, for and on behalf of the LACMTA, be and they hereby are authorized and directed to do any and all things necessary to effect the execution and delivery of the Fourth Supplemental Subordinate Trust Agreement, the Revolving Obligations Documents or the Alternate Revolving Obligations Documents and to carry out the terms thereof. Each Designated Officer, each Designated Representative and all officers, agents and employees of the LACMTA are further authorized and directed, for and on behalf of the LACMTA, to execute all papers, documents, certificates and other instruments that may be required in order to carry out the authority conferred by this Resolution, the Existing Subordinate Trust Agreement, the Fourth Supplemental Subordinate Trust Agreement and the Revolving Obligations Documents or the Alternate Revolving Obligations Documents or to evidence the same authority and its exercise. The foregoing authorization includes, but is in no

way limited to, authorizing LACMTA staff to pay costs of issuance of implementing and obtaining the Revolving Lines of Credit and fees and costs of Wells Fargo or such Other Line of Credit Provider, as applicable, authorizing the investment of the proceeds of the Advances in one or more of the permitted investments provided for under the Existing Subordinate Trust Agreement, and authorizing the execution by a Designated Officer, or any one of them, of one or more tax compliance certificates as required by the Second Supplemental Subordinate Trust Agreement and the Revolving Obligations Documents or the Alternate Revolving Obligations Documents for the purpose of complying with the rebate requirements of the Code. All actions heretofore taken by the officers, agents and employees of the LACMTA in furtherance of this Resolution are hereby confirmed, ratified and approved.

**Section 10. Approval of Alternate CP Documents.** If a Designated Officer determines that it is in the LACMTA's best interests to replace (a) the Bank of America Letter of Credit and/or (b) the Existing Revolving Line of Credit with a Letter of Credit to be issued by an Other Letter of Credit Provider, the Designated Officers are hereby authorized to (i) enter into a Reimbursement Agreement with the Other Letter of Credit Provider (an "Alternate Reimbursement Agreement"), (ii) enter into a fee agreement with the Other Letter of Credit Provider (an "Alternate Fee Agreement"), and (iii) execute and deliver a reimbursement note (the "Alternate Reimbursement Note," and collectively with the Alternate Reimbursement Agreement and the Alternate Fee Agreement, the "Alternate CP Documents"). The Alternate CP Documents, as executed and delivered, shall be in such form as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all provisions therein consistent with this Resolution; and from and after the execution and delivery of the Alternate CP Documents, the officers, agents and employees of the LACMTA are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Alternate CP Documents.

The LACMTA hereby determines that entering into one or more Reimbursement Agreements with any such Other Letter of Credit Provider pursuant to Section 5922 of the Government Code of the State of California would be designed to reduce the LACMTA's cost of borrowing for the CP Notes. In addition to the provisions set forth in the previous paragraph, no Designated Officer shall enter into an Alternate Reimbursement Agreement with such Other Letter of Credit Provider unless (a) such Alternate Reimbursement Agreement is designed (i) to reduce or hedge the amount or duration of any payment, interest rate, spread or similar risk, or (ii) to result in a lower cost of borrowing when used in combination with the issuance of the CP Notes, (b) the term of such Alternate Reimbursement Agreement does not exceed the Program Termination Date; and (c) the amounts payable by the LACMTA with respect to such Alternate Reimbursement Agreement shall be payable solely and exclusively from Net Pledged Revenues. In accordance with Section 5922 of the Government Code of the State of California, the LACMTA hereby finds and determines that any Alternate Reimbursement Agreement entered into in accordance with this Resolution and consistent with the requirements set forth herein is designed to reduce the amount or duration of payment, interest rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the CP Notes.

**Section 11. Additional Authorization – CP Program.** The Designated Officers and all officers, agents and employees of the LACMTA, for and on behalf of the LACMTA, be and

they hereby are authorized and directed to do any and all things necessary to effect the execution and delivery of the Alternate CP Documents and to carry out the terms thereof. The Designated Officers and all other officers, agents and employees of the LACMTA are further authorized and directed, for and on behalf of the LACMTA, to execute all papers, documents, certificates and other instruments and take all other actions that may be required in order to carry out the authority conferred by this Resolution or the provisions of the Alternate CP Documents or to evidence said authority and its exercise. In connection with the execution and delivery of the Alternate CP Documents and the issuance of a Letter of Credit by an Other Letter of Credit Provider, the LACMTA is hereby authorized and directed to prepare and cause to be distributed, from time to time, one or more commercial paper offering memoranda with respect to the CP Notes. All actions heretofore taken by the officers, agents and employees of the LACMTA in furtherance of this Resolution are hereby confirmed, ratified and approved.

**Section 12. Severability.** The provisions of this Resolution are hereby declared to be severable, and, if any section, phrase or provision shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions hereof.

**Section 13. Effective Date.** This Resolution shall be effective upon adoption by the Board.

CERTIFICATION

The undersigned, duly qualified and acting as Board Secretary of the Los Angeles County Metropolitan Transportation Authority, certifies that the foregoing is a true and correct copy of the Resolution adopted at a legally convened meeting of the Board of Directors of the Los Angeles County Metropolitan Transportation Authority held on \_\_\_\_\_, 2019.

[SEAL]

By \_\_\_\_\_  
Board Secretary, Los Angeles County  
Metropolitan Transportation Authority

Dated: \_\_\_\_\_, 2019



**Board Report**

**File #:** 2019-0073, **File Type:** Policy

**Agenda Number:** 37.

**REGULAR BOARD MEETING  
FEBRUARY 28, 2019**

**SUBJECT: PURPLE LINE WESTSIDE SUBWAY EXTENSION TRANSIT PROJECT SECTION 2**

**ACTION: APPROVE RECOMMENDATIONS**

**RECOMMENDATION**

CONSIDER:

- A. HOLDING a public hearing on the proposed Resolutions of Necessity; and
- B. ADOPTING Resolutions of Necessity authorizing the commencement of an eminent domain action to acquire a subsurface easement in the properties identified as parcels W-3301 (APN: 4328-014-005) and W-3303 (APN: 4328-009-023), hereinafter the "Property".

(REQUIRES 2/3 VOTE OF THE BOARD)

**BACKGROUND**

Acquisition of the above-referenced subsurface easements or Property is required for the construction and operation of the Purple Line Westside Subway Extension Transit Project Section 2 ("Project"). The Property is required for the tunnel alignment that will connect the Century City/Constellation Station with the Beverly Hills Wilshire/Rodeo Station.

A written offer was delivered to the Owners of Record ("Owners") of each affected property, as required by California Government Code Section 7267.2. The Owners have not accepted the offer of Just Compensation made by the Los Angeles County Metropolitan Transportation Authority ("LACMTA"), and the parties have not at this time reached a negotiated settlement on a contemplated acquisition. Because the Property is necessary for construction of the Project, staff recommends the acquisition of the Property through eminent domain, to determine the value of the Property, and to provide for obtaining possession thereof to maintain the Project schedule.

In accordance with the provisions of the California Eminent Domain law and Sections 30503, 30600, 130051.13, 130220.5 and 132610 of the California Public Utilities Code (which authorize the public acquisition of private property by eminent domain), LACMTA has prepared and mailed notice of this hearing to the Owners informing them of their right to appear at this hearing and be heard on the following issues: (1) whether the public interest and necessity require the Project; (2) whether the

Project is planned or located in the manner that will be most compatible with the greatest good and the least private injury; (3) whether the Property is necessary for the Project; (4) whether either the offer required by Section 7267.2 of the California Government Code has been made to the Owner, or the offer has not been made because the Owner cannot be located with reasonable diligence; (5) whether environmental review of the Project has complied with the California Environmental Quality Act (CEQA) and (6) whether LACMTA has given the notice(s) and followed the procedures that are a prerequisite to the exercise of the power of eminent domain.

After all of the testimony and evidence has been received by LACMTA from all interested parties, LACMTA must make a determination as to whether to adopt the proposed Resolutions of Necessity (Resolutions) to acquire the Property by eminent domain. In order to adopt the Resolutions, LACMTA must, based on the evidence before it, and by a vote of two-thirds of all the members of its governing body, find and determine that the conditions stated in the items 1-6 above exist. Attached is evidence submitted by staff that supports adoption of the Resolutions that have been approved by counsel, and which sets forth the required findings (Attachment A).

### **DETERMINATION OF SAFETY IMPACT**

This Board action will not have an impact on LACMTA's safety standards.

### **FINANCIAL IMPACT**

The funding for the acquisition of the Property is included in the approved Fiscal Year 2019 budget under Measure R Project 865522 (Westside Subway Extension Purple Line Transit Project Section 2), in Cost Center 8510 (Construction Procurement), and Account Number 53103 (Acquisition of Land).

#### Impact to Budget

The approved FY19 budget include funds such as Federal Section 5309 New Starts, TIFIA Loan Proceeds, CMAQ and Measure R 35% which is designated for the Westside Purple Line Subway Extension Transit Project, Section 2. These funds do not have an impact to operations funding sources. This Project is not eligible for Proposition A and C funding due to the proposed tunneling element of the Project. No other funds were considered.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

#### Equity Platform Framework Consistency

Implementation of the State's eminent domain laws assures that equity is afforded to property owners to engage and have a voice in the decision-making process with regards to the acquisition of their property.

#### Strategic Plan Consistency

The Board action is consistent with Metro Vision 2028, Goal #1: Provide high quality mobility options



that enable people to spend less time traveling. Adoption of the Resolutions of Necessity is a required step to acquire these properties for the Westside Purple Line Subway Extension Transit Project, Section 2, which will provide an additional mobility option.

### **NEXT STEPS**

If this action is approved by the Board, the LACMTA's condemnation counsel will be instructed to take all steps necessary to commence legal proceedings in a court of competent jurisdiction to acquire the Property by eminent domain. At the appropriate time, counsel will also be directed to seek and obtain an Order of Prejudgment Possession in accordance with the provisions of the eminent domain law.

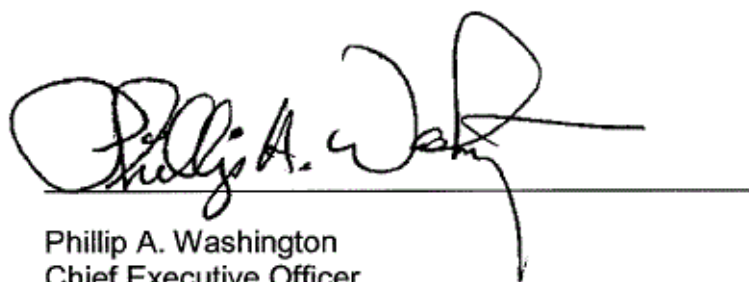
### **ATTACHMENTS**

Attachment A - Staff Report

Attachment B - Resolutions of Necessity (B-1 & B-2)

Prepared by: Velma C. Marshall, Deputy Executive Officer - Real Estate, (213) 922-2415

Reviewed by: Therese McMillan, Chief Planning Officer (213) 922-7077



Phillip A. Washington  
Chief Executive Officer

**STAFF REPORT REGARDING THE NECESSITY FOR THE ACQUISITION OF PROPERTY”) FOR THE PURPLE LINE WESTSIDE SUBWAY EXTENSION TRANSIT PROJECT SECTION 2**

**BACKGROUND**

The Property is required by the Los Angeles County Metropolitan Transportation Authority (“LACMTA” or “Metro”) for the construction and operation of the Purple Line Westside Subway Extension Transit Project Section 2 (“Project”). The address, record owners (as indicated by a title report) (“Owners”), physical description, and nature of the property interest sought to be acquired for the Project are summarized on Attachment “1” attached hereto.

A written offer for acquisition of a subsurface tunnel easement under the Property was mailed the respective property Owners by letters dated June 29, 2018. The parcels are identified as W-3301 (APN: 4328-014-005) and W-3303 (APN: 4328-009-023); (hereinafter the “Property”).

**A. The public interest and necessity require the Project.**

The need for the Project is based on population and employment growth, the high number of major activity centers served by the Project, high existing transit usage, and severe traffic congestion in Los Angeles County (“County”). The Project area bisects 12 large population and employment centers, all of which are served by extremely congested road networks that will deteriorate further with the projected increase in population and jobs. This anticipated growth will further affect transit travel speeds and reliability, even with a dedicated lane for express bus service on Wilshire Boulevard. The public interest and necessity require the Project for the following specific reasons:

1. The population and employment densities in the Project area are among the highest in the metropolitan region. Approximately five percent of the County population and 10 percent of the jobs are concentrated in the Project area.
2. Implementation of the Project will result in a reduction of vehicle miles per day and reduction of auto air pollutants.
3. The Project will relieve congestion on the already over capacity 1-405 San Diego Freeway and the 1-10 Santa Monica Freeway and surrounding major thoroughfares. In addition, it will reduce the parking demands in the Westside area by providing an alternative means of transportation, with competitive in rush-hour travel times with the automobile.
4. The Project will be a major link in the existing County-wide rail transit system, and will thereby provide alternative means of transportation during fuel crises and increased future traffic congestion.
5. The Project will improve transportation equity by meeting the need for improved transit service of the significant transit-dependent population within the Project area.

6. The Project will help meet Regional Transit Objectives through the Southern California Association of Governments' (SCAG's) Performance Indicators of mobility, accessibility, reliability, and safety.

It is recommended that based on the above evidence, the Board find and determine that the public interest and necessity require the Project.

**B The Project is planned or located in the manner that will be most compatible with the greatest public good and least private injury.**

An Alternatives Analysis (AA) Study was initiated in 2007 to identify all reasonable, fixed-guide way, alternative alignments and transit technologies within the proposed Project Area. The fixed-guide way alternative alignments studied and analyzed during the AA process were heavy rail transit (HRT), light rail transit (LRT), bus rapid transit (BRT), and monorail (MR). Due to its capacity to meet the anticipated ridership demand and limit the number of transfers, HRT was identified as the preferred technology for further study.

In January 2009, the Metro Board approved the AA Study and authorized preparation of a Draft Environmental Impact Statement/Draft Environmental Impact Report (DEIS/DEIR). A total of seven alternatives, including five heavy rail subway (HRT) Build Alternatives, a No Build Alternative, and a relatively low-cost Transportation System Management (TSM) Alternative, were presented in the DEIS/DEIR. The DEIS/DEIR was circulated and reviewed by interested and concerned parties, including private citizens, community groups, the business community, elected officials and public agencies. Public hearings were held to solicit citizen and agency comments.

In October 2010, the Board approved the DEIS/DEIR and the Wilshire Boulevard to Santa Monica HRT option was selected as the Locally Preferred Alternative (LPA) for further analysis in the Final Environmental Impact Statement/Final Environmental Impact Report ("FEIS/FEIR"). The FEIS/FEIR was released in March 2012 for public review. On April 26, 2012, the Board certified the FEIS/FEIR, and in May 24, 2012, it approved the route and station locations for the Project. A Record of Decision was received from the Federal Transit Administration in August of 2012.

The approved LPA will extend HRT (as subway) approximately nine (9) miles from the existing Metro Purple Line terminus at the Wilshire/ Western Station to a new western terminus at the West Los Angeles Veterans Affairs Hospital (Westwood/ VA Hospital Station). The LPA will include seven new stations spaced in approximately one-mile intervals, as follows:

- Wilshire/La Brea
- Wilshire/Fairfax
- Wilshire/La Cienega
- Wilshire/Rodeo
- Century City
- Westwood/UCLA
- Westwood/VA Hospital

The Project may cause private injury, including the displacement or relocation of certain owners and users of private property. However, no other alternative locations for the Project provide greater public good with less private injury. Therefore, the Project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury.

Due to its bulk, the FEIS/FEIR is not physically included in the Board's agenda packet for this public hearing. However, the FEIS/FEIR documents should be considered in connection with this matter. It is recommended that, based upon the foregoing, the Board find and determine that the Project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury.

**C. The Property is necessary for the Project.**

The Property is required for construction and operation of the underground tunnel connecting Wilshire/Rodeo Station and Century City/Constellation Station. The subsurface easements required for the Project are listed in Attachment A. The legal description of the required subsurface easement is attached to each Resolution of Necessity as Exhibit "A" and is depicted on the Plat Map attached as Exhibit B. The Subsurface Easement is further described in Exhibit C. The Property requirements were chosen based upon the approved FEIS/FEIR for the Project.

Staff recommends that the Board find that the acquisition of the Property is necessary for the Project.

**D. Offers were made in compliance with California Government Code Section 7267.2.**

California Code of Civil Procedure Section 1245.230 requires that a Resolution of Necessity contain a declaration that the governing body has found and determined that either the offer required by Section 7267.2 of the California Government Code has been made to the Owner, or the offer has not been made because the Owner cannot be located with reasonable diligence.

California Government Code Section 7267.2 requires that an offer be made to the Owner and in an amount which the agency believes to be just compensation. The amount must not be less than the agency's approved appraisal of the fair market value of the property interest to be acquired. In addition, the agency is required to provide the Owner with a written statement of, and summary of the basis for, the amount it established as just compensation.

Staff has taken the following actions as required by California law for the acquisition of the Property:

1. Retained an independent appraiser to determine the fair market value of the Property;
2. Reviewed and approved the appraisals, and established the amount it believes to be just compensation;

3. Determined the Owners of the Property by examining the County Assessor Office's record a preliminary title report, and occupancy of the Property;
4. Made a written offer to the Owners for the full amount of just compensation - which was not less than the approved appraised value;
5. Provided the Owners with a written statement of, and summary of the basis for, the amount established as just compensation with respect to the foregoing offer.

It is recommended that based on the above Evidence, the Board find and determine that the offer required by Section 7267.2 of the California Government Code has been made to the Owners.

**E. Metro has fulfilled the necessary statutory prerequisites.**

Metro is authorized to acquire property by eminent domain for the purposes contemplated by the Project under California Public Utilities Code §§ 30503, 30600, 130051.13, and 130220.5; California Code of Civil Procedure §§ 1230.010-1273.050; and Article I, § 19 of the California Constitution.

**F. Metro has complied with the California Environmental Quality Act.**

A draft EIR/EIS was circulated for public review and comment. The FEIS/FEIR was released in March 2012 for public review. On April 26, 2012, the Board certified the FEIS/FEIR, and in May 24, 2012, it approved the route and station locations for the Project. A Record of Decision was received from the Federal Transit Administration in August of 2012. The FEIS/FEIR documents therefore comply with the California Environmental Quality Act. Since that time, none of the circumstances identified in CEQA Guidelines Section 15162 have occurred which would require the preparation of a subsequent EIR. As set forth above, Metro has also fulfilled the statutory prerequisites under California Code of Civil Procedure § 1240.030 and Government Code § 7267.2.

Accordingly, Metro has fulfilled the necessary statutory prerequisites to acquire the Property by eminent domain.

**CONCLUSION**

Staff recommends that the Board adopt the Resolution of Necessity.

**ATTACHMENTS**

Attachment A – Summary of Property Owners and Property Requirements  
Attachment B1– B2 – Resolution of Necessity for each affected Parcel

## ATTACHMENT A

### SUMMARY OF PROPERTY OWNERS AND PROPERTY REQUIREMENTS

Parcel No. Assessor's No. Parcel	Parcel Address	Property Owner	Purpose of Acquisition	Property Interest(s) Sought
<b>W-3301</b>  4328-014-005	9730 Wilshire Blvd., Beverly Hills, CA 90212	WILSHIRE-LINDEN PROPERTIES, LTD., a California limited partnership	Construction and operation of underground tunnel	Exclusive Subsurface Easement with upper limit of <u>101</u> feet below finish grade; lower limit <u>143</u> feet.
<b>W-3303</b>  4328-009-023	9754 Wilshire Blvd., Beverly Hills, CA 90212	Southeast Corner, LLC, a California limited liability company	Construction and operation of underground tunnel	Exclusive Subsurface Easement with upper limit of <u>102</u> feet below finish grade; lower limit <u>145</u> feet.

**RESOLUTION OF THE  
LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
DECLARING CERTAIN REAL PROPERTY NECESSARY FOR PUBLIC PURPOSES  
AND AUTHORIZING THE ACQUISITION THEREOF  
WESTSIDE PURPLE LINE EXTENSION PROJECT SECTION 2 - PARCEL NO. W-3301**

THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY HEREBY FINDS, DETERMINES, AND RESOLVES AS FOLLOWS:

Section 1.

THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY ("LACMTA") is a public entity organized and existing pursuant to Chapter 2 of Division 12 of the California Public Utilities Code (commencing with Section 130050).

Section 2.

The property interests described hereinafter is to be taken for public use, namely, for public transportation purposes and all uses necessary, incidental or convenient thereto, and for all public purposes pursuant to the authority conferred upon the Board to acquire property by eminent domain by California Public Utilities Code Sections 30000-33027, inclusive, and particularly Section 30503 and 30600, Sections 130000-132650, inclusive, and particularly Sections 130051.13 and 130220.5, Code of Civil Procedure Sections 1230.010-1273.050, inclusive, and particularly Sections 1240.510 and 1240.610, and Article I, Section 19 of the California Constitution.

Section 3.

The property interest consists of the acquisition of a subsurface easement , as described more specifically in the legal description (Exhibit A), depicted on the Plat Map (Exhibit B), and described in the Subsurface Easement (Exhibit C), attached hereto (hereinafter, the "Property"), incorporated herein by this reference.

Section 4.

(a.) The acquisition of the above-described Property is necessary for the development, construction, operation, and maintenance of the Westside Purple Line Extension Section 2 ("Project");

(b.) The environmental impacts of the Project were evaluated in the Final Environmental Impact Statement/Final Environmental Impact Report (FEIS/FEIR), which was certified by the Board on April 26, 2012 and May 24, 2012. The Board found that in accordance with the California Environmental Quality Act (CEQA) Guidelines, Section 15162, no subsequent or supplemental Environmental Impact Report is required for the Project, and the FEIS/FEIR documents are consistent with CEQA; and;

(c.) The Board has reviewed and considered the FEIS/FEIR, before and as part of the process of determining whether to acquire the above-referenced Property.

Section 5.

The Board hereby declares that it has found and determined each of the following:

- (a.) The public interest and necessity require the proposed Project;
- (b.) The proposed Project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury;
- (c.) The Property sought to be acquired, which has been described herein, is necessary for the proposed Project;
- (d.) The offer required by Section 7267.2 of the Government Code has been made to the Owner; and
- (e.) Environmental review consistent with the California Environmental Quality Act (CEQA) for the Project has been previously certified by this Board.

Section 6.

Pursuant to Sections 1240.510 and 1240.610 of the Code of Civil Procedure, to the extent that the Property is already devoted to a public use, the use to which the Property is to be put is a more necessary public use than the use to which the Property is already devoted, or, in the alternative, is a compatible public use which will not unreasonably interfere with or impair the continuance of the public use to which the Property is already devoted.

Section 7.

That notice of intention to adopt this resolution was given by first class mail to each person whose Property is to be acquired by eminent domain in accordance with Section 1245.235 of the Code of Civil Procedure and a hearing was conducted by the Board on the matters contained herein.

Section 8.

Legal Counsel is hereby authorized and directed to take all steps necessary to commence legal proceedings, in a court of competent jurisdiction, to acquire the Property described above by eminent domain. Counsel is also authorized and directed to seek and obtain an Order for Prejudgment Possession of said Property in accordance with the provisions of the eminent domain law and is directed that the total sum of probable just compensation be deposited with the State Treasurer or the Clerk of the Superior Court. Counsel may enter into stipulated Orders for Prejudgment Possession and/or Possession and Use Agreements, where such agreements constitute the functional equivalent of an Order for Prejudgment Possession. Counsel is further authorized to correct any errors or



to make or agree to any non-material changes to the legal description of the real property that are deemed necessary for the conduct of the condemnation action or other proceedings or transactions required to acquire the Property.

Counsel is further authorized to compromise and settle such eminent domain proceedings, if such settlement can be reached, and in that event, to take all necessary action to complete the acquisition, including stipulations as to judgment and other matters, and causing all payments to be made. Counsel is further authorized to associate with, at its election, a private law firm for the preparation and prosecution of said proceedings.

I, MICHELLE JACKSON, Secretary of the Los Angeles County Metropolitan Transportation Authority, do hereby certify that the foregoing Resolution was duly and regularly adopted by a vote of two-thirds of all the members of the Board of the Metropolitan Transportation Authority at a meeting held on the 28th day of February, 2019.

\_\_\_\_\_  
MICHELLE JACKSON  
LACMTA Secretary

Date: \_\_\_\_\_

**ATTACHMENTS**

- 1 - Legal Description (Exhibit "A")
- 2 - Plat Map (Exhibit "B")
- 3 - Subsurface Easement (Exhibit "C")

**EXHIBIT A  
LEGAL DESCRIPTION**

LEGAL DESCRIPTION

EXHIBIT "A"

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF BEVERLY HILLS, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

THAT PORTION OF LOTS 20, 21, AND 22 OF TRACT NO. 6648, AS PER MAP RECORDED IN BOOK 71, PAGE 48 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING WITHIN THE FOLLOWING DESCRIBED PARCEL OF LAND:

**BEGINNING** AT THE NORTHWEST CORNER OF SAID LOT 22; THENCE SOUTH 89°42'07" EAST, 143.64 FEET ALONG THE SOUTHERLY RIGHT OF WAY LINE OF WILSHIRE BOUEVARD TO A POINT ON A NON-TANGENT CURVE CONCAVE SOUTHEASTERLY HAVING A RADIUS OF 962.50 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 10°11'37" WEST; THENCE SOUTHWESTERLY 148.81 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 08°51'30" TO THE WEST LINE OF SAID LOT 22; THENCE NORTH 00°18'20" EAST, 38.28 FEET ALONG SAID WEST LINE TO THE **POINT OF BEGINNING**.

THE UPPER ELEVATION LIMIT OF THE SUBSURFACE EASEMENT HEREIN DESCRIBED IS A HORIZONTAL PLANE WITH AN APPROXIMATE ELEVATION OF +156 FEET MEAN SEA LEVEL AND THE LOWER ELEVATION LIMIT OF THE SUBSURFACE EASEMENT HEREIN DESCRIBED IS A HORIZONTAL PLANE WITH AN APPROXIMATE ELEVATION OF +114 MEAN SEA LEVEL BASED ON THE CITY OF LOS ANGELES PUBLISHED ELEVATION OF 285.39 FT FOR BENCH MARK NO. 13-13450. THE UPPER LIMIT OF THIS EASEMENT IS APPROXIMATELY 101 FEET BELOW FINISH GRADE (SURFACE ELEVATION), AND THE LOWER LIMIT OF THIS EASEMENT IS APPROXIMATELY 143 FEET BELOW FINISH GRADE (SURFACE ELEVATION). THESE DEPTH ELEVATIONS WERE DETERMINED FROM THE LOS ANGELES METRO WESTSIDE PURPLE LINE EXTENSION PROJECT – SECTION 2 PROJECT DEFINITION DRAWINGS.

AFFECTS APN: 4328-014-005

NOTE:

THIS LEGAL DESCRIPTION WAS NOT PREPARED FOR ANY PURPOSE THAT WOULD BE IN VIOLATION OF THE STATE OF CALIFORNIA SUBDIVISION MAP ACT OR LOCAL ORDINANCES OF THE GOVERNING BODY HAVING JURISDICTION.

PREPARED BY:

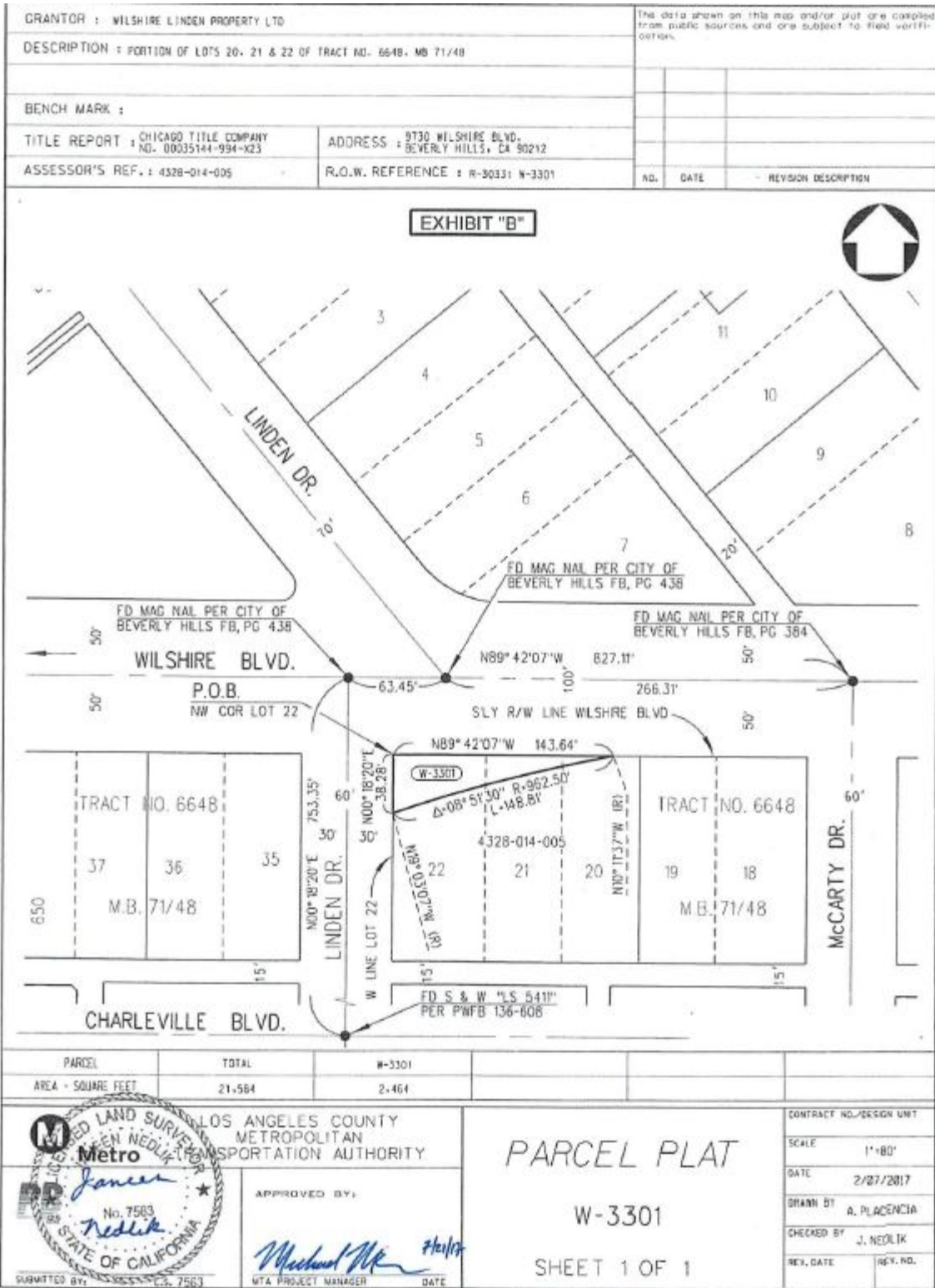
*Janeen Nedlik*  
\_\_\_\_\_  
JANEEN NEDLIK, P.L.S. 7563

*June 28, 2017*  
\_\_\_\_\_  
DATE



**EXHIBIT B  
PLAT MAP**

Plat Map of the Required Subsurface Easement, Parcel W-3301



**EXHIBIT C  
SUBSURFACE EASEMENT**

## EXHIBIT C

### SUBSURFACE EASEMENT

A perpetual, assignable and exclusive subsurface easement ("Easement") to the LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY ("LACMTA"), its successors, and assigns.

This Easement shall be for use by LACMTA and its "Permitees" (which term refers to the officers, directors, employees, agents, contractors, licensees, customers, visitors, invitees, tenants and concessionaires of LACMTA) to construct, maintain, repair, operate, replace, relocate, remove, use and occupy LACMTA's improvements for mass transit purposes, including, but not limited to, a portion of an underground rail tunnel, and all incidental uses related thereto ("LACMTA's Facilities"). LACMTA intends to use the Easement to operate and provide rail train service as part of LACMTA's rail transit operations.

There shall be no building or use of any property upon, above, or contiguous to the Easement that would interfere with, damage or endanger LACMTA's Facilities, or the excavation, construction, maintenance, replacement, enjoyment or use thereof. In order to ensure the structural integrity of LACMTA's Facilities, there shall be no excavation or construction above or adjacent to the Easement without LACMTA's express written consent, and after LACMTA's review of the plans and specifications for excavation or construction. LACMTA's right to consent to such excavation or construction is limited to this purpose, and LACMTA may not unreasonably withhold its consent.

The Easement and all the provisions hereof shall inure to the benefit of, and be binding upon, all parties who claim an interest in the property and LACMTA, and their respective successors and assigns.

**RESOLUTION OF THE  
LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
DECLARING CERTAIN REAL PROPERTY NECESSARY FOR PUBLIC PURPOSES  
AND AUTHORIZING THE ACQUISITION THEREOF  
WESTSIDE PURPLE LINE EXTENSION PROJECT SECTION 2 - PARCEL NO. W-3303**

THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY HEREBY FINDS, DETERMINES, AND RESOLVES AS FOLLOWS:

Section 1.

THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY ("LACMTA") is a public entity organized and existing pursuant to Chapter 2 of Division 12 of the California Public Utilities Code (commencing with Section 130050).

Section 2.

The property interests described hereinafter is to be taken for public use, namely, for public transportation purposes and all uses necessary, incidental or convenient thereto, and for all public purposes pursuant to the authority conferred upon the Board to acquire property by eminent domain by California Public Utilities Code Sections 30000-33027, inclusive, and particularly Section 30503 and 30600, Sections 130000-132650, inclusive, and particularly Sections 130051.13 and 130220.5, Code of Civil Procedure Sections 1230.010-1273.050, inclusive, and particularly Sections 1240.510 and 1240.610, and Article I, Section 19 of the California Constitution.

Section 3.

The property interest consists of the acquisition of a subsurface easement , as described more specifically in the legal description (Exhibit A), depicted on the Plat Map (Exhibit B), and described in the Subsurface Easement (Exhibit C), attached hereto (hereinafter, the "Property"), incorporated herein by this reference.

Section 4.

(a.) The acquisition of the above-described Property is necessary for the development, construction, operation, and maintenance of the Westside Purple Line Extension Section 2 ("Project");

(b.) The environmental impacts of the Project were evaluated in the Final Environmental Impact Statement/Final Environmental Impact Report (FEIS/FEIR), which was certified by the Board on April 26, 2012 and May 24, 2012. The Board found that in accordance with the California Environmental Quality Act (CEQA) Guidelines, Section 15162, no subsequent or supplemental Environmental Impact Report is required for the Project, and the FEIS/FEIR documents are consistent with CEQA; and;



(c.) The Board has reviewed and considered the FEIS/FEIR, before and as part of the process of determining whether to acquire the above-referenced Property.

#### Section 5.

The Board hereby declares that it has found and determined each of the following:

- (a.) The public interest and necessity require the proposed Project;
- (b.) The proposed Project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury;
- (c.) The Property sought to be acquired, which has been described herein, is necessary for the proposed Project;
- (d.) The offer required by Section 7267.2 of the Government Code has been made to the Owner; and
- (e.) Environmental review consistent with the California Environmental Quality Act (CEQA) for the Project has been previously certified by this Board.

#### Section 6.

Pursuant to Sections 1240.510 and 1240.610 of the Code of Civil Procedure, to the extent that the Property is already devoted to a public use, the use to which the Property is to be put is a more necessary public use than the use to which the Property is already devoted, or, in the alternative, is a compatible public use which will not unreasonably interfere with or impair the continuance of the public use to which the Property is already devoted.

#### Section 7.

That notice of intention to adopt this resolution was given by first class mail to each person whose Property is to be acquired by eminent domain in accordance with Section 1245.235 of the Code of Civil Procedure and a hearing was conducted by the Board on the matters contained herein.

#### Section 8.

Legal Counsel is hereby authorized and directed to take all steps necessary to commence legal proceedings, in a court of competent jurisdiction, to acquire the Property described above by eminent domain. Counsel is also authorized and directed to seek and obtain an Order for Prejudgment Possession of said Property in accordance with the provisions of the eminent domain law and is directed that the total sum of probable just compensation be deposited with the State Treasurer or the Clerk of the Superior Court. Counsel may enter into stipulated Orders for Prejudgment Possession and/or Possession and Use Agreements, where such agreements constitute the functional equivalent of an Order for Prejudgment Possession. Counsel is further authorized to correct any errors or to make or agree to any non-material changes to the legal description of the real property

that are deemed necessary for the conduct of the condemnation action or other proceedings or transactions required to acquire the Property.

Counsel is further authorized to compromise and settle such eminent domain proceedings, if such settlement can be reached, and in that event, to take all necessary action to complete the acquisition, including stipulations as to judgment and other matters, and causing all payments to be made. Counsel is further authorized to associate with, at its election, a private law firm for the preparation and prosecution of said proceedings.

I, MICHELLE JACKSON, Secretary of the Los Angeles County Metropolitan Transportation Authority, do hereby certify that the foregoing Resolution was duly and regularly adopted by a vote of two-thirds of all the members of the Board of the Metropolitan Transportation Authority at a meeting held on the 28th day of February, 2019.

\_\_\_\_\_  
MICHELLE JACKSON  
LACMTA Secretary

Date: \_\_\_\_\_

**ATTACHMENTS**

- 1 - Legal Description (Exhibit "A")
- 2 - Plat Map (Exhibit "B")
- 3 - Subsurface Easement (Exhibit "C")

**EXHIBIT A  
LEGAL DESCRIPTION**

LEGAL DESCRIPTION

EXHIBIT "A"

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF BEVERLY HILLS, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

THAT PORTION OF LOT 37 OF TRACT NO. 6648, AS PER MAP RECORDED IN BOOK 71, PAGE 48 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, TOGETHER WITH THAT PORTION OF LOT 650 AND LOT 651 OF TRACT NO. 7710 AS PER MAP RECORDED IN BOOK 83, PAGES 94 THROUGH 95 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING WITHIN THE FOLLOWING DESCRIBED PARCEL OF LAND:

**COMMENCING** AT THE NORTHEAST CORNER OF SAID LOT 37; THENCE SOUTH 00°18'31" WEST, 33.07 FEET ALONG THE EAST LINE OF SAID LOT 37 TO THE **POINT OF BEGINNING**; THENCE CONTINUING SOUTH 00°18'31" WEST, 78.50 FEET ALONG SAID EAST LINE TO A POINT ON A NON-TANGENT CURVE CONCAVE SOUTHEASTERLY HAVING A RADIUS OF 962.50 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 29°32'51" WEST; THENCE SOUTHWESTERLY 45.20 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 02°41'26" TO THE SOUTH LINE OF SAID LOT 37; THENCE NORTH 89°42'04" WEST, 119.53 FEET ALONG SAID SOUTH LINE AND THE SOUTH LINE OF SAID LOT 650 AND LOT 651 TO A POINT ON A NON-TANGENT CURVE CONCAVE SOUTHEASTERLY HAVING A RADIUS OF 1037.50 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 32°44'17" WEST; THENCE NORTHEASTERLY 187.60 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 10°21'36" TO THE **POINT OF BEGINNING**.

THE UPPER ELEVATION LIMIT OF THE SUBSURFACE EASEMENT HEREIN DESCRIBED IS A HORIZONTAL PLANE WITH AN APPROXIMATE ELEVATION OF +157 FEET MEAN SEA LEVEL AND THE LOWER ELEVATION LIMIT OF THE SUBSURFACE EASEMENT HEREIN DESCRIBED IS A HORIZONTAL PLANE WITH AN APPROXIMATE ELEVATION OF +114 MEAN SEA LEVEL BASED ON THE CITY OF LOS ANGELES PUBLISHED ELEVATION OF 285.39 FT FOR BENCH MARK NO. 13-13450. THE UPPER LIMIT OF THIS EASEMENT IS APPROXIMATELY 102 FEET BELOW FINISH GRADE (SURFACE ELEVATION), AND THE LOWER LIMIT OF THIS EASEMENT IS APPROXIMATELY 145 FEET BELOW FINISH GRADE (SURFACE ELEVATION). THESE DEPTH ELEVATIONS WERE DETERMINED FROM THE LOS ANGELES METRO WESTSIDE PURPLE LINE EXTENSION PROJECT – SECTION 2 PROJECT DEFINITION DRAWINGS.

AFFECTS APN: 4328-009-023

NOTE:

THIS LEGAL DESCRIPTION WAS NOT PREPARED FOR ANY PURPOSE THAT WOULD BE IN VIOLATION OF THE STATE OF CALIFORNIA SUBDIVISION MAP ACT OR LOCAL ORDINANCES OF THE GOVERNING BODY HAVING JURISDICTION.

PREPARED BY:

*Janeen Nedlik*  
\_\_\_\_\_  
JANEEN NEDLIK, P.L.S. 7563

*June 15, 2017*  
\_\_\_\_\_  
DATE



**EXHIBIT B  
PLAT MAP**

Plat Map of the Required Subsurface Easement, Parcel W-3303



**EXHIBIT C  
SUBSURFACE EASEMENT**

## EXHIBIT C

### SUBSURFACE EASEMENT

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This Easement shall be for use by LACMTA and its "Permitees" (which term refers to the officers, directors, employees, agents, contractors, licensees, customers, visitors, invitees, tenants and concessionaires of LACMTA) to construct, maintain, repair, operate, replace, relocate, remove, use and occupy LACMTA's improvements for mass transit purposes, including, but not limited to, a portion of an underground rail tunnel, and all incidental uses related thereto ("LACMTA's Facilities"). LACMTA intends to use the Easement to operate and provide rail train service as part of LACMTA's rail transit operations.

There shall be no building or use of any property upon, above, or contiguous to the Easement that would interfere with, damage or endanger LACMTA's Facilities, or the excavation, construction, maintenance, replacement, enjoyment or use thereof. In order to ensure the structural integrity of LACMTA's Facilities, there shall be no excavation or construction above or adjacent to the Easement without LACMTA's express written consent, and after LACMTA's review of the plans and specifications for excavation or construction. LACMTA's right to consent to such excavation or construction is limited to this purpose, and LACMTA may not unreasonably withhold its consent.

The Easement and all the provisions hereof shall inure to the benefit of, and be binding upon, all parties who claim an interest in the property and LACMTA, and their respective successors and assigns.