

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: December 10-11, 2003

Reference No.: 2.1a.(2)
Action Item

From: ROBERT L. GARCIA
Chief Financial Officer

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Transportation Programming

Ref: **STIP AMENDMENT 02S-105**

The Los Angeles County Metropolitan Transportation Authority (LACMTA) is requesting the California Transportation Commission (Commission) approve this State Transportation Improvement Program (STIP) amendment. This amendment was noticed at the October 2003 Commission meeting. Based on Commission's recommendation, LACMTA reduced the total number of projects from seventeen to five. LACMTA increased the non-federal funds on these five projects to satisfy the non-federal fund match requirements.

LACMTA is requesting the Commission approve this amendment for Grant Anticipation Revenue Vehicle (GARVEE) funding to advance project delivery on five projects (four current STIP and one new). The current STIP projects will be reprogrammed and the new project (PPNO 0391A) will be programmed, as GARVEE debt service projects with this amendment. Reprogrammed Regional Improvement Program (RIP) and Interregional Improvement Program (IIP) funds on these projects, along with a commitment from LACMTA for future county shares, will be used to pay the debt service for the bond. The bond proceeds will fund Right of Way (R/W) and Construction for these projects starting in FY 2003-04.

RECOMMENDATION:

The Department of Transportation (Department) recommends that the amendment be discussed at the December 2003 Commission meeting. The Commission may choose to not approve to GARVEE those projects (PPNOs 0391A, 2333, and 2336) reliant on Traffic Congestion Relief Program (TCRP) funding due to the uncertainty of the availability of the funds for allocation in the future.

BACKGROUND:

This request follows Chapter 862 of the Statutes of 1999 (SB 928) which authorizes the State Treasurer to issue GARVEE bonds and authorizes the Commission to select projects for accelerated construction from bond proceeds.

GARVEE bonds are tax-exempt anticipation notes backed by annual Federal appropriations for Federal Aid Highway transportation projects. They were authorized in Federal law by Section 311 of the National Highway System Designation Act of 1995. GARVEE bond funding is available only for highway projects. Repayment for these projects will be made through annual set asides of the county share of future STIP funds. Bond repayments are typically made over several STIP programming cycles.

LACMTA is requesting the Commission approve this amendment for GARVEE funding to facilitate project delivery on five projects (four current STIP projects and one new project). This amendment proposes to fund a total of \$119,856,000 for Right of Way (R/W) and/or Construction (CON) phases of these five projects. A preliminary financial analysis has been prepared for each project that estimates the costs of financing and programming necessary to schedule the debt service payments in the current and future STIPs, and evaluates the benefits to be gained by delivering the projects in FY 2003-04 over the cost of financing.

Three assumptions were used in evaluating the GARVEE financing:

1. Bond issue would occur in FY 2003-04 and financed over a ten-year term with the first debt service payment beginning in FY 2004-05 and ending in FY 2013-14.
2. Interest on the bonds was calculated at a steady rate of 4.5 percent, with costs of issuance calculated at approximately 2 percent of the principal amount.
3. Benefits to be gained by advancing the project are based on a four-year delay before other funding sources might become available.

The total cost of financing, including principal (\$119,856,000), cost of issuance and insurance (\$2,397,000), and interest costs (\$32,248,000) is estimated at \$154,501,000.

The debt service is proposed to start in FY 2004-05 and end in FY 2013-14 (10 years) and is estimated to be approximately \$15,451,000 per year. The actual repayment figures will be available upon the sale of the bonds. This amendment includes five projects (four existing state highway projects and one new state highway project) for GARVEE bond proceeds. Attachment 1 lists the project components of the five projects proposed for GARVEE financing. The GARVEE financing details along with RIP/IIP funding splits are summarized in Attachment 2 (Summary of Funding Sources and Federal Matching Expenditures). The RIP and IIP debt service payment split for these projects is based on the funds that are programmed for the components that are being financed using GARVEE.

Approval of these projects (PPNOs 0162P, 0391A, 2012A, 2333, and 2336) for GARVEE financing on R/W acquisition and/or construction of these projects starting in FY 2003-04, would help provide a vital link to the transportation infrastructure in Los Angeles County.

In addition to requesting approval to use GARVEE bond funds, this amendment also proposes to reprogram existing funds on these projects and commit Los Angeles County future shares and IIP shares as debt service for the repayment of the GARVEE bond starting in FY 2004-05. The debt service for the remaining years outside the current 2002 STIP will be funded from a commitment of Los Angeles County future shares and IIP shares.

An evaluation of the benefits to be gained over the costs of financing has been completed for all five projects. These projects demonstrate a positive benefit based on a four-year delay. See Attachment 2 (Summary of Funding Sources and Federal Matching Expenditures) for net benefit to be gained from the use of GARVEE funds for all five projects.

For project specific background, see project details listed below:

Project #1 –Route 5 High Occupancy Vehicle (HOV) Lanes – Route 118 to Route 14 (PPNO 0162P)

This project involves the construction of one HOV lane in each direction in the median on Route 5, from Route 118 to Route 14. Incorporation of HOV lanes and truck lanes, within specific sections of this segment of Route 5 freeway, alleviates existing congested conditions, improves level of service, encourages carpooling and improves air quality.

This project is currently programmed with \$25,860,000 (\$10,433,000 in RIP funds and \$15,427,000 in Congestion Mitigation and Air Quality (CMAQ)) funds for CON in FY 2003-04. This amendment proposes to delete CMAQ funds (\$15,427,000) for this project and replace the shortfall with additional RIP funds. The construction cost was revised downwards for this project and a total of \$23,850,000 for CON is to be funded with GARVEE proceeds.

This amendment proposes to amend the 2002 STIP by reprogramming \$10,433,000 in RIP funds for CON for PPNO 0162P and program \$3,074,000 each year as debt service from FY 2004-05 to FY 2013-14. The RIP funds for the debt service in the current STIP will come from reprogramming the RIP funds on this project. Future debt service payments will come from Los Angeles future county shares.

A concurrent TCRP amendment is included in the December 2003 Commission Agenda to revise the TCRP funds on this project. Upon TCRP amendment approval, this project will have a total of \$10,000 for R/W and \$2,010,000 for CON in TCRP funds available.

Project #2–Route 14 HOV Lanes, Pearblossom Highway (PPNO 0391A)

This project proposes to reconstruct the median on Route 14, adding HOV lanes from Mountain Springs Road to Avenue P-8. This project will relieve congestion, improve traffic flow, reduce accident rates, and improve safety.

This project is not a current STIP project. This amendment proposes to add this project to the STIP and fund a total of \$30,725,000 of GARVEE proceeds for CON in FY 2003-04. This amendment proposes to amend the 2002 STIP by programming a total of \$3,961,000 each year as debt service from FY 2004-05 to FY 2013-14. The RIP funds for the debt service in the current STIP will come from reprogramming the RIP funds from the other projects included in this amendment. Future debt service payments will come from Los Angeles future county shares.

Project #3– Route 90, Playa Vista Area Improvement, Mindanao Way to Centinela Avenue (PPNO 2012A)

This Playa Vista Congestion Relief project is located near Marina Del Rey in Los Angeles County. The project scope includes widening, undercrossing construction, and intersection improvements. The benefits include congestion relief and increase in capacity.

This project is currently programmed with \$708,000 in RIP funds for R/W in prior years and \$7,632,000 in GF-RIP for CON in FY 2001-02 with a time extension, which expires on February 29, 2004. This amendment proposes to revise the CON costs to a total of \$10,710,000 to reflect the revised estimates.

This amendment proposes to amend the 2002 STIP by reprogramming \$708,000 in RIP for R/W and \$7,632,000 in GF-RIP funds for CON for PPNO 2012A and to program \$1,472,000 each year as debt service from FY 2004-05 to FY 2013-14. The RIP funds for the debt service in the current STIP will come from reprogramming the RIP funds on this project. Future debt service payments will come from Los Angeles future county shares. A total of \$11,418,000 (\$708,000 for R/W and \$10,710,000 for CON) of GARVEE proceeds will fund R/W and CON.

Project #4– Route 405, Auxiliary Lane from Waterford to Route 10 (PPNO 2333)

This project proposes to add auxiliary lanes between existing on and off-ramps on Southbound 405 between Waterford and Interstate 10. The proposed improvements reduce the traffic congestion and enhance safety for the motorists.

This project is currently programmed with a total of \$7,384,000 (\$3,692,000 in IIP and \$3,692,000 in RIP) for R/W in prior years and \$40,155,000 (\$7,586,000 in IIP and \$32,569,000 in RIP) for CON in FY 2003-04.

This amendment proposes to amend the 2002 STIP by reprogramming \$3,692,000 in IIP and \$3,692,000 in RIP for R/W; \$7,586,000 in IIP and \$32,569,000 in RIP for CON; and program \$880,000 in IIP funds and \$2,788,000 in RIP funds each year as debt service from FY 2004-05 to FY 2013-14. A total of \$28,452,000 of GARVEE proceeds will fund R/W and CON. The IIP and RIP funds for the debt service in the current STIP will come from reprogramming the IIP and RIP funds on this project. Future debt service payments will come from Los Angeles County and IIP shares.

A concurrent TCRP amendment is included in the December 2003 Commission Agenda to revise the TCRP funds on this project. Upon TCRP amendment approval, this project will have a total of \$4,748,000 for CON in TCRP funds available.

Project #5– Route 405/101 Gap Closure (PPNO 2336)

This project will extend the auxiliary lane past the Greenleaf off-ramp to the Route 101 Connector, close the loop on-ramp from eastbound Ventura Boulevard, and construct the Ventura Boulevard/Sepulveda Boulevard Bypass. This project will eliminate the existing weaving movement, improve safety, increase roadway capacity, and relieve traffic congestion.

This project is currently programmed with a total of \$26,711,000 (\$9,124,000 in IIP and \$17,587,000 in RIP) for CON in FY 2003-04. This amendment proposes to amend the 2002 STIP by reprogramming \$9,124,000 in IIP and \$17,587,000 in RIP for CON and program \$1,114,000 in IIP funds and \$2,162,000 in RIP funds each year as debt service from FY 2004-05 to FY 2013-14. A total of \$25,411,000 of GARVEE proceeds will fund CON. The IIP and RIP funds for the debt service in the current STIP will come from reprogramming the IIP and RIP funds on this project. Future debt service payments will come from Los Angeles County and IIP shares.

A concurrent TCRP amendment is included in the December 2003 Commission Agenda to revise the TCRP funds on this project. Upon TCRP amendment approval, this project will have a total of \$9,500,000 (\$600,000 for Environmental, \$3,400,000 for Design, \$337,000 R/W Support, \$3,863,000 for R/W and \$1,300,000 for CON) in TCRP funds available.

Attachments

Amendment 02S-105

Reference No.: 2.1a.(2)
Attachment 1

GARVEE BOND ELIGIBLE LOS ANGELES COUNTY STATE TRANSPORTATION IMPROVEMENT PROGRAM PROJECTS										
FOR ALLOCATION IN FY 03 - 04 ⁽¹⁾⁽²⁾										
(in thousands)										
Prog	Agency	Rte	PPNO	Project	Ready to Bid Date	Total	Prog Amount		Component	
							Prior	FY 04	R/W	Con
RIP	Caltrans	5	162P	HOV Lanes, Rt 118-Rt 14 (02S-67)(TCRP #41.1)	Apr-03	\$23,850		\$23,850		\$23,850
RIP	Caltrans	14	391A	HOV Lanes, Pearblossom Hwy - Av P-8	Jan-04	\$30,725		\$30,725		\$30,725
RIP	Caltrans	90	2012A	Playa Vista Access, Rt 90 (ext 6-02)	Jan-04	\$11,418		\$11,418	\$708	\$10,710
RIP & IIP	Caltrans	405	2333	Auxiliary Lane, Rt 10-Waterford (IIP)(TCRP #52)	Jan-04	\$28,452	\$1,200	\$27,252	\$1,200	\$27,252
RIP & IIP	Caltrans	405	2336	Rt 405/101 conn, gap closure, (02 STIP)(ITIP)(TCRP #51)	Aug-03	\$25,411		\$25,411		\$25,411
TOTAL						\$119,856	\$1,200	\$118,656	\$1,908	\$117,948

(1) Including prior year projects not yet allocated.

(2) Costs reflect revised estimates.

**SUMMARY OF FUNDING SOURCES AND FEDERAL MATCHING EXPENDITURES
FOR PROJECTS PROPOSED FOR GARVEE FINANCING
LOS ANGELES METROPOLITAN TRANSPORTATION AUTHORITY
(in thousands)**

Funding and Cost Summary

	PPNO	Project	Principal Amount of GARVEE	Costs of Issuance	Interest Cost at 4.5% over 10-Year Term	Total Est'd. GARVEE Financing	CMAQ	RSTP	Total Federal Funds	TCRP Funding	Local Funds	Total Matching Funds	STIP Funding	Total Project Cost incl. Financing
1	162P	HOV Lanes, Rt 118-Rt 14 (02S-67)	23,850	477	6,417	30,744	4,690	1,310	36,744	2,020	2,750	4,770	-	41,514
2	391A	HOV Lanes, Pearblossom Hwy - Av P-8	30,725	615	8,267	39,607	1,947	2,410	43,964	-	5,752	5,752	-	49,716
3	2012A	Playa Vista Access, Rt 90 (ext 6-02)	11,418	228	3,072	14,718	-	-	14,718	-	2,200	2,200	4,909	21,827
4	2333	Auxiliary Lane, Rt 10-Waterford	28,452	543	7,655	36,650	-	-	36,650	4,748	-	4,748	11,923	53,321
5	2336	Rt 405/101 Conn, Gap Closure	25,411	534	6,837	32,782	-	-	32,782	9,500	-	9,500	4,000	46,282
Total			\$ 119,856	\$ 2,397	\$ 32,248	\$ 154,501	\$ 6,637	\$ 3,720	\$ 164,858	\$ 16,268	\$ 10,702	\$ 26,970	\$ 20,832	\$ 212,660

Federal Matching Expenditure Detail

	PPNO	Project	Total Federal Funds	Total Matching Funds	Federal Matching Requirement	Surplus/ (Deficit) Matching Requirement
1	162P	HOV Lanes, Rt 118-Rt 14 (02S-67)	36,744	4,770	4,761	9
2	391A	HOV Lanes, Pearblossom Hwy - Av P-8	43,964	5,752	5,696	56
3	2012A	Playa Vista Access, Rt 90 (ext 6-02)	14,718	2,200	1,907	293
4	2333	Auxiliary Lane, Rt 10-Waterford	36,650	4,748	4,748	(0)
5	2336	Rt 405/101 Conn, Gap Closure	32,782	9,500	4,247	5,253
Total			\$ 164,858			

Annual Debt Service

Annual Debt Service 2004-2005 thru 2013-2014	Proposed RIP Share of Debt Service Payment	Proposed IIP Share of Debt Service Payment	Proposed Percentage Split RIP/IIP
3,074	3,074	-	100% / 0%
3,961	3,961	-	100% / 0%
1,472	1,472	-	100% / 0%
3,668	2,788	880	76% / 24%
3,276	2,162	1,114	66% / 34%
\$ 15,451	\$ 13,457	\$ 1,994	

Benefits

Net (Cost) / Benefit to be Gained from the Use of GARVEEs*
\$56,582
\$6,475
\$670
\$6,054
\$16,250

*The cost-benefit analyses prepared by the Department take into consideration the costs of financing in comparison to the costs of inflation resulting from a four-year delay, along with congestion reduction and safety benefits to be gained from advancing the project through the use of GARVEE financing.