

**Southeast Gateway Line
Los Angeles, California
New Starts Project Development
(Rating Assigned November 2024)**

Summary Description	
Proposed Project:	Light Rail 14.5 Miles, 9 Stations
Total Capital Cost (\$YOE):	\$8,852.57 Million (Includes \$965.2 million in finance charges)
Section 5309 CIG Share (\$YOE):	\$3,725.00 Million (42.1%)
Annual Operating Cost (opening year 2035):	\$73.80 Million
Current Year Ridership Forecast (2024):	20,100 Daily Linked Trips 6,627,600 Annual Linked Trips
Horizon Year Ridership Forecast (2045):	34,800 Daily Linked Trips 11,453,700 Annual Linked Trips
Overall Project Rating:	Medium-High
Project Justification Rating:	Medium
Local Financial Commitment Rating:	Medium-High

Project Description: The Los Angeles County Metropolitan Transportation Authority (LACMTA) proposes to implement a new light rail transit line from the Slauson/Metro A Line Station in the City of Los Angeles to a southern terminus in the City of Artesia, traversing the cities of Vernon, Huntington Park, Bell, Cudahy, South Gate, Downey, Paramount, Bellflower, and Cerritos. The project includes a maintenance and storage facility, purchase of 29 rail cars, and construction of new stations with one along the existing Metro C Line to allow transfers between the two light rail transit lines. Five stations are planned to include parking facilities, providing a total of approximately 2,800 dedicated parking spaces. Service is planned to operate from 4:00 AM to 1:00 AM, seven days a week, with trains every six minutes during the weekday peak periods, every 10-20 minutes during the weekday off-peak periods, and every 10 minutes on weekends.

Project Purpose: Currently, bus services in the area operate primarily along a heavily congested freeway and arterial network making transit unreliable, and there are no transit lines that provide a continuous service that connects the cities and communities along this corridor. The project is intended to provide high-quality, reliable, and faster transit service to meet the current mobility needs of residents, employees, and visitors, increase connectivity for historically underserved and transit-dependent communities, and accommodate future travel demand due to anticipated growth along the corridor. The project directly connects the neighborhoods along the corridor to the Metro A line and Metro C line enhancing regional connectivity and expanding access to opportunities.

Project Development History, Status and Next Steps: LACMTA selected the locally preferred alternative (LPA) in January 2022, and the project entered New Starts Project Development in February 2022. The LPA was approved into the region's long range transportation plan in May 2024. LACMTA completed the environmental review process with receipt of a Record of Decision from FTA in August 2024. LACMTA anticipates entering

Engineering in early 2025, receiving a Full Funding Grant Agreement in 2027, and opening for revenue service in 2035.

Locally Proposed Financial Plan		
<u>Source of Funds</u>	<u>Total Funds (\$million)</u>	<u>Percent of Total</u>
Federal:		
Section 5309 CIG	\$3,725.00	42.1%
FHWA Flexible Funds (Congestion Mitigation and Air Quality Program)	\$185.00	2.1%
FHWA Flexible Funds (Surface Transportation Block Program)	\$15.00	0.2%
FTA Community Project Funding	\$11.00	0.1%
FTA FY22 Pilot Program for Transit-Oriented Development	\$2.00	0.0%
State:		
Transit and Intercity Rail Capital Program	\$1,102.61	12.5%
State of California Senate Bill 1 Local Partnership Program	\$96.55	1.1%
Local:		
Measure M Sales Tax Bonds and Revenue	\$2,066.68	23.3%
Other Local Revenues - Surplus Toll Revenues and Measure M Fund Transfer	\$450.00	5.1%
Proposition A Sales Tax Funds	\$447.74	5.1%
Measure R Sales Tax Bonds and Revenue	\$314.44	3.6%
Local Jurisdiction Payments Required by Measure M	\$237.34	2.7%
Proposition C Sales Tax Funds	\$199.21	2.3%
Total:	\$8,852.57	100.0%

NOTE: The financial plan reflected in this table has been developed by the project sponsor and does not reflect a commitment by DOT or FTA. The sum of the figures may differ from the total as listed due to rounding.

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Factor	Rating	Comments
Local Financial Commitment Rating	Medium-High	
Non-Section 5309 CIG Share	+1	The CIG share of the overall project is 42.1 percent.
Summary Financial Plan Rating	Medium	
Current Capital and Operating Condition (25% of local financial commitment rating)	Medium	- The average age of the bus fleet is 7.9 years, which is in-line with the industry average. - The most recent bond ratings for Los Angeles County Metropolitan Transportation Authority (LACMTA), issued in March 2024, are as follows: Moody's Investors Service Aa1, and S&P Global Ratings AAA. - LACMTA's current ratio of assets to liabilities as reported in its most recent audited financial statement is 1.10 (FY2023). - There were no service cutbacks or cash flow shortfalls in recent years.
Commitment of Capital and Operating Funds (25% of local financial commitment rating)	Medium-High	- Approximately 65 percent of the non-Section 5309 CIG capital funds are committed or budgeted, and the rest are considered planned. Sources of funds include: Federal Community Project funds, Federal Surface Transportation Block Grants, Federal Congestion Mitigation and Air Quality Improvement funds, Federal Pilot Program for Transit Oriented Development Planning Grant funds, State of California funds from the Transit and Intercity Rail Capital Program, State of California funds from the Local Partnership Program, Local sales tax revenues (Proposition A, Proposition C, Measure M, Measure R), local jurisdiction payments, and future planned local revenues. - Approximately 97 percent of the funds needed to operate and maintain the transit system in the first full year of operations in 2036 are committed or budgeted, and the rest are considered planned. Sources of funds include: FTA Section 5307 funds, FTA Section 5337 funds, FTA Section 5340 funds, State of California Transit Assistance program (funded from State sales tax on diesel fuel and vehicle registration fees), Low Carbon Transit Operations Program, Transportation Development Act sales tax), Farebox revenues, local sales tax revenues, and other future planned operating revenues.
Reasonableness of Capital and Operating Cost Estimates and Planning Assumptions/Capital	Medium-Low	- Assumed growth in capital revenues is optimistic compared to recent historical experience. - The capital cost estimate is considered reasonable. - Regarding growth in operating revenue assumptions,

Funding Capacity (50% of local financial commitment rating)		anticipated farebox collections, toll revenues, other non-fare operating revenues (advertising, leases, rentals, other), Federal and State grants are optimistic compared to recent historical experience. Local sales tax revenues are reasonable compared to recent historical experience. • Operating cost estimates are reasonable compared to recent historical experience. • LACMTA has access to funds via additional debt capacity, cash reserves, or other committed funds to cover unexpected cost increases or funding shortfalls equal to at most 15 percent of the estimated CIG capital cost and 19 percent (or 2.3 months) of annual system wide operating expenses.
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<i>LAND USE RATING: Medium</i>
The land use rating reflects population density within one-half mile of proposed stations, employment served by the line, and the share of legally binding affordability restricted (LBAR) housing in the station areas compared to the share in the surrounding county. • The population density in station areas is about 14,400 persons per square mile, corresponding to a Medium-High rating by FTA benchmarks. Total employment served is about 28,100 jobs, corresponding to a Low rating. The daily parking cost in the central business district (CBD) averages less than \$2, corresponding to a Low rating. The ratio of station area to county LBAR housing is 2.01, corresponding to a Medium rating. • The station areas are characterized by light industrial areas, commercial corridors and nodes, and residential zones that are low scale but tightly packed.
<i>ECONOMIC DEVELOPMENT RATING: Medium</i>
Transit-Supportive Plans and Policies: Medium
• <i>Growth Management:</i> There is strong evidence that communities along the corridor are actively planning for concentrating development in key areas, including existing commercial centers and future light rail station areas. The municipalities along the corridor have plans and policies encouraging land conservation, but no incentives or boundaries are described. • <i>Transit-Supportive Corridor Policies:</i> There is strong conceptual support for transit-supportive development demonstrated by an overarching corridor plan as well as seven station area-specific plans. However, the submission is lacking in detail on density and design requirements recommended in plans and progress towards providing accessible pedestrian infrastructure. • <i>Supportive Zoning Near Transit Stations:</i> State laws are in place to encourage dense infill housing and eliminate parking minimums in station areas. However, the submission does not clarify which zoning districts apply to which parts of station area land. Transit-supportive design requirements are unevenly applied throughout station areas. • <i>Tools to Implement Land Use Policies:</i> The project sponsor has engaged stakeholders in proactively planning for station areas through the development of the Metro Transit Supportive Planning Toolkit and the Metro Transit Oriented Communities Policy and Implementation Plan, as well as the provision of technical assistance to communities. Metro is also engaging community stakeholders and developers to build housing and other community amenities on Metro-owned land, and corridor development is supported by state legislation.
Performance and Impacts of Policies: Medium-Low
• <i>Performance of Land Use Policies:</i> The project sponsor's joint development program has produced nine high-density projects along the corridor. However, limited documentation is provided on other developments, and there is little information about the degree to which projects are transit supportive. • <i>Potential Impact of Transit Investment on Regional Land Use:</i> The population and employment within the project corridor are expected to increase moderately in the

coming two decades, maintaining transit-supportive population densities. There is significant vacant or underutilized land within the project station areas but insufficient evidence that all station areas are zoned to allow transit-supportive development.

Tools to Maintain or Increase Share of Affordable Housing: Medium-High

- The California Regional Housing Needs Assessment assessed housing needs for low and very low-income households in municipalities along the corridor. However, there is not currently documentation of LBAR housing demand in station areas specifically.
- Nearly 40% of units in Metro's joint development projects are LBAR units.
- The state mandates density bonuses for affordable housing and requires that units be affordable for 55 years. The state also offers financing resources for affordable housing projects.
- There are multiple affordable housing projects that have been either recently completed or recently approved/funded within the project corridor. Almost all of these projects have received some form of public support, whether through direct subsidy, transference of city-owned land, or density bonus allowances.

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