

Westside Purple Line Extension Section 2
Los Angeles, California
New Starts Engineering
(Rating Assigned November 2015)

Summary Description	
Proposed Project:	Heavy Rail Transit 2.6 Miles, 2 Stations
Total Capital Cost (\$YOE):	\$2,466.60 Million <small>(includes \$88.7 million in finance charges)</small>
Section 5309 New Starts Share (\$YOE):	\$1,187.00 Million (48.1%)
Annual Operating Cost (opening year 2025):	\$29.58 Million
Current Year Ridership Forecast (2012):	21,600 Daily Linked Trips 6,865,300 Annual Linked Trips
Horizon Year Ridership Forecast (2035):	36,100 Daily Linked Trips 11,499,300 Annual Linked Trips
Overall Project Rating:	Medium-High
Project Justification Rating:	Medium-High
Local Financial Commitment Rating:	Medium-High

Project Description: The Los Angeles County Metropolitan Transportation Authority (LACMTA) is planning to extend the existing heavy rail system from the future Wilshire/La Cienega Station that is part of the Westside Purple Line Extension Section 1 project currently under construction to the Century City area. The extension project is located entirely underground, primarily following Wilshire Boulevard, and includes 20 vehicles, train controls, and signals. In the opening year, service is planned to operate every four minutes during weekday peak periods and every 10 minutes during weekday off-peak periods and weekends.

Project Purpose: The corridor between Downtown Los Angeles and Santa Monica along Wilshire Boulevard has very high levels of congestion, even with extensive bus service. LACMTA currently operates routes 720 and 920 rapid bus services every two minutes during peak periods westbound and every five minutes during peak periods eastbound, in addition to local route 20 bus service. These routes currently carry over 60,000 riders daily. To accommodate existing travel demand, LACMTA is currently constructing peak-period bus-only lanes along Wilshire Boulevard that will improve the reliability of existing rapid bus service. However, per LACMTA, even with the bus-only lane, the long planned extension of heavy rail service is the most effective option for improving transportation capacity in the corridor, which has the highest density of population and employment in Los Angeles County. By providing frequent and reliable high-capacity rail service, the Westside Purple Line Extension will improve travel times and transit capacity from West Los Angeles, Beverly Hills, Century City, and Westwood/University of California-Los Angeles to Downtown Los Angeles, North Hollywood, Union Station, and other Los Angeles County areas.

Project Development History, Status and Next Steps: Following completion of an alternatives analysis in January 2009, and publication of a Draft Environmental Impact Statement (EIS) in September 2010, the LACMTA board selected the locally preferred alternative (LPA) in October 2010. The LPA was adopted into the fiscally constrained long range transportation plan in October 2010. Under SAFETEA-LU, FTA approved the then 8.9-mile project into New Starts Preliminary Engineering in January 2011. The Final EIS was completed in May 2012, and FTA issued a Record of Decision in August 2012. Due to financial constraints, LACMTA decided in November 2012 to construct the project in three sections. The Section 1 project received a Full Funding Grant Agreement from FTA in

May 2014, and is presently under construction and expected to open in October 2024. FTA approved the Section 2 project into New Starts Engineering in December 2014. LACMTA anticipates receipt of a Full Funding Grant Agreement for Section 2 in July 2016, and the start of revenue service in August 2025.

Significant Changes Since Last Evaluation (November 2014): The project's capital cost estimate increased from \$2,374.44 million to \$2,466.60 million due to increases in the cost of real estate acquisitions and allocated and unallocated contingencies. The project's finance costs decreased from \$101.2 million to \$88.7 million due to a re-calculation of interest rates related to the proposed Transportation Infrastructure Finance and Innovation Act (TIFIA) loan proceeds and related financing.

Locally Proposed Financial Plan		
<u>Source of Funds</u>	<u>Total Funds (\$million)</u>	<u>Percent of Total</u>
Federal:		
Section 5309 New Starts	\$1,187.00	48.1%
FHWA Flexible Funds (Congestion Mitigation and Air Quality Funds)	\$169.00	6.9%
Local:		
Measure R Sales Tax Revenue	\$585.69	23.7%
TIFIA Loan repaid by Measure R Sales Tax Revenue	\$307.00	12.4%
Metro Capital Project Loan funds	\$163.41	6.6%
Local Agency Funds	\$54.50	2.2%
Total:	\$2,466.60	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.

**CA, Los Angeles, Westside Purple Line Extension—Section 2
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Factor	Rating	Comments
Local Financial Commitment Rating	Medium-High	
Non-Section 5309 New Starts Share	+1 level	The New Starts share of the project is 48.1 percent.
Project Financial Plan	Medium	
Capital and Operating Condition (25% of plan rating)	Medium-Low	<ul style="list-style-type: none"> • The average age of the bus fleet is 9.5 years, which is older than the industry average. • Los Angeles County Metropolitan Transportation Authority's (LACMTA) most recent bond ratings, issued in April 2015, are as follows: Moody's Investors Service Aa2 and Standard & Poor's AAA. • LACMTA's current ratio of assets to liabilities, as reported in its most recent audited financial statement, is 1.04 (FY2014). • There have been only minor bus service cutbacks and no cash flow shortfalls in recent years.
Commitment of Capital and Operating Funds (25% of plan rating)	Medium-High	<ul style="list-style-type: none"> • 71 percent of the non-Section 5309 funds are committed or budgeted, and the rest are considered planned. Sources of funds include Congestion Mitigation and Air Quality Improvement funds, a Transportation Infrastructure Finance and Innovation Act loan to be repaid with Measure R funds, local Measure R funds, local agency funds, and LACMTA Capital Project Loan funds repaid by the State. • All of the funds needed to operate and maintain the transit system in the first full year of operation are committed. Sources of funds include FTA Section 5307 Urbanized Area Formula Program funds, FTA Section 5337 State of Good Repair Program funds, Section 5340 Growing States and High Density funds, State Transportation Development Act Local Transportation Program funds, State Transit Assistance funds, fare revenue, three local half-cent sales taxes to fund public transit and highway improvement programs, and other local funds (advertising, tolls, other miscellaneous).
Capital and Operating Cost Estimates, Assumptions and Financial Capacity (50% of plan rating)	Medium	<ul style="list-style-type: none"> • Capital revenue growth assumptions are reasonable compared with historical experience. • The capital cost estimate is reasonable. • The financial plan shows that LACMTA has the financial capacity to cover cost

		<p>increases or funding shortfalls equal to at least 14.7 percent of estimated project costs.</p> <ul style="list-style-type: none">• Assumed farebox collections are optimistic compared with historical experience.• Assumed sales tax revenues are consistent with historical experience.• Projected cash balances and reserve accounts are 16 percent of annual systemwide operating expenses.
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LAND USE RATING: Medium-High

The land use rating reflects population and employment densities within ½-mile of proposed station areas, as well as the share of legally binding affordability restricted housing in the corridor compared to the share in the surrounding county(ies).

- The proposed new station areas have an average population density of 11,200 persons per square mile (Medium-High rating) and the project would serve 358,000 jobs through a one-seat ride (High rating). Parking costs in the station areas range from \$9 to \$40 per day; the average daily cost in the Los Angeles CBD is \$30, corresponding to a High rating.
- The proportion of legally binding affordability restricted housing in the project corridor compared to the proportion in the counties through which the project travels is 0.89, corresponding to a Low rating.
- The Wilshire/Rodeo Drive station area is a dense downtown environment, with high densities of employment housed in five-story and higher office buildings and a grid street network, surrounded by lower-density residential neighborhoods. The Century City station area is primarily comprised of high-rise office buildings in a superblock layout. Pedestrian facilities are provided throughout the station areas, but some arterial streets are very wide (seven lanes or more) making it difficult for pedestrians.

ECONOMIC DEVELOPMENT RATING: Medium-High

Transit-Supportive Plans and Policies: Medium-High

- *Growth Management:* The regional Sustainable Communities Strategy, added to the Regional Transportation Plan in 2012 per state requirements, was developed through a region-wide outreach process and directs transportation and land use policy to achieve state-mandated greenhouse gas reduction targets.
- *Transit-Supportive Corridor Policies:* City-wide and community plans for the Cities of Los Angeles and Beverly Hills support focusing mixed-use, pedestrian oriented development along the Wilshire Boulevard corridor, including the proposed transit station areas.
- *Supportive Zoning Regulations Near Transit Stations:* The City of Los Angeles allows a 3:1 floor area ratio (FAR) along the Wilshire Boulevard corridor, and a 6:1 FAR in commercial districts (at all proposed transit stations). Density bonuses are available for residential projects located near transit stops. The City of Beverly Hills allows for commercial/retail FAR of up to 5:1 and has several mixed-use zone areas within the station areas. Pedestrian-friendly design is promoted primarily through design guidelines and review processes, rather than explicitly set forth in zoning regulations, with the exception of a few overlay districts. Parking requirements appear to be standard. The City of Los Angeles is undertaking a major zoning code overhaul and preliminary recommendations include a stronger emphasis on walkability and on linkages between density and transit.
- *Tools to Implement Land Use Policies:* State, regional, and county-level programs support planning for transit-oriented development and there is also a strong focus on pedestrian improvements and complete streets principles. Local agencies have demonstrated success with programs such as joint development and residential adaptive reuse.

Performance and Impacts of Policies: Medium-High

- *Performance of Land Use Policies:* Fifteen high-density, mixed-use projects have been completed since 2006 in the proposed Westside Extension corridor. One recently completed project and four proposed projects were identified in the Section 2 station areas. The most recent inventory by Metro identified 240 completed transit-oriented development projects system-wide, producing 27,000 housing units. Since its inception in 1993, Metro's Joint Development Program has completed 16 projects.
- *Potential Impact of Transit Investment on Regional Land Use:* The corridor appears to be in good economic health and growth is anticipated as the economy recovers. There is a very little vacant or underutilized land in the Section 2 station areas.

Tools to Maintain or Increase Share of Affordable Housing: Medium

- The City of Los Angeles has a fairly extensive array of programs directed at preserving and creating affordable housing, and this has resulted in a significant supply of restricted affordable housing units along the existing portion of the Purple Line. The State of California and Los Angeles County also have various funding programs to support affordable housing, including some programs that support housing specifically near transit. No examples were provided of proposed affordable housing projects in station areas.

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Los Angeles, CA

