

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

INTEGRATING STATE OF GOOD REPAIR WITH PPP'S

NEPPP CONFERENCE

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DENISE L. LONGLEY

DEPUTY EXECUTIVE OFFICER FACILITIES-OPERATIONS METRO



Metro™

PRESENTATION

- STATE OF GOOD REPAIR
- EXAMPLES OF SGR
- CASE STUDY OF INTEGRATED SGR AND PPP

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY (METRO)

Is unique compared to other transit agencies because it is the

. . .



regional
transportation
planner;



regional builder;



and the regional
transit operator

.... for Los Angeles County.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY (METRO) FACTS

AT A GLANCE



- 73 MILES OF METRO RAIL
- 63 RAIL STATIONS
- 225 RAIL CARS
- 447 MILES OF HOV LANES
- 1.4M+ AVE BUS & RAIL WEEKDAY BOARDINGS
- 8,076 REPRESENTED EMPL
- 1,230 NON-REP



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11 BUS OPERATING DIVISIONS

- TOTAL 2520 ENG BUSES-ALL NEEDING MAINTENANCE, FUELING, CLEANING, VAULTING, PARKING AND OPERATORS.
- TOTAL 188 ACRES AND 1,371,655 SQ FT OF BUILDINGS TO MAINTAIN.



METRO STATE OF GOOD REPAIR

DEFINITION

ADAPTED BY METRO...
AN ASSET OR SYSTEM IS
IN A STATE OF GOOD
REPAIR WHEN NO
BACKLOG OF CAPITAL
NEEDS EXISTS-HENCE ALL
ASSET LIFE CYCLE
INVESTMENT NEEDS (E.G.,
PREVENTATIVE
MAINTENANCE AND
REHABILITATION) HAVE
BEEN ADDRESSED AND NO
CAPITAL ASSET EXCEEDS
ITS USEFUL LIFE.

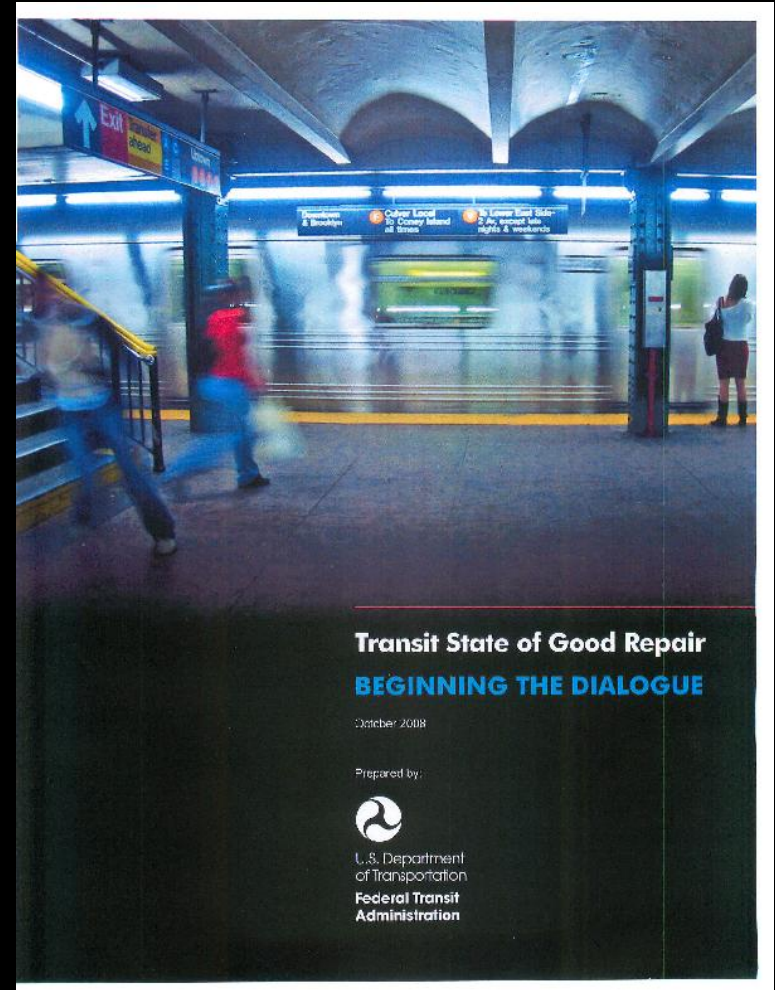


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THIS INCLUDES REPAIR OF

STATE OF GOOD REPAIR DISCUSSIONS

- CURRENT CONDITIONS
- PREVENTATIVE MAINTENANCE
- MEASURING STATE OF GOOD REPAIR
- TRANSIT ASSET MANAGEMENT
- CORE CAPACITY
- RESEARCH NEEDS
- ALTERNATE APPROACHES TO FINANCING



[WWW.FTA.DO
T.GOV](http://WWW.FTA.DO
T.GOV)

STATE OF GOOD REPAIR-BUILDING REPAIR AGREEMENT



Metrolink DIVISION 9 TRANSPORTATION BUILDING EL MONTE, CA

STATE OF GOOD REPAIR-BUILDING REPLACEMENT



Metro

DIVISION 9 TRANSPORTATION BUILDING EL MONTE, CA9

STATE OF GOOD REPAIR-BUS FACILITIES

IMPROVEMENTS

COMPLETED FACILITY PROJECTS

SAN GABRIEL VALLEY TRANSPORTATION BUILDING & SECTOR OFFICE

- BUILDING COMPLETED UNDER BUDGET AND FORMALLY OPENED IN JANUARY 2008
- OBTAINED LEED GOLD CERTIFICATION



DIVISION 8, 15, 18 SOLAR GENERATION PROJECTS

- METRO'S FIRST THREE SOLAR PROJECTS,
- 430KWH, OR 1600 INDIVIDUAL SOLAR PANELS PER DIVISION



DIVISION 1 SHOP EXPANSION

- \$3.3 MILLION ADDITION TO SHOP BUILDING FOR MAINTENANCE OF ARTICULATED BUSES



SQR - FACILITIES

MORE EXAMPLES OF SQR

DIVISION 3 MASTER PLAN IMPROVEMENTS

\$19 MILLION PROJECT TO IMPROVE 30 YEAR OLD FACILITY IN CYPRESS PARK

DIVISION-WIDE HOIST REPLACEMENTS

\$15M 120 HOISTS IN TOTAL WILL BE REPLACED, LAST PHASE TO BE COMPLETED 7 10

DIVISIONS 5, 10, AND 18 IMPROVEMENTS

\$18 MILLION IMPROVEMENT PROJECT FOR ALL 3 DIVISIONS,

DIVISIONS 1, 3, 8, 9, AND 15 IMPROVEMENTS

\$13.7 MILLION IMPROVEMENT PROJECT FOR ALL 5 DIVISIONS,

MSSC SOLAR AND ENERGY EFFICIENCY PROJECT

PUBLIC PRIVATE
MEGAWATT OF
“GREEN” RETRO



Metro



FACILITIES IMPROVEMENTS

IN PLANNING AND DESIGN

BAUCHET ST. WAREHOUSE & FACILITIES SHOP

- AWARD CONTRACT JULY 2009, SCHEDULED COMPLETION DECEMBER 2010

UNION DIVISION MAINTENANCE FACILITY

- 200 BUS OPERATIONS BASE IN DOWNTOWN, ENGINEERING IN PROGRESS

LAX MAINTENANCE FACILITY

- 300 BUS OPERATIONS BASE NEAR LAX, NEPA CEQA UNDERWAY



STATE OF GOOD REPAIR-VERTICAL TRANSPORTATION



- 124 ESCALATORS
- 129 ELEVATORS
- SERVICE CONTRACT
- \$35 MILLION 5 YR
- APTA HEAVY DUTY TRANSIT STANDARDS MUST BE INCORPORATED INTO SPECS FOR SAFETY AND STATE OF GOOD REPAIR OF TRANSIT'S VERTICAL TRANSPORTATION.
- AS CA BUDGET



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FINANCIAL CHALLENGE

WHILE POPULATION AND MOBILITY NEEDS CONTINUE TO INCREASE...

- FEDERAL AND STATE OPERATING FUNDS HAVE DECLINED
- TRANSPORTATION CAPITAL NEEDS AND OPERATING COSTS HAVE INCREASED
- AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) IS SOURCE OF SOME FUNDING

SGR-ARRA FUNDED PROJECTS AT METRO

- BUS PROCUREMENTS (153 BUSES)
84M
- BUS MIDLIFE PROGRAM (400 BUSES) 47M
- MRL 7TH ST EGRESS WIDENING
2M
- MBL TRACTION POWER SUBSTATION
56M
- MRL MBL MGL FIBER OPTIC
2.5M



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FACILITIES PUBLIC PRIVATE PARTNERSHIP

CASE STUDY PARTNERS

16.4M PHOTOVOLTAIC SOLAR AND ENERGY UPGRADE

PROJECT



Metro



CLIENT



Metro

BUILDER OPERATOR

FINANCING

THE P3 SITE (METRO SUPPORT SERVICES CENTER)



- 20 ACRES
- ADJACENT TO USG HQ
- 25-YEAR OLD HEAVY MAINTENANCE FACILITY WITH \$1,100,000 YEAR ENERGY BILLS
- OPPORTUNITIES FOR ENERGY EFFICIENCY UPGRADES

THE SITE (METRO SUPPORT SERVICES CENTER)



- CENTRAL MAINTENANCE-BUS
- BUS REBUILD
- MACHINING
- CENTRAL STORES & INSTRUCTION
- PAINT SHOP
- ADMINISTRATION
- STOPS AND ZONES
- FACILITIES MAINTENANCE

SOLAR PPP = STATE OF GOOD REPAIR



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INSTALLATION OF 1 MEGAWATT (6720)
PHOTOVOLTAIC SOLAR PANELS ON ROOF

MSSC SOLAR AND ENERGY EFFICIENCY PROJECT

- PROJECT WAS TO “GREEN” THE ENTIRE FACILITY BY RETROFITTING HVAC, COMPRESSION, AND LIGHTING EQUIPMENT, AND INSTALLING 1 MEGAWATT OF SOLAR PANELS ON THE ROOFS
- TOTAL OF \$6.5 MILLION IN INCENTIVES FROM GAS CO, LADWP, AND AQMD
- PROJECT WAS CONSTRUCTED USING A “PERFORMANCE CONTRACTING” APPROACH (DESIGN BUILD FINANCE GUARANTEE).
- LARGEST SOLAR INSTALLATION BY A TRANSIT PROPERTY TO DATE IN THE NATION, AND LARGEST IN THE CITY OF LOS ANGELES.



SOLAR PPP = STATE OF GOOD REPAIR



MHVAC REPLACEMENT OF 3 UNITS (75T, 20T, 20T)
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SOLAR PPP = STATE OF GOOD REPAIR



SOLAR PPP = STATE OF GOOD REPAIR

SHOP LIGHT REPLACEMENT - 4000 TOTAL



EXTERIOR LIGHT
REPLACEMENT

SOLAR PPP = STATE OF GOOD REPAIR



NEW AIR TANKS

COMPRESSOR AND DRYER REPLACEMENT - RUNNING IN



MSSC SOLAR AND ENERGY EFFICIENCY PROJECT

PROJECT PROFORMA

- PROJECT COST: \$16.4 MILLION
- REBATE AT END OF CONSTRUCTION: (\$6.5 MILLION)
- FINANCED COST: \$9.9 MILLION AT 4% (10 YEARS)
- 10 YEAR MONTHLY COST: \$110,000
- SAVINGS PER MONTH: \$50,000
- FOR TEN YEARS, PROJECT WILL COST US \$60,000 PER MONTH
- AT END OF 10 YEARS, METRO ENJOYS ALL ELECTRICITY SAVINGS



PROJECT PRODUCES A NET PRESENT VALUE
RETURN ON INVESTMENT OF 18 YEARS


MSSC SOLAR AND ENERGY EFFICIENCY PROJECT

- PUBLIC PRIVATE PARTNERSHIP BETWEEN FINANCING ENTITY (BOFA), INSTALLER (CHEVRON) AND OWNER (METRO)
- CONTRACTOR RESPONSIBLE FOR ALL FACETS INCLUDING FINANCING, DESIGN, PERMITS, CONSTRUCTION, AND ENERGY GUARANTEES
- METRO PAYS THE FINANCE COSTS ON AN AMORTIZED BASIS, BUT DEDUCTS THE SAVINGS GENERATED
- METRO OWNS THE SYSTEM AND MAINTAINS PER CONTRACTOR PROGRAM, CONTRACTOR GUARANTEES SAVINGS OVER TEN YEARS
- RFP ISSUED FOR BIDDERS MAY 2007, DEAL NEGOTIATED SEPTEMBER 2007, BOARD APPROVED PROJECT JANUARY 2008.

 CONSTRUCTION STARTED MAY 2008 AND IS COMPLETE.

MSSC SOLAR AND ENERGY EFFICIENCY PROJECT

END RESULTS OF PROJECT

- IMMEDIATE SAVINGS OF \$50,000 PER MONTH
- REDUCES ELECTRICITY BILLS BY 50%, FROM \$1.1 MILLION TO \$550,000
- ON A NET PRESENT VALUE BASIS, PROJECT IS CASH POSITIVE AND REALIZES A \$1.5 MILLION ROI OVER LIFE OF EQUIPMENT
- OVER THE LIFE OF EQUIPMENT, THE PROJECT REDUCES OUR CO2 EMISSIONS BY 120,000
 METRIC TONS


PUBLIC PRIVATE PARTNERSHIPS (P3)

HOW DO WE INCREASE FINANCIAL CAPABILITY?

- ACTIVATE POTENTIAL NEW PRIVATE SOURCES
- MAXIMIZE LEVERAGE PROVIDED
- MAXIMIZE USE OF FLEXIBLE AND FUNGIBLE REVENUE
- MINIMIZE ANNUAL DEBT SERVICE PAYMENTS

 PHASE SPENDING TO REFLECT
REVENUE

PPP PROGRAM OBJECTIVES

- ACCELERATING DELIVERY TO IMPROVE SERVICE
- REDUCING COSTS THROUGH CONTRACTING AND CONSTRUCTION METHODS
- DEVELOP PROJECTS INTEGRATED WITH EXISTING TRANSIT HIGHWAY INFRASTRUCTURE
-  MARR ALLOCATING RISK

HOW DO WE BEGIN?

- METRO RETAINED PROGRAM MANAGEMENT AND AN ADVISORY CONSULTING TEAM
 - INFRACONSULT LLC
 - KPMG LLP
 - NOSSAMAN LLP
 - HALCROW INC.
 - SHARON GREENE + ASSOCIATES
 - ENGLANDER & ASSOCIATES
- INITIAL ACTIVITIES UNDERWAY
 - PRIMARY SCREENING CRITERIA - LRTP AND "MEASURE R"
 - PRELIMINARY SCREENING OF ALL PROJECTS
 - DEVELOPMENT OF FINANCIAL ASSUMPTIONS
 - READINESS ASSESSMENT
 - RISK ANALYSIS
 - TECHNICAL AND OPERATIONAL CONSULTING



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PROJECT APPROACH

- PROJECTS WITH GREATEST LIKELIHOOD OF SUCCESS:
 - CLEARLY DEFINED (I.E., DRAFT EIR EIS), HIGH-PRIORITY, NON-CONTROVERSIAL PROJECT WITH DEMONSTRATED PUBLIC SECTOR COMMITMENT
 - FAIR RISK ALLOCATION
 - TRANSPARENT, WELL-DEFINED PROCUREMENT PROCESS, EXPERIENCED PUBLIC SECTOR STAFF



FINANCING TRANSIT PPP'S

- FINANCING QUESTIONS?
- 8:00 AM SESSION ON FINANCING TRANSIT PPP'S
- ROGER MOLIERE, CHIEF REAL PROPERTY MANAGEMENT & DEVELOPMENT FOR LA METRO

THANK YOU

