

IMPLEMENTATION OF PPPS FOR TRANSIT

FINANCING TRANSIT PPPS

FTA – PPP WORKSHOPS
SAN DIEGO, CA - JULY 7 – 8, 2009

Roger S. Moliere
Chief, Real Property Management & Development



Los Angeles County Covers 4,084 Sq. Miles

- Total county population: 10.2 million
 - 88 cities - 5.1 million
 - Los Angeles – 4 million
 - Unincorporated county- 1.1 million
 - Larger than 42 states (just behind Ohio)



Los Angeles County Metropolitan Transportation Authority (Metro)

Is different from other transit agencies because it is the . . .



regional
transportation
planner;



regional builder;



and the regional
transit operator

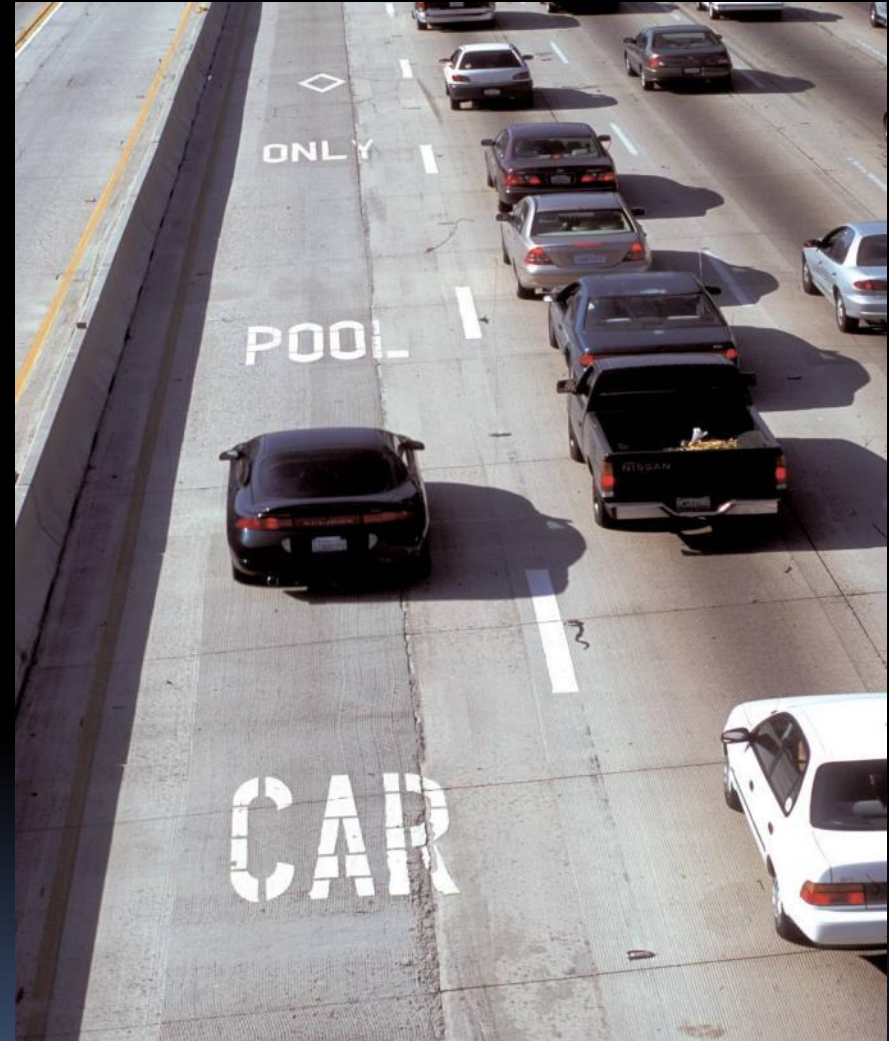
.... for Los Angeles County.

73 Miles of Metro Rail – 63 Stations – 225 Rail Cars



Metro

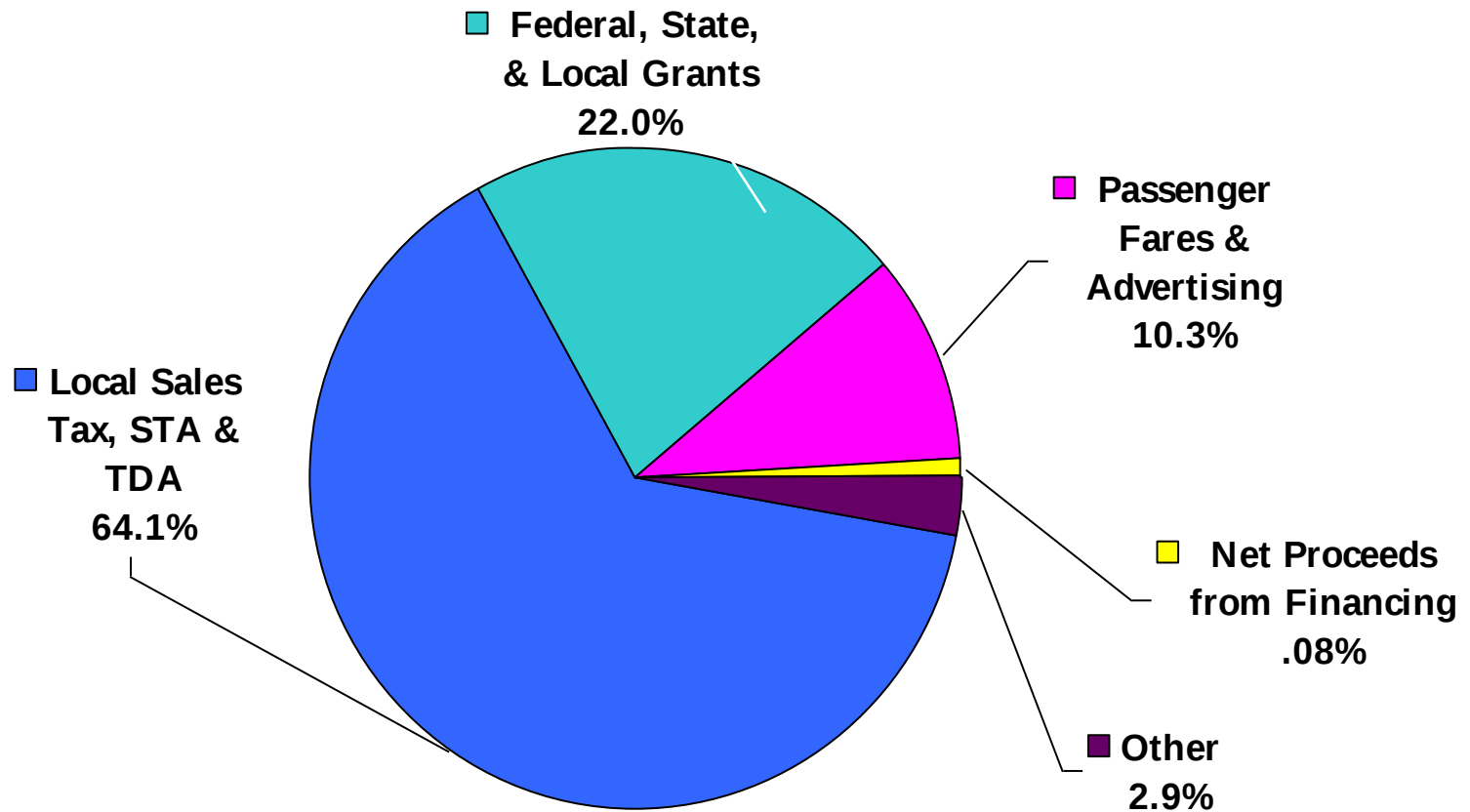
447 Miles of HOV Lanes



Metro

Fiscal Year 2009 Operating Budget Resources \$3.4 Billion

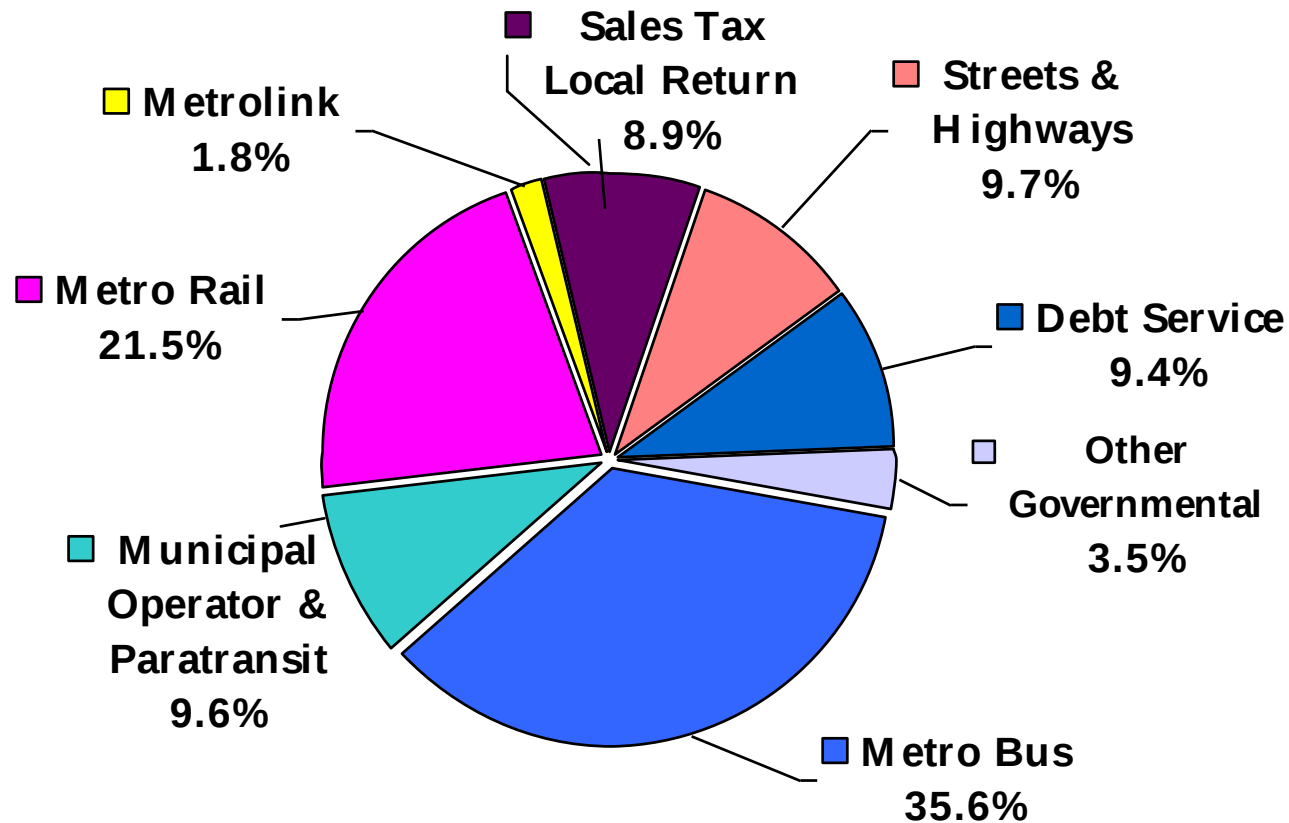
Summary of Funding by Source (%)



Fiscal Year 2009 Operating Budget - Expenses

\$3.4 Billion

Summary of Expenses/Expenditures by Program (%)



“Measure R”

- ½ -cent local sales tax
- \$35 – \$40 billion over 40 years

Land Use/Transportation Challenge

- Adding 2 million more people to our urban landscape
- Development impacts transportation
- Building further out increases trip length, travel time and traffic impact on communities
- Sprawl reduces speed



Financial Challenge

While population and mobility needs continue to increase...

- Federal and state operating funds have declined
- Transportation capital and operating costs have increased

Public-Private Partnership

- Can private capital be leveraged to deliver and/or operate projects faster & cheaper
- Limited experience in the United States



METRO'S PUBLIC-PRIVATE PARTNERSHIP PROGRAM

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
- Allocating risk

How Do We Begin?

- Metro retained program management and 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 considerations



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

Program Management

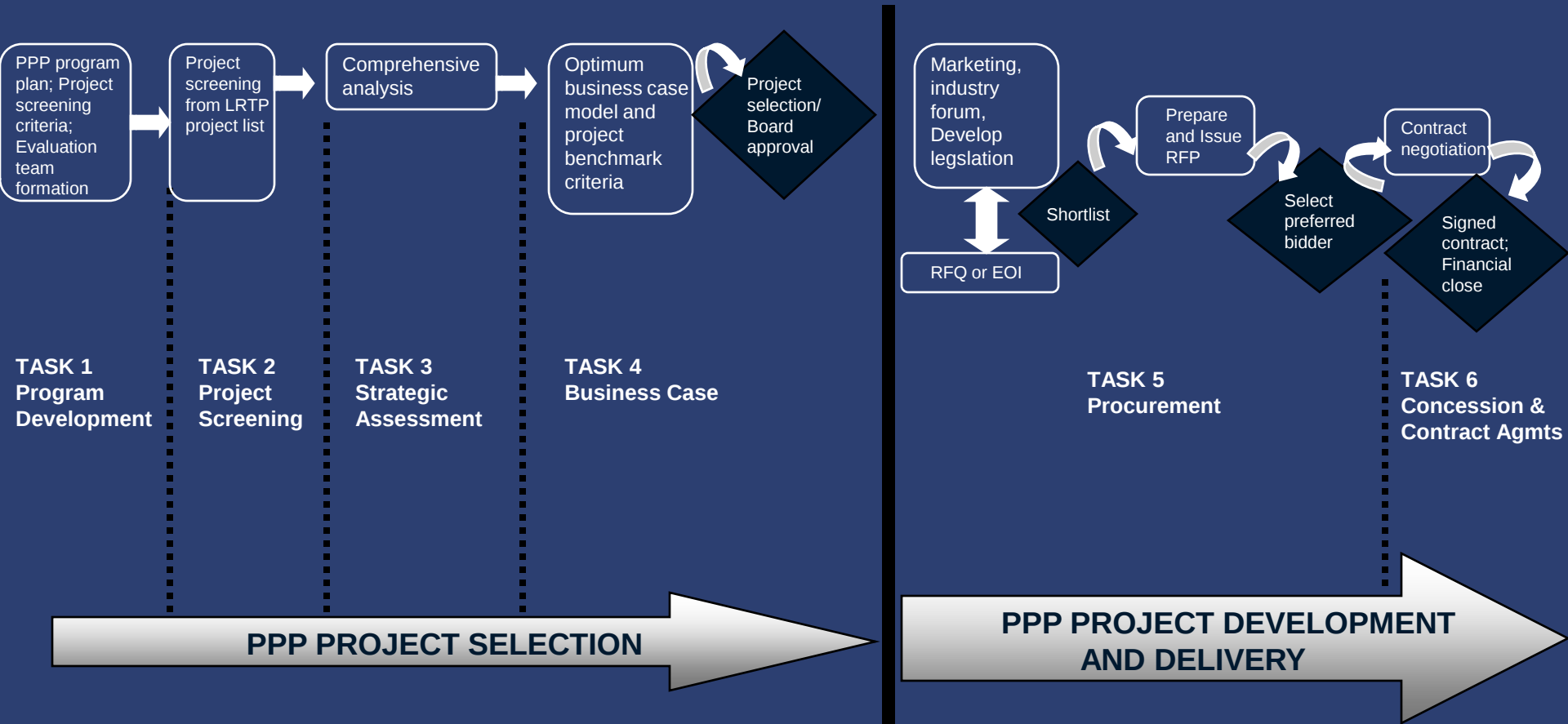
- Strategic planning and management
- Financial feasibility
- Technical business analysis
- Legislative analysis/remedies
- Risk assessment
- Strategic marketing/stakeholder outreach

Sector Roles and Responsibilities

- Public Partner – Project definition
 - Environmental clearance
 - Stakeholder support
 - Political commitment
 - Financial Feasibility
 - Well-defined, transparent procurement process
- Private Partner – Project realization
 - Funding/financing
 - Design/construction
 - Operation/management



Public Private Partnership (PPP) Process



Initial Program Activities

