

# **CALIFORNIA TRANSPORTATION COMMISSION**

**Los Angeles County Metropolitan Transportation Authority  
Public Partnership  
High Occupancy Toll Lane Application  
Eligibility Review and Determination**

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**CALIFORNIA TRANSPORTATION COMMISSION**

**Los Angeles County Metropolitan Transportation Authority  
Public Partnership  
High Occupancy Toll Lanes Application  
Determination of Eligibility**



**RESOLUTION G-08-15**

- 1.1 WHEREAS Assembly Bill 1467, Nunez, added Section 149.7 to the Streets and Highways Code to allow a Regional Transportation Agency, as defined in Section 143, in cooperation with the Department of Transportation, to apply to the Commission to develop and operate high-occupancy toll lanes, including the administration and operation of a value pricing program and exclusive or preferential lane facilities for public transit, consistent with the established standards, requirements, and limitations that apply to those facilities in Sections 149, 149.1, 149.3, 149.4, 149.5, and 149.6, and
- 1.2 WHEREAS Assembly Bill 1467 requires that the Commission shall review each application for the development and operation of the facilities described in subdivision (a) according to eligibility criteria established by the Commission, and
- 1.3 WHEREAS Assembly Bill 1467 requires that for each eligible application, the Commission shall conduct at least one public hearing in Northern California and one in Southern California, and
- 1.4 WHEREAS Assembly Bill 1467 requires that following the public hearings, the Commission shall submit an eligible application and any public comments made during the hearings to the Legislature for approval or rejection. Approval shall be achieved by enactment of a statute, and
- 1.5 WHEREAS Assembly Bill 1467 requires that the number of facilities approved under this section shall not exceed four, two in Northern California and two in Southern California, and
- 1.6 WHEREAS Assembly Bill 1467 requires that a Regional Transportation Agency that develops or operates a facility, or facilities, described in the subdivision (a) as set forth in Assembly Bill 1467 shall provide any information or data requested by the Commission or the Legislative Analyst, and
- 1.7 WHEREAS Assembly Bill 1467 requires that the Commission, in cooperation with the Legislative Analyst, shall annually prepare a report on the progress of the development and operation of a facility authorized under this section. The

Commission may submit this report as a section in its annual report to the Legislature required pursuant to Section 14535 of the Government Code, and

- 1.8 WHEREAS Assembly Bill 1467 requires that no applications may be approved under this section on or after January 1, 2012, and
- 1.9 WHEREAS the Commission determined that in order to ensure that the Public Partnership Transportation High Occupancy Toll (HOT) Lane Projects selected promote California's transportation goals and advance the public interest, the Commission adopted guidelines at its October 24, 2007 meeting to set forth the eligibility criteria and procedures for the Commission to evaluate Public Partnership transportation project eligibility, and
- 1.10 WHEREAS the Los Angeles County Metropolitan Transportation Authority (LA Metro) on March 31, 2008 submitted the *Los Angeles Region Express Lanes Project Application* to the Commission for determination of eligibility for consideration by the Legislature in accordance with AB 1467 and the Commission's Public Partnership HOT Lane Guidelines, and
- 1.11 WHEREAS Commission staff reviewed the Application for compliance with the Commission's Public Partnership HOT Lane Guidelines and AB 1467, and
- 1.12 WHEREAS this review included a technical analysis by the Department and a financial feasibility analysis prepared by an independent financial consultant retained by the Commission, and
- 1.13 WHEREAS based on this review, the Commission staff recommended that the Commission, in accordance with the requirements of AB 1467 and the Commission's Public Partnership HOT Lane Guidelines, find the LA Metro *Los Angeles Region Express Lanes Project Application* eligible for consideration by the Legislature,
- 2.1 NOW THEREFORE BE IT RESOLVED that the Commission finds the LA Metro *Los Angeles Region Express Lanes Project Application* eligible for consideration by the Legislature, and
- 2.2 BE IT FURTHER RESOLVED that the Commission directs staff to hold public hearings, one in Northern California and one in Southern California, as required by AB 1467, and
- 2.3 BE IT FURTHER RESOLVED that the Commission directs the Executive Director to submit the eligible application and any public comments made during the hearings to the Legislature.

**California Transportation Commission  
Los Angeles County Metropolitan Transportation Authority  
Public Partnership HOT Lane Application  
Public Comments**

AB 1467 requires that the Commission hold public hearings in both Northern California and Southern California for each application that the Commission deems eligible for consideration by the Legislature. The Commission, at its meeting on July 23, 2008, adopted Resolution G-08-015, which deemed Los Angeles County Metropolitan Transportation Authority's Public Partnership HOT Lanes Application for the *Los Angeles Region Express Lanes Project* eligible for consideration by the Legislature and directed staff to hold the required public hearings.

**Southern California Hearing**

California Transportation Commission Hearing  
July 23, 2008  
2:45 PM  
Metropolitan Water District of Southern California  
Los Angeles, CA

**Public Comments:**

**Joseph J. Martinez, representing Congresswoman Hilda L. Solis**

Please see attached letter dated July 17, 2008.

**Craig Scott, Auto Club of Southern California**

Mr. Scott stated that at this time, the Auto Club of Southern California does not have a position for or against the LA Metro HOT Lanes proposal. The Auto Club is supportive of toll and HOV lane projects where there is a clear benefit to the motoring public. The LA Metro proposal is much more complicated and difficult to analyze than other HOT lane projects. The Auto Club is concerned that the implementation of this project may make other corridors in the region worse. However, the Auto Club is pleased about the recent change in the proposal to implement the I-110 corridor HOT lane, as they believe that it is a much better candidate for the Federal Demonstration Project. The Auto Club also believes that LA Metro needs to do better public outreach so that the public understands the project and its possible benefits.

**Northern California Hearing**

California Transportation Commission Meeting  
July 28, 2008  
1:00 PM  
Department of Water Resources  
Sacramento, CA

**Public Comments:**

**There were no public comments.**

**Congress of the United States**  
**Washington, DC 20515**

**TAB 12**

July 17, 2008

Mr. John F. Barna, Jr.  
Executive Director  
California Transportation Commission  
1120 N Street  
Room 2233 (MS-52)  
Sacramento, CA 95814

Dear Mr. Barna:

We are writing to express our deep concern about the implementation of congestion pricing along the I-10, I-110 and I-210 corridors as outlined in a April 24, 2008 Memorandum of Understanding (MOU) signed by the Los Angeles County Metropolitan Transportation Authority (Metro) and the Federal Department of Transportation (DoT). While we share concerns about regional congestion and future growth, we do not believe such an expansive project throughout the region is a responsible solution and urge you to consider our concerns when developing a formal position for transmittal to the California State Legislature.

First, the MOU signed by Metro would charge many of the drivers currently meeting requirements to drive on the HOV lanes. This includes two passenger vehicles that are currently eligible under regulations governing HOV-2 lanes within the congestion pricing region. Other possible persons affected include drivers of hybrid vehicles who are also currently eligible to drive on the HOV lanes. Unfortunately, other details regarding pricing plans and access to the HOT lanes are not yet available and will not be until well past the California Transportation Commission's (CTC) scheduled hearings on this proposal. If performance of the HOV lanes on these corridors is an issue of concern, it would be more appropriate to hold a separate policy discussion, rather than address the issue in the context of a congestion pricing plan.

Transit and transportation policy provides significant opportunity to grow the economy and provide for greater equity between persons of varying income levels. For example, households that use public transit save an average of \$6,251 every year and for every \$1 spent on transportation infrastructure results in a gain of \$6 in jobs and economic development. Benefits of this type are particularly important for the communities in the affected corridor, where more than 11 percent of families live below the federal poverty line, the median per capita income is over \$7,000 below the national average, and more than 87 percent of workers drive a car, truck or van to get to work each day. Unfortunately, the plan outlined in the MOU fails to include an assessment of the impact congestion pricing on the economies of these affected communities.

We are also concerned about the impact of the transfer of congestion onto our local roads. The transportation department has acknowledged that when toll rates are applied, some drivers divert to "free alternatives." Increasing traffic on our neighborhood streets may not only increase local congestion, but may also pose serious safety concerns. Unfortunately, the proposal lacks initiatives to sufficiently address the safety concerns associated with the transfer of congestion

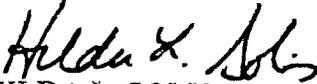
onto local roads. In addition, implementation of congestion tolls can significantly impact the freight movement by increasing shipping costs, diverting traffic onto alternate roadways or requiring shippers and customers to alter their schedules to avoid the tolls.

Furthermore, this project is estimated to cost approximately \$110.3 million for the first 52 miles along the I-210 and the I-10 and an additional \$71 million for portions along the I-110. According to the MOU, none of the \$213.6 million in federal funds can be used to certify availability of funds for implementation under the September 30, 2008 deadline. It is our understanding the funds will come from Propositions A and C, sales taxes which were approved for bus services and the construction and operation of bus transit and rail systems. We question the diversion of these funds for any period of time from their intended purpose, particularly a purpose with such consequences for the taxpayer.

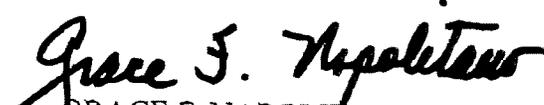
Our concerns about congestion pricing projects are shared by the primary transportation authorizers in Congress. In November, 2007 House Transportation and Infrastructure Committee Chairmen Oberstar and DeFazio and Ranking Members Mica and Duncan wrote to Secretary Peters stating that the requirement to congestion price in order to receive federal funds to reduce congestion is not supported either in appropriations legislation or in public law. It is their belief that DoT's action undermines the intent of federal transportation laws as enacted by Congress. As a result, they are engaged in ongoing efforts to address this issue.

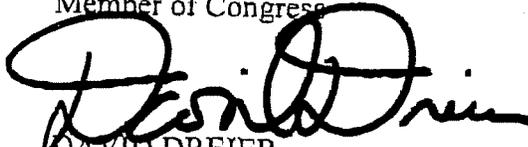
While we look forward to continuing to work with our transportation authorities and community leaders to reduce congestion, we cannot responsibly support implementation of a project which could have clear and serious ramifications on the communities in East Los Angeles, the San Gabriel Valley, the Inland Empire and other southern California commuters. We urge you to consider the full implications of this proposal when developing a formal CTC position for transmittal to the State Legislature.

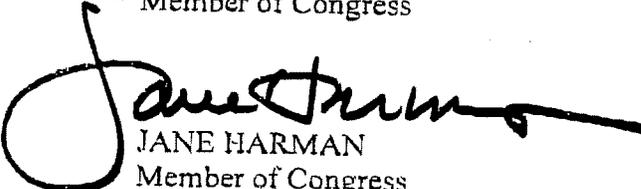
Sincerely,

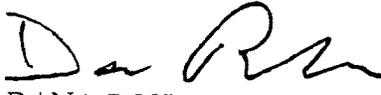
  
HILDA L. SOLIS  
Member of Congress

  
GARY G. MILLER  
Member of Congress

  
GRACE F. NAPOLITANO  
Member of Congress

  
DAVID DREIER  
Member of Congress

  
JANE HARMAN  
Member of Congress

  
DANA ROHABACHER  
Member of Congress



JOE BACA  
Member of Congress



LAURA RICHARDSON  
Member of Congress



MAXINE WATERS  
Member of Congress

**California Transportation Commission  
LA Metro Public Partnership HOT Lane Application  
Staff Review Summary**

**Prepared by: Maura F. Twomey, Deputy Director**   
**July 21, 2008**

On March 31, 2008, the Los Angeles County Metropolitan Transportation Authority (LA Metro) submitted the *Los Angeles Region Express Lanes Project Application* to the Commission for determination of eligibility for consideration by the Legislature in accordance with AB 1467 and the Commission's Public Partnership HOT Lane Guidelines.

**BACKGROUND:** Assembly Bill 1467 (Nunez), approved by the Governor May 19, 2006, authorizes that, until January 1, 2012, Regional Transportation Agencies, in cooperation with the Department of Transportation (Department) may apply to the Commission to develop and operate high-occupancy toll lanes, including the administration and operation of a value pricing program and exclusive or preferential lane facilities for public transit, as specified. The number of projects that may be approved is limited to four, two in Northern California and two in Southern California.

AB 1467 provides that the Legislature will select the HOT lane project(s). The Commission's role in implementing this legislation is limited to establishing eligibility criteria, determining whether each HOT lane application is eligible, holding public hearings in both Northern and Southern California for each eligible application, and submitting eligible application(s) and any public comments to the Legislature for approval or rejection. Approval is achieved by enactment of a statute.

On October 27, 2007, the Commission adopted the Public Partnership High Occupancy Toll (HOT) Lane Guidelines and Application to implement the requirements of AB 1467.

On March 31, 2008, LA Metro submitted their *Los Angeles Region Express Lanes Project Application* (Application) to the Commission.

**EVALUATION & REVIEW:** Commission staff evaluated the Application for compliance with the Public Partnership HOT Lane Guidelines (Guidelines) adopted by the Commission and AB 1467. Eligibility objectives included obtaining evidence to determine whether the project is consistent with the Streets & Highways Code Sections 149-149.7; whether there is cooperation with the Department of Transportation (Department) and consistency with state highway system requirements; whether the project is technically and financially feasible; whether the project is consistent with the Regional Transportation Plan; and whether there are performance measures established for project monitoring and tracking.



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To address the issues of cooperation with the Department, compliance with the Streets & Highways Code Sections 149-149.7, consistency with the state highway system requirements, consistency with the Regional Transportation Plan, and technical feasibility, the Department reviewed the Application. Based on this review, the Department submitted a letter to the Commission stating that the Application is consistent with state highway system requirements, is consistent with regional priorities, is technically feasible, and was submitted in cooperation with the Department.

To assist Commission staff in the review of the Application, the Commission retained a financial consultant. The consultant provided Commission staff with an independent review and opinion on the reasonableness of the financial data included in the LA Metro Application and whether the Application met the financial eligibility requirements stated in the Commission's HOT Lane Guidelines and AB 1467. Specifically, the consultant reviewed the Application to determine whether RCTC submitted adequate evidence that the project is financially feasible; that the Application includes a reasonable financial plan demonstrating financial guarantees; that the Application includes a documented commitment to provide sufficient equity; that the Application documents reasonable funding for project development and operations; and that the projected rate of return and life cycle cost estimates are reasonable. The consultant determined that the Los Angeles Region Express Lanes Project is financially feasible.

**RECOMMENDATION:** Given the results of our review, Commission staff recommends that the Commission, in accordance with the requirements of AB 1467 and the Commission's Public Partnership HOT Lane Guidelines, find the LA Metro *Los Angeles Region Express Lanes Project Application* eligible for consideration by the Legislature. Staff also recommends that the Commission direct staff to hold public hearings, one in Northern California and one in Southern California, as required by AB 1467. Further, staff recommends that the Commission direct the Executive Director to submit the eligible application and any public comments made during the hearings to the Legislature.



**California Transportation Commission  
 Public Partnership Transportation Projects  
 High Occupancy Toll Lanes Application Review  
 LA Metro/Los Angeles Region Express Lanes Project**

**Submitted:** March 31, 2008

**Reviewer:** Maura F. Twomey, Deputy Director 

**I. Project Eligibility**

**PART A – COMPLIANCE WITH STREETS & HIGHWAYS CODE**

Description of Required Documentation for Submission	Ref.	Review Notes
Provide evidence to support that the proposed project is consistent with the established standards, requirements, and limitations that apply to those facilities in Sections 149, 149.1, 149.3, 149.4, 149.5, 149.6 and 149.7 of the Streets and Highways Code.	<u>A1</u>	<u>Documented:</u> LA Metro Application, Pages 3-7
Provide the reason for pursuing this project.	<u>A 2</u>	<u>Documented:</u> LA Metro Application, Pages 7-10

**PART B – DEPARTMENT OF TRANSPORTATION COOPERATION & STATE HIGHWAY COMPATIBILITY**

Description of Required Documentation for Submission	Ref.	Review Notes
Provide evidence that the Department of Transportation (Department) supports this project and that the project application was submitted in cooperation with the Department.	<u>B1</u>	<u>Documented:</u> Caltrans Review of LA Metro AB 1467 Application, Dated July 18, 2008.
Provide evidence that the Department determined the project to be consistent with State Highway System requirements.	<u>B2</u>	<u>Documented:</u> Caltrans Review of LA Metro AB 1467 Application, Dated July 18, 2008.

## PART C – TECHNICAL FEASIBILITY

Description of Required Documentation for Submission	Ref.	Review Notes
Provide a Project Study Report/Project Report (PSR/PR) or a PSR equivalent that describes, but is not limited to, the following:	<u>C</u>	<u>Documented:</u> LA Metro Application, Appendix G.
The type and size of the project, the location, all proposed interconnections with other transportation facilities, the communities that may be affected, and alternatives (e.g. alignments) that may need to be evaluated.	<u>C1</u>	<u>Documented:</u> LA Metro Application, Appendix G.
The timeframe for project completion.	<u>C2</u>	<u>Documented:</u> LA Metro Application, Page 14. Operating Segment 1/December 2010. Operating Segment 2/December 2012.
How the proposed schedule is reasonable given the scope and complexity of the project.	<u>C3</u>	<u>Documented:</u> LA Metro Application, Page 14. The project is less complex than most HOV projects since it will only need to add the tolling equipment to the existing HOV lanes in the corridors specified and will require a Negative Declaration environmental document. Minor roadway work will be completed, as necessary, but no major roadway work is required or planned. The Urban Partnership Grant Agreement with the U.S. Department of Transportation requires completion of the first operating phase of the project by December 2010.
The methods expected to be followed to assure that the project will be completed and will be completed on time.	<u>C4</u>	<u>Documented:</u> LA Metro Application, Pages 14-15. LA Metro plans to enter into an interagency agreement with the Department to jointly develop the project. The design and construction phase is currently contemplated to be procured through a contract with a tolling specialist contractor. This contract may also include toll collection and operational responsibilities as well.
The plan for operation of the facility.	<u>C5</u>	<u>Documented:</u> LA Metro Application, Pages 15-16. The Department will continue to operate the roadway facility. LA Metro will be responsible for the operations and maintenance of toll facility. LA Metro plans to contract with a system operator for the maintenance and operations of the toll facility. The system operator will be responsible for the operations of the toll facilities and the collection and enforcement of the toll revenues, maintenance of the tolling equipment, and customer service and account management.
The technology that will be used to maximize interoperability with relevant local and statewide transportation technology.	<u>C6</u>	<u>Documented:</u> LA Metro Application, Pages 16-18. FasTrak Transponder Technology.
How the proposed project is consistent with applicable state and federal statutes and regulations and standards. Document the applicable state and federal standards and provide evidence that the proposed design meets the standards.	<u>C7</u>	<u>Documented:</u> LA Metro Application, Pages 18-19 and Caltrans Review of LA Metro AB 1467 Application, Dated July 18, 2008.
Whether the project is outside the purview of federal oversight, or whether it will require some level of federal involvement due to its location on the National Highway System or Federal Interstate System or because federal permits are required.	<u>C8</u>	<u>Documented:</u> LA Metro Application, Pages 18-19 and Caltrans Review of LA Metro AB 1467 Application, Dated July 18, 2008.

<b>Description of Required Documentation for Submission</b>	<b>Ref.</b>	<b>Review Notes</b>
Evidence that the project has received environment clearance. If environmental clearance was not yet received, explain whether the project is likely to receive environmental clearance to meet the timeline set forth in the project proposal.	<u>C9</u>	<u>Documented:</u> LA Metro Application, Page 19. The Project may require a Negative Declaration environmental document.
The required state and local permits and the schedule to obtain them.	<u>C10</u>	<u>Documented:</u> LA Metro Application, Page 19. Required state and federal permits will be detailed in the environmental document. A railroad permit will be needed if the Express Lanes impact the Gold Line or Metrolink right of way. Local permits will be required for placement of utility services for toll facility operation outside of the state-owned right of way.
All negative impacts known for the project. For each negative impact, document whether there is a mitigation plan identified.	<u>C11</u>	<u>Documented:</u> LA Metro Application, Pages 19, 48-56.
If not too early to determine, the method by which the operator proposes to secure all property interests required for the transportation facility.	<u>C12</u>	<u>Documented:</u> LA Metro Application, Page 20. LA Metro and the Department do not anticipate any right of way acquisitions since the project will be built within existing state-owned right of way.
Whether there is a process in place to develop a maintenance plan with the Department. Specifically, whether there is a process to clearly define assumptions or responsibilities during the operational phase including law enforcement, toll collection and maintenance.	<u>C13</u>	<u>Documented:</u> LA Metro Application, Page 20. LA Metro plans to procure a system integrator to maintain the tolling equipment. Roadway maintenance will continue to be the responsibility of the Department.

**PART D – FINANCIAL FEASIBILITY**

<b>Description of Required Documentation for Submission</b>	<b>Ref.</b>	<b>Review Notes</b>
Provide information relative to the project financial plan and feasibility.	<u>D1</u>	<u>Documented:</u> LA Metro Application, Pages 20-29 and Appendices B and E. For review of financial plan and feasibility, see independent financial consultant report prepared for the Commission, "Financial Analysis of Public Partnership High Occupancy Toll (HOT) Lane Project Proposals," dated July 9, 2008.
Document a financial plan and financial guarantees which will allow for access to the necessary capital to finance the facility.	<u>D2</u>	<u>Documented:</u> LA Metro Application, Pages 20-29 and Appendices B and E. For review of financial plan and feasibility, see independent financial consultant report prepared for the Commission, "Financial Analysis of Public Partnership High Occupancy Toll (HOT) Lane Project Proposals," dated July 9, 2008. At this time, no financing is anticipated to be required.
Provide evidence of the proposer's ability and commitment to provide sufficient equity in the project as well as the ability to obtain the other necessary financing.	<u>D3</u>	<u>Documented:</u> LA Metro Application, Pages 20-29 and Appendices B and E. For review of financial plan and feasibility, see independent financial consultant report prepared for the Commission, "Financial Analysis of Public Partnership High Occupancy Toll (HOT) Lane Project Proposals," dated July 9, 2008. Only public funding will be used for these projects. Private equity is not being considered.

<b>Description of Required Documentation for Submission</b>	<b>Ref.</b>	<b>Review Notes</b>
Explain how shortfalls will be funded if revenues do not meet projections.	<b><u>D4</u></b>	<u>Documented:</u> LA Metro Application, Pages 20-29 and Appendices B and E. For review of financial plan and feasibility, see independent financial consultant report prepared for the Commission, "Financial Analysis of Public Partnership High Occupancy Toll (HOT) Lane Project Proposals," dated July 9, 2008. If the required federal funding is not secured, the LA Metro will increase its local match or consider financing against the toll revenues.
Explain how the financial plan demonstrates a reasonable basis for funding project development and operations.	<b><u>D5</u></b>	<u>Documented:</u> LA Metro Application, Pages 20-29 and Appendices B and E. For review of financial plan and feasibility, see independent financial consultant report prepared for the Commission, "Financial Analysis of Public Partnership High Occupancy Toll (HOT) Lane Project Proposals," dated July 9, 2008.
If, applicable, describe the nature and amount of the proposer's financial contribution to the project.	<b><u>D6</u></b>	<u>Documented:</u> LA Metro Application, Pages 20-29 and Appendices B and E. For review of financial plan and feasibility, see independent financial consultant report prepared for the Commission, "Financial Analysis of Public Partnership High Occupancy Toll (HOT) Lane Project Proposals," dated July 9, 2008.
Describe how the estimated cost of the facility is reasonable in relation to the cost of similar projects through a cost/benefit analysis.	<b><u>D7</u></b>	<u>Documented:</u> LA Metro Application, Pages 20-29 and Appendices B and E. For review of financial plan and feasibility, see independent financial consultant report prepared for the Commission, "Financial Analysis of Public Partnership High Occupancy Toll (HOT) Lane Project Proposals," dated July 9, 2008.
Provide an analysis of the projected rate of return and life cycle cost estimate of the proposed project and/or facility.	<b><u>D8</u></b>	<u>Documented:</u> LA Metro Application, Pages 20-29 and Appendices B and E. For review of financial plan and feasibility, see independent financial consultant report prepared for the Commission, "Financial Analysis of Public Partnership High Occupancy Toll (HOT) Lane Project Proposals," dated July 9, 2008.
Explain how the financial information submitted is sufficient to determine the financial capability to fulfill the obligations described in the project application.	<b><u>D9</u></b>	<u>Documented:</u> LA Metro Application, Pages 20-29 and Appendices B and E. For review of financial plan and feasibility, see independent financial consultant report prepared for the Commission, "Financial Analysis of Public Partnership High Occupancy Toll (HOT) Lane Project Proposals," dated July 9, 2008.
Identify the proposed ownership arrangements for each phase of the project and indicate assumptions on legal liabilities and responsibilities during each phase of the project.	<b><u>D10</u></b>	<u>Documented:</u> LA Metro Application, Pages 30-31.
Describe the extent that adequate and transparent procurement policies have been adopted to maximize competitive bidding opportunities for potential contractors and suppliers.	<b><u>D11</u></b>	<u>Documented:</u> LA Metro Application, Page 31.

**PART E – REGIONAL TRANSPORTATION PLAN & COMMUNITY SUPPORT**

<b>Description of Required Documentation for Submission</b>	<b>Ref.</b>	<b>Review Notes</b>
Provide documentation to show that the project is consistent with City and County comprehensive plans and regional transportation plans and with plans and documents for the Regional Transportation Agency’s long range plan. If the project is not consistent, please identify the steps proposed that will achieve consistency with such plans.	<b><u>E1</u></b>	<u>Documented:</u> LA Metro Application, Page 32 and Caltrans Review of LA Metro AB 1467 Application, Dated July 18, 2008.
Describe how the project proposed includes improvements that are compatible with the present and planned transportation system. Include the methods by which the project provides continuity with existing and planned state and local facilities.	<b><u>E2</u></b>	<u>Documented:</u> LA Metro Application, Pages 33-38 and Caltrans Review of AB 1467 Application, Dated July 18, 2008.
Explain how the proposed project helps to achieve performance, safety, mobility, and air quality or transportation demand management goals.	<b><u>E3</u></b>	<u>Documented:</u> LA Metro Application, Pages 39-42.
Explain whether the proposed project is consistent with applicable state and federal environmental statutes and regulations, the air quality component of the RTP, and whether the proposal adequately addresses or improves air quality conformity.	<b><u>E4</u></b>	<u>Documented:</u> LA Metro Application, Pages 39-43.
Identify any emission reductions provided by the proposed project.	<b><u>E5</u></b>	<u>Documented:</u> LA Metro Application, Page 43.
Explain how the project improves connections among the transportation modes.	<b><u>E6</u></b>	<u>Documented:</u> LA Metro Application, Page 43.
Identify the project benefits to the affected community transportation system and provide an explanation whether this project enhances adjacent transportation facilities.	<b><u>E7</u></b>	<u>Documented:</u> LA Metro Application, Pages 33-38 and Caltrans Review of LA Metro AB 1467 Application, Dated July 18, 2008.
Explain whether the proposed project will enhance the state’s economic development efforts.	<b><u>E8</u></b>	<u>Documented:</u> LA Metro Application, Pages 44-45.
Explain if the project is critical to attracting or maintaining competitive industries and businesses to the region, consistent with state objectives.	<b><u>E9</u></b>	<u>Documented:</u> LA Metro Application, Pages 45-46.

<b>Description of Required Documentation for Submission</b>	<b>Ref.</b>	<b>Review Notes</b>
Explain whether the regional agency governing body has taken action to approve this proposal and whether local impacts have been addressed. Provide the Board or other resolution to document the action taken.	<b>E10</b>	<u>Documented:</u> LA Metro Application, Page 46.
Explain whether this project will bring a significant transportation and economic benefit to the community, the region, and/or the state.	<b>E11</b>	<u>Documented:</u> LA Metro Application, Pages 46-47.
Describe any ancillary benefits to the communities because of the project.	<b>E12</b>	<u>Documented:</u> LA Metro Application, Page 47.
Explain the extent of support or opposition for the project. Explain the national and regional transportation issues and needs, as well as the impacts this project may have on those needs.	<b>E13</b>	<u>Documented:</u> LA Metro Application, Pages 47-48 and Appendix H.
Describe any plans intended to work with the community. List the affected local jurisdictions and provide clear written statements of the extent of support for the project from all affected local jurisdictions, if available. Describe any environmental justice issues or concerns.	<b>E14</b>	<u>Documented:</u> LA Metro Application, Pages 48-56.

**PART F – PERFORMANCE MEASURES**

<b>Description of Required Documentation for Submission</b>	<b>Ref.</b>	<b>Review Notes</b>
Describe the Regional Transportation Agency’s performance measures used to track and report annually on the following:	<b>F1</b>	<u>Documented:</u> LA Metro Application, Pages 57-58.
Safety		<u>Documented:</u> LA Metro Application, Pages 57-58.
Mobility		<u>Documented:</u> LA Metro Application, Pages 57-58.
Accessibility		<u>Documented:</u> LA Metro Application, Pages 57-58.
Reliability		<u>Documented:</u> LA Metro Application, Pages 57-58.
Productivity		<u>Documented:</u> LA Metro Application, Pages 57-58.
System Preservation		<u>Documented:</u> LA Metro Application, Pages 57-58.
Return on investment/Lifecycle Cost		<u>Documented:</u> LA Metro Application, Pages 57-58.
Emission Reduction	<u>Documented:</u> LA Metro Application, Pages 57-58.	

## II. Secondary Evaluation and Project Eligibility Criteria

The following criteria are to be completed only if the project team is known. Where a project team is not known given the stage of the project, this secondary evaluation and eligibility criteria is not required.

Description of Required Documentation for Submission	Ref.	Review Notes
Describe the team's qualifications and experience.	<b><u>G1</u></b>	<u>Documented:</u> LA Metro Application, Pages 59-60.
Describe the extent of experience with similar infrastructure projects.	<b><u>G2</u></b>	<u>Documented:</u> LA Metro Application, Pages 60-61.
Provide a description of the team's ability to perform work.	<b><u>G3</u></b>	<u>Documented:</u> LA Metro Application, Page 61.
Describe the leadership structure.	<b><u>G4</u></b>	<u>Documented:</u> LA Metro Application, Pages 61-62.
Provide a description/background relative to the Project Manager's experience.	<b><u>G5</u></b>	<u>Documented:</u> LA Metro Application, Page 62.
Describe the anticipated management approach for this project.	<b><u>G6</u></b>	<u>Documented:</u> LA Metro Application, Page 62.
Describe the planned public involvement strategy.	<b><u>G7</u></b>	<u>Documented:</u> LA Metro Application, Page 62.

**DEPARTMENT OF TRANSPORTATION****DISTRICT 7**

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*Flex your power!  
Be energy efficient!*

July 18, 2008

John Barna  
Executive Director  
California Transportation Commission  
1120 N Street  
Room 2221 (MS-52)  
Sacramento, CA 95814

**Caltrans District 7 Letter of Support of the Los Angeles County Metropolitan Transportation Authority Los Angeles Region Fast Lanes Project AB 1467 Application**

Dear Mr. Barna:

The California Department of Transportation, District 7 (Department), is pleased to support the Los Angeles County Metropolitan Transportation Authority's (METRO) Assembly Bill 1467 application to the California Transportation Commission (CTC) for the Los Angeles Region Fast Lanes Project.

This application, developed in cooperation with the Department, requests the determination of eligibility, pursuant to the CTC's AB 1467 guidelines, to implement a High Occupancy Toll (HOT) project, heretofore referred to as Fast Lanes, in Los Angeles County and to forward that request to the state legislature for the enactment of statutory authority.

Caltrans District 7 has prepared a draft Project Study Report for this project, which is included in Appendix G of the METRO application. This draft Project Study Report (PSR) recommends that the Los Angeles Region Fast Lanes Project be programmed and proceed to the Project Approval and Environmental Document phase.

The Department has analyzed the Los Angeles Region Fast Lanes Project and has summarized the issues below:

**Project Eligibility**

The Department has determined that the Los Angeles Region Fast Lanes Project is consistent with the established standards, requirements, and limitations that apply to those facilities in Sections 149, 149.1, 149.3, 149.4, 149.5, 149.6 and 149.7 of the Streets and Highways Code. Examples of that compatibility include:

- o The Los Angeles Region's High Occupancy Vehicle (HOV) Lanes were built by the Department pursuant to Section 149. METRO will operate a congestion pricing program on the four corridors.
- o METRO and the Department will develop a concept of operations for the project.

- The Fast Lanes are planned to operate at a minimum of 45 miles per hour which corresponds to Level of Service (LOS) C.
- Operational parameters (i.e., operating hours, who will be charged, etc) of the proposed project will be determined at a later date through additional technical analysis.
- METRO will execute a Letter of Understanding with the Department that will identify their respective roles and obligations in connection with the development, implementation, operation and maintenance of the proposed project.
- METRO and the California Highway Patrol (CHP) will execute a Letter of Understanding that will identify their respective roles and obligations in connection with the development and implementation of the enforcement characteristics and delivery of law enforcement services for the proposed project.
- Toll revenues will be available to METRO for expenses related to the operation (including collection and enforcement), maintenance, and administration of the congestion pricing program. Reimbursement for related planning and administrative costs for the operation of the congestion pricing project/program will not exceed three (3) percent of the revenues, without prior METRO Board approval. A Toll Advisory Committee will be formed and will have representatives from METRO and the Department.
- Remaining toll revenues will be re-invested within the corridor for transportation improvements, such as, but not limited to, transit, rail and vanpool operations/ support, 511 and for other eligible operating and capital projects pursuant to an expenditure plan adopted by the METRO Board.

#### **Cooperation and Consistency with State Highway System Requirements**

The Department also has determined the project to be consistent with State Highway System requirements. METRO, in partnership with the Department, will conduct a system evaluation of this project to track its implementation, procurement processes, institutional issues and system performance and determine the success/lessons learned of the project.

As District 7 Director, I attended the METRO Board meetings noted below and am an ex-officio member of the METRO board.

The METRO Board of Directors has acted to support innovative congestion-reduction initiatives. In June 2007, the METRO Board of Directors approved a motion to develop a system-wide congestion pricing operating plan for implementing congestion pricing in Los Angeles County by the Year 2010. In September 2007, the METRO Board approved the formation of an Ad-Hoc Congestion Pricing Committee, which is comprised of members from the METRO Board of Directors and the District Director of Caltrans- District 7, to provide policy guidance and recommendations to the METRO Board of Directors for implementing congestion pricing in Los Angeles County.

In November 2007, the METRO Board of Directors approved the submittal of the Los Angeles Region Congestion-Reduction Demonstration Initiative proposal to the United States Department of Transportation (USDOT).

In partnership with its state and local transportation partners, METRO submitted the Los Angeles Region Congestion-Reduction Demonstration Initiative proposal to USDOT in December 2007. The key element of the proposal focuses on the conversion of existing HOV lanes to HOT lanes.

In March 2008, METRO submitted to the CTC its application for its Congestion Pricing Demonstration Program for consideration, pursuant to AB 1467 program criteria.

In April, METRO and its partners learned that Los Angeles had been awarded a \$213.6 million grant from the USDOT for its Congestion-Reduction Demonstration Initiative proposal. METRO has since been informed by USDOT that the amount of the award has been reduced to \$210.6 million. Subsequently, METRO and the Department executed the Memorandum of Understanding with USDOT on April 25, 2008. The MOU establishes certain conditions that must be met before USDOT will disburse the funding made available by the grant. One of these conditions is that METRO and the Department be granted the legislative authority to toll, prior to October 15, 2008.

Subsequent to the execution of the MOU, and based on additional analysis of the proposed corridors comprising the program, it was proposed to designate the I-110 Transitway as a higher priority implementation corridor for HOT lane conversion over the I-210 corridor. The METRO Board will consider a change in the near-term focus from I-210 to I-110 at their July 24, 2008 meeting.

Contingent upon Metro Board approval, the parties would execute an amended MOU following the July CTC meeting, which would reflect the following proposed changes:

- The conversion of the I-110 Transitway will be implemented prior to the I-210 Corridor.
- The enactment of legal authority for the conversion of HOV lanes to HOT lanes, as a condition of funding, will be required for the I-10 and I-110 only, instead of all three corridors
- The requirement that HOV2 (carpools with two occupants) will not be charged a fee less than SOVs to access the HOT lanes will not apply to the I-110 corridor.

Once the Los Angeles Region Fast Lanes Project is approved by the California Transportation Commission (CTC) through its determination of eligibility per the adopted AB 1467 guidelines; a request will be submitted to the state legislature to enact legislative authority granting tolling authority to Los Angeles.

METRO, in cooperation with Caltrans District 7, plans to initiate the Fast Lanes Project environmental phase as early as July 2008.

#### **State Highway System Compatibility and HOT Lane Viability**

Los Angeles County currently has 485 lane-miles of operational HOV facilities, or 36% of the total 1320 HOV lane miles in the State of California. There are currently 29 lane- miles under construction and 210 lanes miles in design/planning. On average, each HOV facility in Los Angeles County carries 1350 vehicles per hour or 3200 people per hour, during peak hours. These volumes well exceed the minimum expected volume of 800 vehicles per hour or 1800 people per hour, as specified in the Department's *HOV Guidelines for Planning, Design, and*

**Operations.** On average, the person-trip volume of an HOV lane is two (2) times greater than that of a mixed-flow lane during peak hours.

Perhaps the most serious challenge Los Angeles County HOV lanes face is that they are now so successful that they are experiencing congestion on many segments. At this time, several HOV lanes in Los Angeles County have exceeded or are close to reaching a maximum desirable operating capacity, including the I-10 and I-210 corridors. To ensure these lanes continue to be effective, the region must find ways to better manage traffic flow. One of the options is to implement demonstrated travel demand management concepts such as congestion pricing.

As technical studies have proceeded, the I-110 corridor has emerged as an important congestion pricing demonstration opportunity. The HOV lanes have capacity of up to 1800 vehicles per hour; however, this capacity is only approached at the peak of the morning rush. Pricing of the HOV lanes, coupled with transit enhancements and other complementary improvements, will help to spread out peak traffic, maintaining improved operating conditions and reliability.

If METRO, in partnership with the Department, does not implement the HOT lanes, then the HOV lanes in these corridors, which are operating at or beyond their practical capacity during the peak hours, would no longer provide the travel time advantage needed to encourage greater system productivity, higher order of HOV formation, or mode shift to bus and/or rail transit.

The implementation of this project will require minimal physical alteration to the roadway, and will not require the widening of the freeway(s). Toll collection equipment, enforcement equipment, communication systems, signing and striping will be added to the existing HOV lanes in those corridors. It is planned that a Negative Declaration/Finding of No Significant Impact (FONSI) environmental document will be prepared for each separate corridor.

### **Project Proposal**

The Project proposes the conversion of existing High Occupancy Vehicle (HOV) lanes to High Occupancy Toll (HOT) lanes along Interstate 10 (El Monte Busway), Interstate 110 (Harbor Freeway Transitway), and Interstate 210 (from Interstate 605 to Interstate 710) as part of a first phase. A second phase would include the conversion of HOV lanes to HOT lanes on three major freeway corridors east of Interstate 605 to the San Bernardino County line. These corridors are State Route 60 (under construction), Interstate 10 (in design), and Interstate 210 (existing). The Fast Lanes Project is to be implemented in two operating segments. The City of Los Angeles downtown Los Angeles Intelligent Parking Management Program is the linkage amongst the four corridors.

### **Network of Toll Facilities**

The proposal is based on a system approach to the implementation of HOT lanes, currently focused on major east-west or north-south high demand corridors. The system of HOT lanes will leverage against existing or proposed transit and rail systems/services; and vanpool programs within those corridors. The Los Angeles Region Fast Lanes Project proposal has been developed to be compatible with and provide connectivity to existing and proposed toll

facilities and technology in Southern California such as the I-15 managed lanes in San Diego, SR-91 Express Lanes in Orange County and the Orange County Toll Roads (SR-73/133/241/261). Note: Riverside and San Bernardino Counties are investigating toll options as well.

The design of the electronic toll collection system will be compatible with the other systems deployed in California utilizing FastTrak transponder technology.

### **Roles and Responsibilities**

The environmental phase will be led by the Department and will include all work related with the implementation and operation of the Fast Lanes. Work will include, but not be limited to, road work, signing, striping, toll equipment design and installation, operational characteristics, toll systems, communications, etc.

The design and construction phase is currently contemplated to be procured through a contract with a tolling specialist contractor. Said contract may also include toll collection and operational responsibilities as well. Discussions are ongoing with METRO to have METRO procure this contract with the Department providing technical oversight.

The operations and maintenance phases of the tolling equipment will be led by METRO, which includes the procurement of a system operator.

The Department and METRO will develop an agreement that will detail their respective roles and responsibilities for the project. Both agencies have executed several similar agreements in the past for other highway and transit projects. It is planned to use a similar model to undertake the Fast Lanes Project.

Early in the planning and implementation process, METRO, in partnership with the Department, will establish an organization and management plan. This plan will evolve and will be updated periodically as the project moves toward implementation. Reference is made to the draft organization chart in Appendix C of the application which outlines METRO and Department planned roles and responsibilities.

### **Use of Toll Revenue**

METRO plans to use regional, state and federal funds for the capital costs of the project. Toll revenues will be used first for expenses related to the operation (including collection and enforcement), maintenance, and administration of the congestion pricing program.

Net toll proceeds will be used for a variety of complementary transit/rail/vanpool services and the adaptation of new transportation technologies would be deployed to optimize the operational performance of the overall transportation system. These may include expanding Bus Rapid Transit (BRT) and express bus services in these corridors, implementing an intelligent parking management system in the downtown of the City of Los Angeles, and expanding and promoting vanpools and transit by providing incentives.

### **Maintenance and Operation Agreements**

The Department will continue to be the owner/operator of the roadway facility; METRO will assume the toll operation responsibility for the toll facility. It is anticipated that the operation of the toll facility will be contracted out by METRO to a qualified system contractor/operator.

METRO will be responsible for the operations and maintenance of the tolling equipment, which includes the procurement services of a toll system operator.

The Department will be responsible for the maintenance of the roadway facility as defined in the future maintenance agreement between the parties.

Metro, through its system operator, will be responsible for the operations of the toll facilities and the collection and enforcement of the toll revenues, maintenance of the tolling infrastructure/features, customer service and account management, and related duties.

An operating plan will be further developed during the design phase of this project.

### **Cost/Benefit Analysis**

It is expected that the Fast Lanes Project, which includes transit/rail/vanpool related services and other travel demand strategies along the proposed corridors will result in improved operational performance, mainly due to driver behavioral shifts, without negatively impacting the general purpose lanes. These shifts would need to result in a combined net benefit for highway and transit users for the priced managed lanes to be deemed worthwhile by the public and result in growing acceptance.

*Caltrans has performed a preliminary analysis based on its Cal B/C model and has determined that the Fast Lanes Project's benefit/cost (B/C) ratio is 7.7 and the rate of return is approximately 50 percent. This analysis is summarized in Table 5 and detailed by corridor in Appendix F of the METRO application.*

### **Caltrans PSR**

The Department has prepared a draft Project Study Report for this project, which is included in Appendix G of the METRO application. It is recommended that this project be programmed, and proceed to the Project Approval and Environmental Document (PA/ED) phase. A project report will serve as approval of the "selected" alternative.

This is a HB5 Program project and has been assigned the Project Development Category 4A.

### **HOT Lanes**

The goal of the High Occupancy Toll (HOT) Lanes is better utilization of a freeway's capacity and a reduction of delays related to congestion. HOT Lanes achieve this through its demand management attributes by encouraging modal shift, movement into higher orders of carpools or vanpools, or shifting travel to another time. HOT Lanes achieve congestion reduction by

permitting a controlled or managed number of additional vehicles on the freeway to use the HOV lane, to the point that capacity is available and overall performance of the lane is not substantially affected. The adjustable toll rates in the HOT Lanes provide the mechanism to manage the overall number of cars that can use the lane while still maintaining an acceptable Level of Service (LOS).

The existing HOV lane on the proposed project for all four routes for both operating segments would be converted to a HOT Lane facility. A combination of electronic toll collection and enhanced highway patrol enforcement will assure an acceptable level of compliance by HOT Lane users. The HOT Lanes system components could be adjusted as changes in traffic and economic conditions warrant. The recommended separation between the HOT Lane and the adjacent mixed-flow lanes is a buffer zone delineated by solid striping. Ingress and egress to the Fast Lanes will not be continuous and limited to those specific points which will be determined by detailed operational analysis. No additional widening of the freeway traveled lanes is required to accommodate the addition of the Fast Lanes. Enhancements of transit/rail and vanpool services are complimentary strategies that are critical to the success of the project.

The roadway construction components of the Fast Lanes Project include striping, signing and installation of the Electronic Toll Collection System (ETCS).

Ingress and egress to the Fast Lanes will not be continuous and limited to those specific points of access which will be determined by detailed operational analysis. No additional widening of the freeway traveled lanes is required to accommodate the addition of the Fast Lanes.

It is anticipated that there will be additional non-standard design features associated with the implementation of the ETCS and physical HOT lanes. The Department will coordinate with the Federal Highway Administration to address any non-standard design features through existing approval procedures.

#### **Tolling Facilities**

The Los Angeles Region Fast Lanes Project will use a similar technology as used by the 91 Express Lanes and toll roads in Orange County; and San Diego Association of Governments (SANDAG) on its Interstate 15 Managed Lanes corridor. METRO anticipates using dedicated short range communications (DSRC) equipment, including the Title 21 FasTrak transponders and readers that are standard by law in California, to collect tolls electronically on the Fast Lanes Project.

Antennas mounted on overhead gantries along the corridors will read the transponders and send the information to a reader for further transmission via the lane controller to the toll operations administration office. Additional equipment to be installed along the lanes will include automatic vehicle detection (AVD) to identify the presence of a vehicle and violation enforcement system (VES) to take an image of vehicles that are not authorized to travel on the Express Lanes.

### **Tolls**

Tolls would be dynamically priced to maintain a minimum speed of 45 mile per hour, which corresponds to Level of Service (LOS) C in the Fast Lanes.

Further analysis of available technology and enforcement strategies may modify this proposed concept of operations for tolling of Single Occupant Vehicles (SOV) and HOV 2's.

Currently, it is anticipated that HOV3+ vehicles would be exempt from the toll on all corridors. However, further analysis of the traffic demand of each corridor will determine the specific concept of operations as it relates to occupancy tolling.

In accordance with the current agreement with USDOT, HOV2 will not be charged less than SOVs to access the Fast Lanes, except for the I-110, where HOV2s may be allowed access for no fee.

Transit, emergency vehicles and motorcycles would be exempt.

There is a consideration to toll hybrids, however, that will be dependent on any proposed changes in existing state law regarding use of hybrids on HOV lanes.

### **Signage**

Toll gantries and overhead signs are anticipated to be placed in the median barrier or in another location so as not to disrupt traffic flow or rail operations within the median of I-10, SR-60, I-110 and I-210. The existing HOV buffers will also be used for the Fast Lanes. Signs will be placed so that both the general purpose lane driver and the Fast Lanes driver can see them and make a decision to enter or exit the Fast Lane. All sign structures will be installed within the existing freeway facility.

### **Costs and Revenues**

METRO and its consulting engineer have estimated the following costs and revenues:

- o Capital Costs are estimated at \$44.3 million for Operating Segment 1 and \$74.8 million for Operating Segment 2, for a total of \$119.1 million, escalated to midyear of construction at 3.0% per year.
- o Annual Operations and Maintenance costs are estimated at \$20.5 million in Year 2010 and \$33.2 million in Year 2012.
- o With the implementation of Operating Segment 1, the first year (2010) estimated revenues are \$85.8 million. With the implementation of Operating Segment 2, Year 2012 revenues are estimated at \$159.1 million.

### **Schedule**

Operating Segment 1 of the proposed project is anticipated to be ready to advertise for bid in December 2009 with construction estimated to be completed by December 2010. Operating Segment 2 of the proposed project is anticipated to be ready to advertise for bid in December 2011 with construction estimated to be completed by December 2012

### **Engineering Challenges**

**Design Features:** The project may reduce the existing roadway design features and require non-standard approvals, such as lane widths, horizontal clearance and vertical clearance associated with the implementation of the ETCS. If new non-standard design features need to be included in the project, an exception to mandatory design standards will be requested and the appropriate existing exception process will be followed.

This HOT lane conversion could be potentially considered by FHWA as a significant change to the original HOV lane and all previously-approved exceptions to mandatory design standards will be required to be re-submitted for review and re-approval. Many of the existing HOV lanes have non-standard lane widths, left shoulder widths less than 10 feet, so they do not meet the standards of lane and shoulder widths and horizontal clearance.

The change in use of HOV lanes, such as hours of use, generally does not require Federal approval. However, the authority of SOVs to use the Fast Lanes is considered an operational change and FHWA concurrence will be coordinated through the environmental phase.

**Barrier Separation:** A barrier-separated facility is highly desired that would separate the Fast Lanes from the adjacent mixed-flow lanes by a physical barrier such as a concrete barrier in the buffer zone. This alternative is more effective to deter lane crossing and toll evasion compared to the alternative that only utilizes solid stripes. However, this alternative was rejected due to the high capital cost to construct the widened freeway that would allow construction of a sufficiently wide buffer zone for the physical barrier and standard shoulders and the lack of flexibility to be able to easily modify the layout of the HOT lanes facility. The feasibility of utilizing pylons in the buffer area will be evaluated during the design phase.

**Right-of-Way Issues:** The existing HOV lanes on Interstate 210 and Interstate 10 are next to an operational rail facility. Due to this right-of-way constraint, some new sign posts design may require encroachment into the narrow left shoulder instead of engaging in the long process to acquire right-of-way from the railroad companies. If this happens, an exception to mandatory design standards will be requested. Right-of-Way issues are not present on Interstate 110.

**Communications System:** The discussed alternative has yet to determine the means of communications for the Electronic Toll Collection System. The two scenarios involve either using two T1 telephone lines or using the Department's fiber optic communication system facility for communications. While the T1 alternative appears to be a significantly lower cost alternative, further technical analysis of the two alternatives and the need for communication system redundancy will be conducted in the design phase to determine the most appropriate communication system strategy.

**Cost Estimate:** The overall cost estimate for the Report differs from METRO's Los Angeles Region Fast Lanes Projects AB 1467 application. The Department referenced the cost estimate from METRO's Application in creating the construction and support cost estimates in the draft PSR. Traffic Control and Toll System costs were adjusted per Caltrans' current costs and practices for communications, electrical, and equipment installations. Toll equipment costs, operating, and program costs were not changed from the application except for overall cost percentages.

### **Regional Transportation Plan (RTP) Listing**

The concept of congestion pricing is supported in the SCAG Draft 2008 Regional Transportation Plan (RTP), recently released METRO Draft 2008 Long Range Transportation Plan (LRTP) and the Department's Traffic Operations Business Plan. The METRO Draft 2008 LRTP includes policies that advocate and support the implementation of incentives and disincentives to encourage alternatives to driving alone, including congestion pricing/toll lanes or other roadway pricing options.

Once the Los Angeles Region Fast Lanes Project has been determined to be eligible under AB1467 and securing state legislative authority for tolling, it will be amended into METRO LRTP, SCAG RTP and Metro/SCAG Regional Transportation Improvement Program (TIP), California Transportation Commission's State TIP and the Federal TIP.

### **Public Benefits**

An extensive public outreach program with stakeholder outreach, a multi-agency taskforce, and public meetings are necessary for the success and acceptance of the Los Angeles Region Fast Lanes Project.

The Fast Lanes Project is implemented as a travel demand strategy to provide congestion relief rather than a revenue generator. The net toll proceeds will be utilized to provide improved and enhanced transit/rail and vanpool services. They will be communicated to the public and implemented as a congestion management tool first and a source of revenue second.

The Fast Lanes project will provide trip reliability and improve travel times through the corridor. This will help to improve air quality in the region.

Described below is METRO'S organizational structure to communicate and help implement the Express Lanes program:

- Ad-Hoc Congestion Pricing Committee
- Transportation Agency Advisory Group
- Community Advisory Groups
- Congestion Pricing Program Manager – Stephanie Wiggins (213) 922-1023.
- A general Metro information phone line (213) 922-4200.
- An e-mail address ([congestionreduction@metro.net](mailto:congestionreduction@metro.net)) for communication purposes.
- A Metro web site on Congestion Reduction Choices ([http://www.metro.net/projects\\_programs/congestion\\_reduction/congestion\\_reduction.htm](http://www.metro.net/projects_programs/congestion_reduction/congestion_reduction.htm))

### **Conclusion**

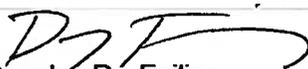
METRO's Los Angeles Fast Lanes Project application is consistent with the Department's mission and other regional priorities. METRO has acknowledged the need for additional legislation to implement this project. While the Department staff has identified a number of challenges in developing this project, none of these issues constitutes a fatal flaw.

John Barna  
July 18, 2008  
Page 11

Therefore, the Department finds that the Los Angeles Fast Lanes Project application is consistent, in concept, with state highway system requirements, and is in compliance with applicable state and federal laws and regulations except as described in this letter. Also, the Department is committed to working with METRO to ensure that the Los Angeles Fast Lanes Project is technically consistent with state highway system requirements, and will coordinate with METRO to ensure that the Los Angeles Fast Lanes Project is developed, designed, maintained and operated consistent with the requirements set forth in the Streets and Highways Code.

Sincerely,

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Douglas R. Failing  
District Director  
District 7

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Cc: Roger Snoble, CEO, METRO



**California Transportation Commission (CTC)**

**FINANCIAL ANALYSIS OF PUBLIC  
PARTNERSHIP HIGH OCCUPANCY TOLL  
(HOT) LANE PROJECT PROPOSALS**

**FINDINGS**

July 9, 2008

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## Overview

This draft report summarizes the main findings of System Metrics Group, Inc. in association with Jeffrey A. Parker & Associates and Aldaron, Inc. (the “Consultant Team”) in evaluating the eligibility, from the standpoint of financial feasibility, of the application filed by the Los Angeles County Metropolitan Transportation Authority (LACMTA) in seeking legislative authority to convert existing High-Occupancy Vehicle Lanes (“HOV Lanes”) into High-Occupancy Toll Lanes (“HOT Lanes”) along Interstate 110 (Harbor Transitway), Interstate 210, Interstate 10 and State Route 60. LACMTA’s application was filed in accordance with Assembly Bill (AB) 1467 and California Transportation Commission (CTC) HOT Lane guidelines promulgated pursuant to AB1467. The CTC guidelines specify numerous eligibility criteria, one of which is “Financial Feasibility.”

LACMTA’s application contains preliminary forecasts that must be viewed as being subject to refinement during later stages of project development. Accordingly, our finding of financial feasibility is based on a level of due diligence that is appropriate and possible given the technical analyses that have been performed to-date.

Based on the submitted data, the LACMTA’s HOV-to-HOT conversion project appears to be financially feasible. The Project does not entail any new lane construction, which keeps initial capital costs under \$120m<sup>1</sup>. The largest yearly cost for the Project comes from Operations and Maintenance expenses, which vary between 22% and 28% of annual revenues over the 2010-2049 period<sup>2</sup>. Operating subsidies to the complementary mass transit system expansions/enhancements are expected to account for a further 11% to 20% per annum of the HOT lane revenues. The HOT lane Project is preliminarily forecast by LACMTA to generate significant excess cash flows, averaging \$107m in net revenues per year (2010 dollars), which in part could be used to support capital investments in the complimentary mass transit. Finally, LACMTA indicates that it intends to use funding from a USDOT Congestion Pricing grant to support the Project’s capital costs.

This report is comprised of five sections:

1. Review of Application Completeness;
2. Assessment of Project Objectives;
3. Review of Financial Plan and Model;
4. Findings and Conclusions
5. Appendix

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<sup>1</sup> This figure does not take into account the capital expenditure associated with the new transit service enhancements that may be necessary to achieve stated operational and congestion relief goals..

<sup>2</sup> The Appendix the end of this report summarizes the projected costs and revenues for the HOV-to-HOT lane conversion. To assure consistency, for this feasibility analysis, all cost and revenue estimates in the application were converted to \$2010 using an inflation assumption of 3%. This leads to slightly more favorable results than those shown in Table 3 (p.26) of the application.

## 1. Review of Application Completeness

The Consultant Team screened the applicant's proposal and determined that the financial-related elements required under Sections D1 – 11, of AB 1467 were submitted. A review of each element follows in the sections 2 through 4.

Under AB 1467, each proposal must contain the following elements:

<p><b>D 1:</b> Provide information relative to the project financial plan and feasibility.</p>	<p>Application Part D; Appendix B, Cost and revenue Estimates; Appendix G, Project Study report.</p>
<p><b>D 2:</b> Document a financial plan and financial guarantees which will allow for access to the necessary capital to finance the facility.</p>	<p>Appendix B, Cost and revenue Estimates.  At this time no financial guarantees are anticipated to be required for the project.</p>
<p><b>D 3:</b> Provide evidence of the proposer's ability and commitment to provide sufficient equity in the project as well as the ability to obtain the other necessary financing.</p>	<p>LACMTA indicates in its application that it intends to use funding from a USDOT Congestion Pricing grant for the Project's capital costs.  To obtain Federal funding the local partners must certify that they have secured \$110m in local funds for the HOV to HOT conversions by no later than September 30, 2008. In application for eligibility the LACMTA indicates that these funds will come from local budgetary sources or toll revenue bonds. Based on the preliminary information provided, the HOT lane revenues will provide sufficient bonding capacity to raise the \$110m required under the federal application.</p>
<p><b>D 4:</b> Explain how shortfalls will be funded if revenues do not meet projections.</p>	<p>Revenues are substantially greater than costs attributable to HOT lanes. Project is expected to generate enough revenues for HOT conversion and HOT lanes O&amp;M even if revenues do not meet projections.</p>
<p><b>D 5:</b> Explain how the financial plan demonstrates a reasonable basis for funding project development and operations.</p>	<p>Appendix B, Cost and revenue Estimates.</p>
<p><b>D 6:</b> If, applicable, describe the nature and amount of the</p>	<p>To qualify for the USDOT congestion relief grant, the proposer must demonstrate the availability of some</p>

proposer's financial contribution to the project.	\$110m by September 2008.
<b>D 7:</b> Describe how the estimated cost of the facility is reasonable in relation to the cost of similar projects through a cost/benefit analysis.	Table 5, B/C Calculations; Appendix F, B/C input sheets.  Appendix D (Table 9) – Express lane comparisons.
<b>D 8:</b> Provide an analysis of the projected rate of return and life cycle cost estimate of the proposed project and/or facility.	Table 5, B/C Calculations; Appendix F, B/C input sheets.
<b>D 9:</b> Explain how the financial information submitted is sufficient to determine the financial capability to fulfill the obligations described in the project application.	Application Part D; Appendix B, Cost and revenue Estimates; Appendix G, Project Study report.
<b>D 10:</b> Identify the proposed ownership arrangements for each phase of the project and indicate assumptions on legal liabilities and responsibilities during each phase of the project.	Application Part D explains the roles of LACMTA and California Department of Transport District 7.
<b>D 11:</b> Describe the extent that adequate and transparent procurement policies have been adopted to maximize competitive bidding opportunities for potential contractors and suppliers.	Procurement to be done “in accordance with state and local requirements”.

## 2. Assessment of Project Objectives

LACMTA is seeking legislative approval to convert existing HOV Lanes into HOT Lanes along the I-10, I-110, I-210 and SR-60 corridors. The Project is to be developed in two stages:

- Phase one, to be completed by 2010, consists of converting HOV to HOT lanes on I-10 from Alameda St/Union Station to I605 (28 lane miles), I-110 from 182<sup>nd</sup>/Artesia Transit center to Adams Blvd (33 lane miles), and I-210 from I-210/SR 134 to I605 (24 lane miles).
- Phase two, to be completed by 2012, would convert HOV to HOT lanes on I-10 from SR 57 to the San Bernardino County Line (12 lane miles), I-10 from I-605 to SR 57 (in design, 18 lane miles), I-210 from I-605 to the San Bernardino County Line (30 lane miles), SR 60 from Brea Canyon to the San Bernardino County Line (16 lane miles), and SR 60 from I-605 to the Brea canyon (under construction, 22 lane miles).

The HOV-to-HOT lane conversion is to be accompanied by a mass transit improvement program, designed to ensure that functional capacity along the targeted corridors is not reduced. The transit expansion includes extra bus, rail and van transfer services, as well as improved parking for commuters. The LACMTA plans to fund the capital expenditure for the transit expansion from a \$233m USDOT congestion pricing grant, while any gaps in operations and maintenance funding for the additional services are to be covered from HOT revenue subsidies. In addition, the HOT lanes are forecast by LACMTA to have significant net revenues. This feasibility report reviews some of the requirements for the LACMTA to obtain Federal grant funding, but in-depth evaluation of the USDOT application and its prospects are not within the scope of these findings.

### 2.1 Project Rationale

The Project is part of a broad three pronged approach to alleviate congestion in the Los Angeles Metropolitan Area by changing commuter behavior, using active traffic management technologies and enhancing local mass transit services<sup>3</sup>. Tolling existing HOV lanes is expected to contribute to these objectives in a number of ways:

- Encourage more commuters to carpool;
- Raise additional revenues which can be used to cross subsidize additional public transport on the corridor;

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<sup>3</sup> To achieve the broader goals of traffic relief LACMTA will collaborate with the California Department of Transportation District 7 ("The Department"), the City of Los Angeles, the County of Los Angeles, the Southern California Association of Governments (SCAG), the San Gabriel Valley Council of Governments, the South Bay Cities Council of Governments, the Southern California Regional Rail Authority, Foothill Transit, the City of Torrance (Torrance Transit), the City of Gardena (Gardena Municipal Bus Lines) and the California Partners for Advanced transit and Highways (PATH) of UC Berkley.

- Ensure the existing HOV-2 lanes do not get overly congested. Maintaining traffic free flow is important for operating effective bus and / or van pool services along the corridor.

## **2.2 Operational Dependencies**

The Los Angeles Express Lane application recognizes that its contents reflect planning stage projections and conclusions. The application states that there is a need for, and the intent to conduct detailed operational analysis before full implementation. Therefore, the financial eligibility discussions in this report may change if data presented in the application change after further analysis. However, it is not expected that such changes would alter the overall conclusions of the report.

Overall corridor performance depends on many of the projections defined in the application. Mixed flow, Express lane, and corridor arterial performance depend to a large extent on the ability to attract the projected new transit riders, operational management of ingress and egress traffic into and out of Express lanes, and payment verification and enforcement.

Metro and Caltrans recognize these potential challenges and do not intend to diminish overall corridor performance. The agencies have therefore embarked on a study with the assistance of outside consultants to develop a detailed Concept of Operations report to address corridor performance challenges. The agencies will rely on extensive modeling, including travel demand modeling for mode split projections and traffic diversion and the use of operations-sensitive micro-simulation models to add the needed operational details for the Express Lane implementation.

## **2.3 Benefit / Cost Analysis**

The current B/C ratio of 7.7 seems to justify the project, but no in depth evaluation can be performed given the limited information in the LACMTA application.

## **3. Review of Financial Plan and Model**

A cost and revenue estimate (Appendix B), was submitted as proof of financial feasibility. The level of detail in Appendix B is reflective of the preliminary stage of the Project.

The LACMTA plans to finance the capital expenditure for the project upfront from Federal and local sources/project debt. The Project is then self-funding, and expected to generate excess cash in every year of operation.

### 3.1 Financial Model Assumptions

#### A. Funding Sources

Toll revenues are expected to be the main source of funding for the Project. For existing segments traffic forecasts were derived from historic HOV ridership data. For the two segments of I-10 and SR 60 on which construction is not complete (I-10 from I-605 to SR 57 and SR 60 from I-605 to the Brea canyon), data from the operational I-10 and SR 60 HOV lanes was used.

The main traffic and revenue assumptions of the forecasting model are:

- a) Traffic changes from HOV to HOT lanes conversion:
  - i. Total traffic, compared to current HOV lane levels is assumed to rise by 33%.
  - ii. Number of HOV 2 vehicles will decrease by 16%, reflecting the response to the toll rates.
  - iii. Number of HOV 3, HOV 4, Transit, Exempt and Hybrid vehicles will stay the same.
  - iv. Single occupant vehicles represent 25% of the total HOT lane traffic.
  - v. If volumes for a segment exceed 1800 vehicles per lane per hour, the number of SOV's is assumed to be lower to keep lanes at 1800 vehicles.
  - vi. Violators assumed to be 10% of traffic.
- b) Toll rates:
  - i. Single occupant vehicles (SOVs) would pay \$0.35 per mile on weekdays and \$0.15 on weekends.
  - ii. HOV-2's were assumed to pay 35% of the SOV rates (\$0.123 and \$0.053 per mile on weekdays and weekends, respectively).
  - iii. Hybrids were assumed to pay 15% of the SOV rates (\$0.053 and \$0.023 per mile on weekdays and weekends, respectively).
  - iv. HOV-3's were assumed to pay 15% of the SOV rates on parts of the corridor and ride free on others
  - v. All other vehicle types were assumed to ride free.
  - vi. Zero revenues factored in for violators.
- c) Revenue growth: 0.55% per year in real terms.

While LACMTA models a toll structure charging HOV-2's 35% of the single occupancy vehicle rate, the HOV-2 charge may have to be increased to comply with Federal requirements (see below). Higher HOV-2 tolls and a higher escalation rate for all tolls will likely result in increased revenues<sup>4</sup>.

There are a number of other risk factors relating to some traffic assumptions made by LACMTA. Some of these will be more fully addressed as LACMTA moves forward with a more robust forecasting effort. The work plan proposal submitted by LACMTA's

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<sup>4</sup> The precise effect of raising HOV-2 fees cannot be predicted without access to the full LACMTA traffic model. However, the sensitivity run provided in the LACMTA application Appendix B page xxxiv seems to indicate that raising tolls for HOV-2s will increase total revenues.

technical consultant <sup>5</sup> stated that “Experience has often demonstrated that managed lane projects—particularly HOT lanes providing HOV vehicles free access—generate lower cash flows than some project proponents had initially anticipated,<sup>6</sup>” and that LACMTA’s traffic and revenue forecasting model does not provide for value of time/willingness to pay trip segmentation, and further states that “the following two features, essential for congestion pricing studies, are missing from the existing regional models. We therefore include among our short-term model enhancements: Travel time/generalized cost equilibration...[and]... [p]eak spreading and time-of-day choice. Further it notes that “SCAG’s model exhibits a better highway validation than Metro’s<sup>7</sup>”. The preliminary traffic and revenue forecast also does not appear to contemplate a ramp-up period. It also indicates that if hybrids are not tolled, revenues will be decreased by only 1.2%<sup>8</sup> which may be aggressive given if current demand for such vehicles grows.

The acceptable range for maintaining free flow conditions (Level of Service “C”) is, according to Caltrans, between 1,100 to 1,600 vehicles per lane per hour. The 1,800<sup>9</sup> ceiling assumed for the Project is likely too high to maintain the required LOS-C rating in the HOT lanes. LACMTA does indicate that reducing the lane capacity to 16500 vphpl would only lower revenues by 4-7%. Assuming similar revenue elasticity, reducing capacity to the observed maximum usage of 1,400 vphpl on neighboring SR-91, revenues on the LACMTA lanes may be some 10-18% lower than that forecast in the base case. On the other hand, while reductions of capacity may adversely affect congestion, a full traffic and revenue study could reveal that such increased congestion actually increases or leaves constant the revenue depending on the demand elasticity identified<sup>10</sup>. Similarly, if shifts to other modes and to off-peak travel result in significant congestion relief, the revenue will be negatively affected, given demand pricing. Conversely, if revenues are insufficient to support all of the transit improvements anticipated, congestion pricing revenues will likely grow, further underscoring the feasibility of the HOT lanes themselves.

LACMTA has indicated that these risk factors appropriately will be more fully explored as LACMTA’s technical analysis and Federal application progress. Given the significant net revenues that were preliminarily forecast and the relatively low capital and operating costs of the HOT Lanes themselves, this level of uncertainty does not impact our feasibility finding, as indicated in section 2.2 of this report.

*Federal Funding.* On April 25, 2008 the US Department of Transport (DOT) designated Los Angeles, CA, as a Congestion Reduction Demonstration (“CRD”) Partner, following an agreement signed by the Department and its Los Angeles Partner Agencies: the

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<sup>5</sup> Parson Brinkerhoff, LA Metro Project Work Plan

<sup>6</sup> Ibid, p. G-36

<sup>7</sup> Ibid, p. G-49

<sup>8</sup> LACMTA application, p. xxxiii.

<sup>9</sup> Ibid, p. xxx.

<sup>10</sup> Congestion pricing studies on other projects such as I-595 in Florida have found that the revenue maximizing traffic scenario often arises from traffic levels below maximum throughput.

California Department of Transportation ("CALTRANS") and the Los Angeles County Metropolitan Transportation Authority ("Metro")<sup>11</sup>.

In its application, LACMTA indicated that it intends to fund 80% of the Project with the USDOT Congestion Pricing grant. The US DOT Grant amounts to \$233m, tied to a series of conditions outlined in the MOU between the USDOT and the partner agencies. These elements of risk with respect to Federal funding for transit capital improvements should be noted. The main requirements made by USDOT are:

- Two projects must be implemented in the LA metro region: the HOV to HOT conversion, and a complementary set of **mass transit improvements**<sup>12</sup>. The mass transit projects could include bus fleet acquisitions, park-and-ride facility improvements, or other transit-related activities. It should be noted that there do not seem to be clear deadlines or operational targets for the mass transit expansion program.
- Section 4(b) of the MOU states: "The HOT Lanes shall be in revenue operation by not later than December 31, 2010, unless otherwise agreed by the Department and the Partner Agencies. In the event of a **delay in implementation** of any HOT Lane due to circumstances *beyond the control of the Partner Agencies*, the Department may negotiate an extended completion date or exercise any of its remedies under the Grant Agreements." [Emphasis added.] In the event this deadline is missed AND USDOT declines to renegotiate this provision, LACMTA and its partners would need to provide up to \$213.6 million in State and local funding to fund the required transit capital improvements. Whether and how LACMTA and its partners could provide such funding is beyond the scope of this feasibility assessment.
- Similarly, 4(c)(i)(a.) of the MOU states: "all **legal authority** necessary to implement the Conversion (as defined), including, without limitation, legal authority to implement congestion pricing, has been duly adopted, which authority shall be duly adopted *not later than October 15, 2008*." [Emphasis added.] Presumably, one such authority required will be affirmative action by the California Legislature prior to the date specified. As is the case of the Section 4(b) deadline, should that deadline be missed and should USDOT decline to extend it, LACMTA and its partners would need to decide whether and how to proceed.
- The Partner agencies must certify that they have secured **\$110m in local funds** for the HOV to HOT conversions by no later than September 30, 2008.
- No **vehicles with two or fewer occupants, including hybrids**, may be exempt from tolls or charged lower tolls than single-occupant, non-hybrid vehicles when traveling in the HOT lanes of any of the converted facilities.

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<sup>11</sup> <http://www.crd.dot.gov/agreements/la.htm>

<sup>12</sup> It should be noted that this feasibility analysis, conducted on behalf of CTC, is focused solely on the feasibility of the HOT lanes.

The USDOT requires that local authorities provide the funding for the capital expenditure of the HOV to HOT lane conversions, leaving the grant to be used primarily for the mass transit improvements. Some inconsistencies exist between the Federal funding memorandum and the Assembly Bill 1467 application. The most important difference is that the toll structure modeled in LACMTA's AB 1467 application shows HOV-2's would pay 35% of the SOV rate (see paragraph 2.1 b. ii. above). This is incongruent with the US DOT agreement, which requires HOV-2's and hybrids be charged the same rate as SOV's.

To resolve these toll structure differences the LACMTA has two options: change the details of the CTC application, or attempt to renegotiate the terms of its memorandum with the USDOT, which LACMTA has indicated remains a possibility. If the LACMTA decides to charge a single fare to SOVs, HOV-2's and hybrids, this could have an impact on the HOT lane revenues. With the information provided in the LACMTA AB 1467 application it is not possible to determine exactly how a single fare structure would impact revenues.

State and Local Funding is expected to cover the remainder of the Project's costs. No details are provided on the specific source of these funds. However, based on the project's current cost and revenues estimates, toll revenues bonds issued by the local authorities should be sufficient to cover all capital cost for the HOV-to-HOT lane conversion.

## **B. Costs**

This section reviews all costs associated with the HOV-to-HOT conversion, and secondarily with the operations and management expenses required from the complementary transit services expansion assumed by the LACMTA, as the latter are not formally part of the HOT lanes themselves. Capital costs for the transit expansion were not provided by LACMTA in its report, and are assumed to be financed separately, perhaps from the USDOT congestion pricing grant.

Initial Capital Expenditure. The current initial capital cost assumptions are outlined in Attachment B hereto. The current projections for the Project Capital Expenditure are \$44.3 m for Operating Segment One and \$74.8 m for Operating Segment Two. These costs are indicative of a system that relies purely on electronic tolls collection and makes no use of tolling booths.

The CapEx figures were obtained by looking at the costs of equipment and its installation in similar tolling location types on I-15 and other managed lanes facilities. These figures for each location type were then escalated at an annual rate of 3%. Separate lump sum costs were added for 3<sup>rd</sup> party software and hardware costs, customer service centers. Engineering and design costs, a 10% Consultant Program Oversight and Management

fee, 3% Administrative costs for each of Caltrans and LACMTA and a 30% total contingency cost were also included in the final CapEx figures.

Operation & Management and Rehabilitation & Renewal Expenditures. Attachment B hereto outlines the projected Operating costs for the Project. The O&M costs were forecast by HNTB for a purely electronic toll collection system calibrated using data from I-15. Project O&M estimates are limited to: toll operation and management, utility and insurance costs, and California Highway patrol HOT lane enforcement. All other costs are assumed to be the responsibility of other parties and separate from the Project.

Subsidies to Transit. The LACMTA application contains estimates for the necessary subsidies in three years: 2010, 2015 and 2020. Each estimate is based on estimated transit ridership increases, combined with cost and cost recovery data reported by local transit agencies. In 2010 the estimated total subsidy is \$17m. LACMTA assumes ridership (and thus the required subsidy) will increase at 2% per year.

Scheduling. The proposed project schedule is provided in Attachment A of the application. LACMTA currently intends to finalize Phase One of the Project by 2010, and Phase Two by 2012.

Indexation. A summary of the cost escalation rates that LACMTA uses in Appendix B is shown as Table 2 below (Caltrans' recently adopted standard assumptions are also provided as a reference).

**Table 2: Summary of Cost Escalation Assumptions**

Escalator	LACMTA Base Case	Caltrans
Operations & Management	3%	3%
Rehabilitation & Resurfacing	N/A*	5%
Right-of-Way ("RoW") acquisition	N/A**	20%
Capital expenditure w/o RoW	3%	5%

\* LACMTA provides figures in \$2008.

\*\* None projected.

### C. Project Organization & Responsibilities

LACMTA will appoint a Project Director and have, with the assistance of The Department, ultimate responsibility for the Project. Engineering plans, technical and/or performance specifications, environmental approval, and will be the responsibility of the

Department. Responsibility for procurement documents and the final construction contract will be shared.

### **3.2 Financial Model Testing**

LACMTA's application includes two sensitivity runs in Appendix B, page xxxiv:

- a. It is estimated that if HOV-2's were charged 50% of the SOV rates (up from 35%) and Hybrids and HOV-3's were charged 33% of the SOV rates (up from 15%), revenues would rise by some 20-25% using the existing LACMTA model.
- b. If the assumed capacity of the Express Lanes is reduced from 1800 vphpl to 1650 vphpl, revenues would decrease by 4-7%.

As stated above, CalTrans currently places the maximum traffic levels for maintaining free flow between 1100 vphpl and 1600 vphpl. The corridors targeted by the LACMTA conversion project may operate at the lower end of that range, as they involve roads with a high density of entries and exits, and merging in and out of traffic could reduce lane capacity.

Table three summarizes the cost and revenue estimates provided by LACMTA, excluding capital costs for additional mass transit services, assumed to be financed separately from funds such as the DOT congestion pricing grant. To address some of the traffic estimate concerns expressed above, Table 3 includes a "stress" case with 25% lower toll receipts and 25% higher costs. Under both the base case and the stress case scenario the Project is financially feasible and generates significant excess revenues. Note that this analysis represents a basic, preliminary financial test and is not intended to indicate leveraging capacity of future toll revenues which would be subject to debt service coverage ratio requirements and numerous other considerations.

**Table 3: Summary of Project Costs and Revenues, \$2010<sup>13</sup>**

<b>Funding Surplus Estimates: Base and Stress Cases</b> <i>(Rough Estimates Based on Data Provided by LACMTA in Appendix B of the Application*)</i>			
<b>Revenue and Expense Estimates (\$2010)</b>	<b>Base Case Run</b>	<b>Stress Case**</b>	<b>Stress Case Run</b>
Toll Revenues thru 2049, less:	\$ 6,875,504,564.00	75%	\$ 5,156,628,423.00
HOT Operating & Maintenance and Equipment Replacement Expenses	\$ (1,555,258,182.00)	125%	\$ (1,944,072,727.50)
HOT Capital Expenditures	\$ (119,180,000.00)	125%	\$ (148,975,000.00)
Additional Transit O&M Expenses	\$ (1,028,350,226.66)	125%	\$ (1,285,437,783.33)
<b>Rough Estimate of Surplus NPV</b>	<b>\$ 4,172,716,155.34</b>		<b>\$ 1,778,142,912.17</b>

\*Revenue totals are derived from Appendix B, Table 6. Costs come from Appendix B, page xxviii. It should be noted that the table excludes capital costs associated with mass transit expansion, as well as any Federal Funds that may be obtained by LACMTA

\*\* Shows percentages applied to revenue and expense amounts used in the base case run provided by LACMTA in Appendix B.

## 4. Findings and Conclusions

This report finds that, based on the materials provided to CTC by the applicant, the conversion of HOV into HOT lanes in the LA metropolitan area is feasible from a financial perspective.

A number of risk factors are noted in our report. In particular, the LACMTA assumes the availability of Federal funds for expanding mass transit services. These funds have not yet been committed to the Project, although it is our understanding from LACMTA that such commitment is anticipated, assuming of course that all conditions contained in the MOU with USDOT are satisfied. Furthermore, the LACMTA's analysis of the Project costs and revenues, while appropriate for this early stage of planning, is preliminary and could change as the Project moves forward. LACMTA has also not provided supporting information on transit capital cost estimates and analysis of such estimates is outside the scope of this report. However, while such transit enhancements are a key factor in the congestion relief aspects of the Project, any inability to implement them will not affect the financial feasibility of the project (and in fact may positively affect revenues as well as reduce operating costs). We find, based on the information provided, that the Project appears to generate significant excess revenues even in a low revenue / high cost stress case scenario, indicating that risk factors identified are likely not large enough to compromise the Project's financial feasibility.

<sup>13</sup> For this feasibility analysis, all cost and revenue estimates in the application were converted to \$2010 using an inflation assumption of 3%.

## 5. Appendix

### Project Cash Flows, \$2010\*

Year	Toll revenues, \$2010 (Appendix B, pp XXIV)	Toll OpEx and R&R \$2010 (Appendix B, pp XXVIII)	Equipment replacement, \$2010 (Appendix B, pp XXVII)	Transit subsidies \$2010 at 2% annual escalation (Table 4, pp 27)	Net revenues after Transit Subsidies \$2010	Total Expenses as % of HOT Revenues \$2010
2010	\$ 85,816,553.00	\$ 21,727,232.00	\$ -	\$ 17,025,107.00	\$ 47,064,214.00	45%
2011	\$ 86,289,256.00	\$ 21,727,232.00	\$ -	\$ 17,365,609.14	\$ 47,196,414.86	45%
2012	\$ 159,070,320.00	\$ 35,211,271.00	\$ -	\$ 17,712,921.32	\$ 106,146,127.68	33%
2013	\$ 159,946,626.00	\$ 35,211,271.00	\$ -	\$ 18,067,179.75	\$ 106,668,175.25	33%
2014	\$ 160,827,558.00	\$ 35,423,451.00	\$ -	\$ 18,428,523.34	\$ 106,975,583.66	33%
2015	\$ 161,713,444.00	\$ 35,741,721.00	\$ -	\$ 18,797,093.81	\$ 107,174,629.19	34%
2016	\$ 162,604,209.00	\$ 35,741,721.00	\$ -	\$ 19,173,035.69	\$ 107,689,452.31	34%
2017	\$ 163,499,880.00	\$ 36,059,991.00	\$ -	\$ 19,556,496.40	\$ 107,883,392.60	34%
2018	\$ 164,400,486.00	\$ 36,166,081.00	\$ -	\$ 19,947,626.33	\$ 108,286,778.67	34%
2019	\$ 165,306,052.00	\$ 36,484,351.00	\$ -	\$ 20,346,578.86	\$ 108,475,122.14	34%
2020	\$ 166,216,606.00	\$ 36,590,441.00	\$ 9,123,740.00	\$ 20,753,510.43	\$ 99,748,914.57	40%
2021	\$ 167,132,176.00	\$ 36,802,621.00	\$ -	\$ 21,168,580.64	\$ 109,160,974.36	35%
2022	\$ 168,052,789.00	\$ 37,014,801.00	\$ -	\$ 21,591,952.25	\$ 109,446,035.75	35%
2023	\$ 168,978,473.00	\$ 37,333,071.00	\$ -	\$ 22,023,791.30	\$ 109,621,610.70	35%
2024	\$ 169,909,256.00	\$ 37,333,071.00	\$ -	\$ 22,464,267.13	\$ 110,111,917.87	35%
2025	\$ 170,845,166.00	\$ 37,439,161.00	\$ -	\$ 22,913,552.47	\$ 110,492,452.53	35%
2026	\$ 171,786,231.00	\$ 37,757,431.00	\$ -	\$ 23,371,823.52	\$ 110,656,976.48	36%
2027	\$ 172,732,480.00	\$ 38,075,701.00	\$ 9,123,740.00	\$ 23,839,259.99	\$ 101,693,779.01	41%
2028	\$ 173,683,942.00	\$ 38,181,791.00	\$ -	\$ 24,316,045.19	\$ 111,186,105.81	36%
2029	\$ 174,640,644.00	\$ 38,606,151.00	\$ -	\$ 24,802,366.09	\$ 112,321,126.91	36%
2030	\$ 175,602,616.00	\$ 38,606,151.00	\$ -	\$ 25,298,413.41	\$ 111,698,051.59	36%
2031	\$ 176,569,886.00	\$ 38,924,421.00	\$ -	\$ 25,804,381.68	\$ 111,841,083.32	37%
2032	\$ 177,542,485.00	\$ 39,030,511.00	\$ -	\$ 26,320,469.31	\$ 112,191,504.69	37%
2033	\$ 178,520,441.00	\$ 39,136,601.00	\$ -	\$ 26,846,878.70	\$ 112,536,961.30	37%
2034	\$ 179,503,784.00	\$ 39,454,871.00	\$ 9,123,740.00	\$ 27,383,816.28	\$ 103,541,356.72	42%
2035	\$ 180,492,544.00	\$ 39,773,141.00	\$ -	\$ 27,931,492.60	\$ 112,787,910.40	38%
2036	\$ 181,486,750.00	\$ 39,985,321.00	\$ -	\$ 28,490,122.45	\$ 113,011,306.55	38%
2037	\$ 182,486,432.00	\$ 40,197,501.00	\$ -	\$ 29,059,924.90	\$ 113,229,006.10	38%
2038	\$ 183,491,621.00	\$ 40,409,681.00	\$ -	\$ 29,641,123.40	\$ 113,440,816.60	38%
2039	\$ 184,502,346.00	\$ 40,621,861.00	\$ -	\$ 30,233,945.87	\$ 113,646,539.13	38%
2040	\$ 185,518,639.00	\$ 40,727,951.00	\$ -	\$ 30,838,624.79	\$ 113,952,063.21	39%
2041	\$ 186,540,530.00	\$ 41,046,221.00	\$ 9,123,740.00	\$ 31,455,397.28	\$ 104,915,171.72	44%
2042	\$ 187,568,050.00	\$ 41,152,311.00	\$ -	\$ 32,084,505.23	\$ 114,331,233.77	39%
2043	\$ 188,601,230.00	\$ 41,470,581.00	\$ -	\$ 32,726,195.33	\$ 114,404,453.67	39%
2044	\$ 189,640,101.00	\$ 41,576,671.00	\$ -	\$ 33,380,719.24	\$ 114,682,710.76	40%
2045	\$ 190,684,695.00	\$ 42,001,031.00	\$ -	\$ 34,048,333.62	\$ 114,635,330.38	40%
2046	\$ 191,735,042.00	\$ 42,319,301.00	\$ -	\$ 34,729,300.29	\$ 114,686,440.71	40%
2047	\$ 192,791,175.00	\$ 42,319,301.00	\$ -	\$ 35,423,886.30	\$ 115,047,987.70	40%
2048	\$ 193,853,125.00	\$ 42,531,481.00	\$ -	\$ 36,132,364.03	\$ 115,189,279.97	41%
2049	\$ 194,920,925.00	\$ 42,849,751.00	\$ -	\$ 36,855,011.31	\$ 115,216,162.69	41%
<b>Total</b>	<b>\$ 6,875,504,564.00</b>	<b>\$ 1,518,763,222.00</b>	<b>\$ 36,494,960.00</b>	<b>\$ 1,028,350,226.66</b>	<b>\$ 4,291,896,155.34</b>	<b>-</b>
<b>Yearly Average</b>	<b>\$ 171,887,614.10</b>	<b>\$ 42,849,751.00</b>	<b>-</b>	<b>-</b>	<b>\$ 107,297,403.88</b>	<b>38%</b>

\* To assure consistency, for this feasibility analysis, all cost and revenue estimates in the application were converted to \$2010 using an inflation assumption of 3%. This leads to slightly more favorable results than those shown in Table 3 (p.26) of the application.

**Congestion Reduction Demonstration Agreement**  
by and between the  
**U.S. Department of Transportation**  
and its Los Angeles-area Congestion Reduction Partners

**Executive Summary**

This Congestion Reduction Demonstration Agreement sets forth an agreement in principle between the U.S. Department of Transportation (the "Department") and the Department's Los Angeles-area Congestion Reduction Partners, comprised of the California Department of Transportation and the Los Angeles County Metropolitan Transportation Authority (collectively, the "Partner Agencies"). Under this agreement, the Partner Agencies agree to convert the high-occupancy vehicle ("HOV") lanes on I-10 and I-210 to dynamically-priced high-occupancy toll ("HOT") lanes. In addition, the Partner Agencies agree to convert the HOV lanes on I-110 to dynamically-priced HOT lanes, subject to the availability of financing for the costs thereof. In connection with their agreement to convert the HOV lanes to HOT lanes on I-10 and I-210, the Department will allocate to the Partner Agencies approximately \$213.6 million in Federal transit assistance.

**Memorandum of Understanding**

**THIS MEMORANDUM OF UNDERSTANDING** (this "MOU"), dated as of April 25, 2008, is made by and among the Secretary of Transportation (the "Secretary"), the Federal Transit Administration ("FTA") (the FTA and the Secretary, collectively, the "Department"), and the undersigned State, county and/or municipal governmental entities, as the case may be (collectively, the "Partner Agencies").

**1. Agreement in Principle.** This MOU sets forth an agreement in principle among the undersigned concerning the terms and conditions of Federal assistance to be provided by the Department for the transportation projects described herein. This MOU represents solely the intent of the parties (including, without limitation, the intent of the Department to allocate funds as set forth in Section 4(a) of this MOU), and no party shall be legally bound hereby. Any agreement between the Department and the Partner Agencies concerning funding of the transportation projects described herein shall be set forth in a grant agreement (or a series of grant agreements) (the "Grant Agreements") to be negotiated and executed by the parties to this MOU. The Department reserves the right in its sole discretion not to fund any of the projects (or any part thereof) described in this MOU or otherwise set forth in the application (the "Application") filed by the Partner Agencies to the Congestion Reduction Demonstration Program (the "CRD Program").

**2. Background.** Transportation system congestion is one of the greatest threats to our Nation's economic prosperity and way of life. Whether it takes the form of trucks stalled in traffic, cargo stuck at overwhelmed seaports, or airplanes stuck on the tarmac, congestion costs the Nation an estimated \$200 billion each year. The problem of traffic congestion in our major metropolitan areas in particular is severe and worsening. In 2005, traffic jams in the Nation's cities cost Americans 4.2 billion hours and 2.9 billion gallons of fuel. Congestion is also affecting the quality of life in America by robbing us of time that could be spent with families and friends and in participation in civic life.

The signatories to this MOU do not believe that gridlock is our inevitable fate. In November 2007, the Department solicited by notice published in the Federal Register (at 72 FR 63951 (2007)) (the "Federal Register Notice") certain metropolitan-area proposals to implement congestion pricing together with complementary transportation solutions, including transit service and innovative technology. In accordance with the process described in the Federal Register Notice, the Department has selected the Partner Agencies as recipients of Federal assistance in order to support the congestion reduction strategy for the Los Angeles metropolitan area described in the Application.



3. **Designation of Partner Agencies.** In accordance with the Federal Register Notice and for purposes of this MOU, the Department designates each of the following entities a "Partner Agency" (which shall be a "qualified jurisdiction" for purposes of the procedures described in the Federal Register Notice):

- (a) California Department of Transportation, as lead agency; and
- (b) Los Angeles County Metropolitan Transportation Authority.

4. **Grant Agreements.** The Department and the Partner Agencies agree to negotiate a grant agreement (or a series of grant agreements) that would reflect the following terms and conditions:

(a) **Projects and Sources of Funding.**

- (i) The Department shall make available from funds appropriated in Fiscal Year 2007 under the Department's 5309 Bus and Bus Facilities Program (the "Bus Program") the amount of \$213.6 million to support any project on the Adopted 2006 Regional Transportation Improvement Program ("RTIP") (including, without limitation, any project set forth on Appendix A) eligible to receive Federal assistance under the Bus Program (collectively, the "Transit Projects"); provided that (i) a Partner Agency duly applies for such funds and expends such funds on the Transit Projects and (ii) the Partner Agencies together shall reserve and make available an amount sufficient to pay for the conversion of the High-Occupancy Vehicle ("HOV") lanes set forth on Appendix B to High-Occupancy/Toll lanes (the "Appendix B HOT Lanes").
- (ii) The Partner Agencies shall convert the HOV lanes on I-110 to HOT lanes, as further described on Appendix C (the "Appendix C HOT Lanes" and, collectively with the Appendix B HOT Lanes, the "HOT Lanes"), subject to the availability of financing for the costs thereof, the California Environmental Quality Act, as amended, and the National Environmental Policy Act of 1967, as amended. ***As of the date of this MOU, the Department estimates that the borrowing capacity of a HOT lane "network" created by the conversion of I-10, I-110 and I-210, as described in the Application, is at least \$780 million.***<sup>1</sup>
- (iii) The Partner Agencies agree that (i) none of the HOT Lanes shall be accessible by vehicles carrying two persons for a fee that is less than the fee payable for access by vehicles carrying one person (or for no fee) and (ii) the fee payable for access to the HOT Lanes shall vary by demand or time of day.

(b) **Completion of Projects.** The HOT Lanes shall be in revenue operation by not later than December 31, 2010, unless otherwise agreed by the Department and the Partner Agencies. In the event of a delay in implementation of any HOT Lane due to circumstances beyond the control of the Partner Agencies, the Department may negotiate an extended completion date or exercise any of its remedies under the Grant Agreements.

(c) **Other Terms and Conditions.** Each of the Grant Agreements shall additionally provide that:

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<sup>1</sup> See Memorandum from Scully Capital Services, Inc. to Mark Sullivan, Director, TIFIA Joint Program Office, dated as of April 4, 2008, based on guidance from the Los Angeles County Metropolitan Transportation Authority.

- (i) No funds obligated by the Grant Agreements shall be drawn down by the recipient unless and until:
    - a. all legal authority necessary to implement the Conversion (as defined below), including, without limitation, legal authority to implement congestion pricing, has been duly adopted, which authority shall be duly adopted not later than October 15, 2008; and
    - b. the chief executive officer or the director, as the case may be, of each of the Partner Agencies executes and delivers to the Secretary a certificate, in form and substance acceptable to the Department, to the effect that the Partner Agencies have made available an amount sufficient to pay for the Conversion, which certificate shall be delivered to the Secretary not later than September 30, 2008.
  - (ii) No funds obligated by the Grant Agreements shall be drawn down by the recipient unless each Partner Agency agrees to exempt privately operated over-the-road buses from tolls to the same extent it exempts (or propose to exempt) public transportation from tolls charged on the HOT lanes on I-10 and I-210 (and on I-110, in the event HOT lanes are instituted thereon).
  - (iii) The Department reserves the right to de-obligate funds obligated under any of the Grant Agreements (or to require the return of such funds) in the event a Partner Agency breaches or otherwise fails to perform under any of the Grant Agreements;
  - (iv) Each Partner Agency makes customary representations to the Department that the Conversion and the Transit Projects comply (or will comply) with all applicable Federal, State and local laws;
  - (v) Each Partner Agency agrees to provide to the Department (and its designees) access to all data collected by the Partner Agencies with respect to the Conversion and the Transit Projects for purposes of the Department's oversight responsibilities; and
  - (vi) To the extent requested by the Department, each Partner Agency agrees to designate an independent third party to perform all program evaluations required by law or as reasonably directed by the Department in order to assist in the evaluation of the Conversion and the Transit Projects.
- (d) Actions Prior to Execution of Grant Agreements.** Prior to the execution of the Grant Agreements, the Department shall have received the following, in addition to usual and customary deliverables:
- (i) New or amended applications to the Bus Program, as and to the extent required by the Department; and
  - (ii) An opinion of counsel from each Partner Agency, satisfactory in form and substance to the Department, concerning the Conversion and the Transit Projects.

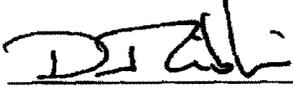
**5. Certain Definitions.** For purposes of this MOU:

“Conversion” means the conversion of the HOV lanes identified on Appendix B and Appendix C to HOT lanes variably priced by demand or time of day.

[Signatures appear on the following page.]

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United States Department of Transportation

  
\_\_\_\_\_

Date May 12, 2008

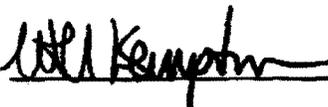
D. J. Gribbin  
General Counsel  
U.S. Department of Transportation

  
\_\_\_\_\_

Date \_\_\_\_\_

James S. Simpson  
Administrator  
Federal Transit Administration

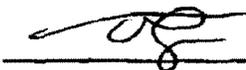
Partner Agencies

  
\_\_\_\_\_ Date 4/24/08

Will Kempton  
Director  
California Department of Transportation

  
\_\_\_\_\_ Date 4/25/08

Pam O'Connor  
Chair  
Board of Directors  
Los Angeles County Metropolitan Transportation Authority

  
\_\_\_\_\_ Date 4-25-08

Roger Snoble  
Chief Executive Officer  
Los Angeles County Metropolitan Transportation Authority

Appendix A

<b>Bus and rail car purchases</b>
10 additional silver streak buses - 60' articulated 15 additional high capacity commuter buses for the 690 line  5 additional high capacity commuter buses 33 additional buses for the I-10 El Monte Busway Vanpool program 15 rail cars for San Bernardino and Riverside lines
<b>Bus division upgrade</b>
upgrade of Union Division
<b>Transit station improvements</b>
Platforms and parking at the Metrolink Pomona Station freeway stop for Silver Streak and commuter lines Improved local bus access (new bus stops) Ticket vending machines
<b>Busway and track improvements</b>
Double track, white to San Dimas Ave. on San Bernardino line Foothill extension of Gold Line - ROW acquisition for yard & maintenance facility Transportation systems mgmt. improvements – harbor transitway extension Flower and 5th (BRT - bus only lanes)
<b>San Gabriel valley corridor park and ride improvements</b>
improve West Covina park & ride Expand park & ride facilities at the el Monte transit center

Appendix B

Phase 1 HOV Lane to HOT Lane Conversions (dollars in millions)	Gross Cost
I-10 – from Alameda Street/Union Station to I-605 (28 lane miles)	\$59.9
I-210 from I-210/SR 134/I-710 to I-605 (24 lane miles)	51.4
<b>Total</b>	<b>\$110.3<sup>2</sup></b>

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<sup>2</sup> Source: *Congestion Reduction Demonstration Initiatives Application for Los Angeles County Region*, dated as of December 31, 2007, p. 22.

Appendix C

Phase 1 HOV Lane to HOT Lane Conversions (dollars in millions)	Gross Cost
I-110 from 182nd Street/Arteria Transit Center to Adams Blvd (33 miles)	\$71.0 <sup>3</sup>

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<sup>3</sup> Source: *Congestion Reduction Demonstration Initiatives Application for Los Angeles County Region*, dated as of December 31, 2007, p. 22.

**Amended and Restated Congestion Reduction Demonstration Agreement**  
by and between the  
**U.S. Department of Transportation**  
and its Los Angeles-area Congestion Reduction Partners

**Executive Summary**

This Amended and Restated Congestion Reduction Demonstration Agreement sets forth an agreement in principle between the U.S. Department of Transportation (the "Department") and the Department's Los Angeles-area Congestion Reduction Partners, comprised of the California Department of Transportation and the Los Angeles County Metropolitan Transportation Authority (collectively, the "Partner Agencies"). Under this agreement, the Partner Agencies agree to convert the high-occupancy vehicle ("HOV") lanes on I-10 and I-110 to dynamically-priced high-occupancy toll ("HOT") lanes. In addition, the Partner Agencies agree to convert the HOV lanes on I-210 to dynamically-priced HOT lanes, subject to the availability of financing for the costs thereof. In connection with their agreement to convert the HOV lanes to HOT lanes on I-10 and I-110, the Department will allocate to the Partner Agencies not less than \$210.6 million in Federal transit assistance.

**Memorandum of Understanding**

**THIS AMENDED AND RESTATED MEMORANDUM OF UNDERSTANDING** (this "MOU"), dated as of July 24, 2008, is made by and among the Secretary of Transportation (the "Secretary"), the Federal Transit Administration ("FTA") (the FTA and the Secretary, collectively, the "Department"), and the undersigned State, county and/or municipal governmental entities, as the case may be (collectively, the "Partner Agencies"). This MOU supersedes, amends and restates in its entirety that certain Memorandum of Understanding, dated as of April 25, 2008, by and between the Department and the Partner Agencies.

**1. Agreement in Principle.** This MOU sets forth an agreement in principle among the undersigned concerning the terms and conditions of Federal assistance to be provided by the Department for the transportation projects described herein. This MOU represents solely the intent of the parties (including, without limitation, the intent of the Department to allocate funds as set forth in Section 4(a) of this MOU), and no party shall be legally bound hereby. Any agreement between the Department and the Partner Agencies concerning funding of the transportation projects described herein shall be set forth in a grant agreement (or a series of grant agreements) (the "Grant Agreements") to be negotiated and executed by the parties to this MOU. The Department reserves the right in its sole discretion not to fund any of the projects (or any part thereof) described in this MOU or otherwise set forth in the application (the "Application") filed by the Partner Agencies to the Congestion Reduction Demonstration Program (the "CRD Program").

**2. Background.** Transportation system congestion is one of the greatest threats to our Nation's economic prosperity and way of life. Whether it takes the form of trucks stalled in traffic, cargo stuck at overwhelmed seaports, or airplanes stuck on the tarmac, congestion costs the Nation an estimated \$200 billion each year. The problem of traffic congestion in our major metropolitan areas in particular is severe and worsening. In 2005, traffic jams in the Nation's cities cost Americans 4.2 billion hours and 2.9 billion gallons of fuel. Congestion is also affecting the quality of life in America by robbing us of time that could be spent with families and friends and in participation in civic life.

The signatories to this MOU do not believe that gridlock is our inevitable fate. In November 2007, the Department solicited by notice published in the Federal Register (at 72 FR 63951 (2007)) (the "Federal Register Notice") certain metropolitan-area proposals to implement congestion pricing together with complementary transportation solutions, including transit service and innovative technology. In accordance with the process described in the Federal Register Notice, the Department has selected the Partner Agencies as recipients of Federal assistance in order to support the congestion reduction strategy for the Los Angeles metropolitan area described in the Application.

3. **Designation of Partner Agencies.** In accordance with the Federal Register Notice and for purposes of this MOU, the Department designates each of the following entities a "Partner Agency" (which shall be a "qualified jurisdiction" for purposes of the procedures described in the Federal Register Notice):

- (a) California Department of Transportation, as lead agency; and
- (b) Los Angeles County Metropolitan Transportation Authority.

4. **Grant Agreements.** The Department and the Partner Agencies agree to negotiate a grant agreement (or a series of grant agreements) that would reflect the following terms and conditions:

(a) **Projects and Sources of Funding.**

- (i) The Department shall make available from funds appropriated in Fiscal Year 2007 under the Department's 5309 Bus and Bus Facilities Program (the "Bus Program") an amount not less than \$210.6 million to support any project on the Adopted 2006 Regional Transportation Improvement Program ("RTIP") (including, without limitation, any project set forth on Appendix A) eligible to receive Federal assistance under the Bus Program (collectively, the "Transit Projects"); provided that (i) a Partner Agency duly applies for such funds and expends such funds on the Transit Projects and (ii) the Partner Agencies shall convert, and together shall reserve and make available an amount sufficient to pay for the conversion of, the High-Occupancy Vehicle ("HOV") lanes set forth on Appendix B to High-Occupancy/Toll lanes (the "Appendix B HOT Lanes").
- (ii) The Partner Agencies shall convert the HOV lanes on I-210 to HOT lanes, as further described on Appendix C (the "Appendix C HOT Lanes" and, collectively with the Appendix B HOT Lanes, the "HOT Lanes"), subject to the availability of financing for the costs thereof, the enactment of legal authority therefor, the California Environmental Quality Act, as amended, and the National Environmental Policy Act of 1967, as amended. ***As of the date of this MOU, the Department estimates that the borrowing capacity of a HOT lane "network" created by the conversion of I-10, I-110 and I-210, as described in the Application, is at least \$780 million.***<sup>1</sup> For avoidance of doubt, the conversion of the HOV lanes to HOT lanes on I-210 shall not be a condition to the funding of the amount set forth in Section 4(a)(i).
- (iii) The Partner Agencies agree that, except for the HOT Lanes on I-110, none of the HOT Lanes shall be accessible by vehicles carrying two persons for a fee that is less than the fee payable for access by vehicles carrying one person (or for no fee).
- (iv) The fee payable for access to the HOT Lanes shall vary dynamically according to demand for entry onto the HOT Lanes.

- (b) **Completion of Projects.** The Appendix B HOT Lanes (and, subject to section 4(a)(ii), the Appendix C HOT Lanes) shall be in revenue operation by not later than December 31, 2010, unless otherwise agreed by the Department and the Partner Agencies. In the event of a delay in implementation of any HOT Lane due to circumstances beyond the control of the Partner Agencies, the Department may negotiate an extended completion date or exercise any of its remedies under the Grant Agreements.

<sup>1</sup> See Memorandum from Scully Capital Services, Inc. to Mark Sullivan, Director, TIFIA Joint Program Office, dated as of April 4, 2008, based on guidance from the Los Angeles County Metropolitan Transportation Authority.

- (c) **Other Terms and Conditions.** Each of the Grant Agreements shall additionally provide that:
- (i) No funds obligated by the Grant Agreements shall be drawn down by the recipient unless and until:
    - a. all legal authority necessary to implement the Conversion (as defined section 5), including, without limitation, legal authority to implement congestion pricing, has been duly adopted, which authority shall:
      - i. provide that, in the event the Secretary, the U.S. Under Secretary of Transportation or the Administrator of the Federal Highway Administration determines, at any time after the date of the Conversion, that any I-110 HOT lane facility (each, an "I-110 HOT Lane Facility")<sup>2</sup> does not maintain an average operating speed of 45 miles per hour or greater in either the morning (AM) or evening (PM) peak hour for 75 percent or more of 180 consecutive weekdays (the "Level of Service"), then within five months after the date of such determination, the HOV designation on such I-110 HOT Lane Facility shall be increased to HOV3 solely with respect to the Peak and Shoulders Period (as defined in section 5 below) in the direction that does not maintain the Level of Service;
      - ii. provide that, beginning after the first month during which a I-110 HOT Lane Facility does not maintain the Level of Service and for so long as it shall not maintain the Level of Service, the Partner Agencies shall refund in the form of cash or a toll credit to each single occupant user of such facility the toll paid by such user for a trip thereon if such user was subject during the trip to an average operating speed of less than 45 miles per hour during the Peak and Shoulders Period; and
      - iii. be duly adopted by the State of California in statute not later than October 15, 2008.
    - b. the chief executive officer or the director, as the case may be, of each of the Partner Agencies executes and delivers to the Secretary a certificate, in form and substance acceptable to the Department, to the effect that the Partner Agencies have made available an amount sufficient to pay for the Conversion, which certificate shall be delivered to the Secretary not later than September 30, 2008.
  - (ii) No funds obligated by the Grant Agreements shall be drawn down by the recipient unless each Partner Agency agrees to exempt privately operated over-the-road buses from tolls to the same extent it exempts (or propose to exempt)

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<sup>2</sup> For purposes of this section 4(c)(i).a.i, there are two I-110 HOT Lane Facilities, one carrying traffic northbound and the other carrying traffic southbound. Each I-110 HOT Lane Facility consists of two lanes and runs for approximately 16 lane miles between 182nd Street and Adams Boulevard.

public transportation from tolls charged on the HOT lanes on I-10 and I-110 (and on I-210, in the event HOT lanes are instituted thereon).

- (iii) The Department reserves the right to de-obligate funds obligated under any of the Grant Agreements (or to require the return of such funds) in the event a Partner Agency breaches or otherwise fails to perform under any of the Grant Agreements;
  - (iv) Each Partner Agency makes customary representations to the Department that the Conversion and the Transit Projects comply (or will comply) with all applicable Federal, State and local laws;
  - (v) Each Partner Agency agrees to provide to the Department (and its designees) access to all data collected by the Partner Agencies with respect to the Conversion and the Transit Projects for purposes of the Department's oversight responsibilities; and
  - (vi) To the extent requested by the Department, each Partner Agency agrees to designate an independent third party to perform all program evaluations required by law or as reasonably directed by the Department in order to assist in the evaluation of the Conversion and the Transit Projects.
- (d) **Actions Prior to Execution of Grant Agreements.** Prior to the execution of the Grant Agreements, the Department shall have received the following, in addition to usual and customary deliverables:
- (i) New or amended applications to the Bus Program or any other program of the Department, as and to the extent required by the Department; and
  - (ii) An opinion of counsel from each Partner Agency, satisfactory in form and substance to the Department, concerning the compliance of the Conversion and the Transit Projects with California state law.

**5. Certain Definitions.** For purposes of this MOU:

"Conversion" shall mean the conversion of the HOV lanes identified on Appendix B to HOT lanes that are variably priced by demand for entry onto such HOT lanes; provided, however, that for purposes of sections 4(c)(iv) through (vi) and section 4(d)(ii), "Conversion" shall mean the conversion of the HOV lanes identified on Appendix B and Appendix C to HOT lanes that are variably priced by demand for entry onto such HOT lanes.

"Peak and Shoulders Period" shall mean, with respect to any I-110 HOT Lane Facility, the periods of time on each weekday (other than holidays) (i) starting at 6:00am and ending at 10:00am (the "Morning Peak and Shoulders Period") and (ii) starting at 3:00pm and ending at 7:00pm (the "Evening Peak and Shoulders Period").

**6. Use of Revenues.** Subject to applicable Federal statutes concerning the use of toll proceeds, the laws of the State of California concerning the use of toll proceeds shall control with respect to the revenue from the HOT Lanes.

[Signatures appear on the following page.]

United States Department of Transportation

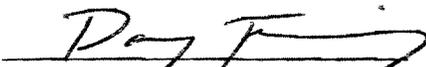
\_\_\_\_\_ Date \_\_\_\_\_

Authorized Person  
U.S. Department of Transportation

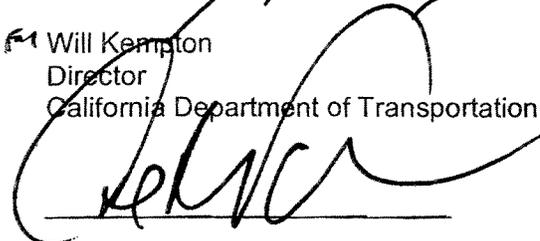
\_\_\_\_\_ Date \_\_\_\_\_

James S. Simpson  
Administrator  
Federal Transit Administration

Partner Agencies

 \_\_\_\_\_ Date 7/24/08

Will Kempton  
Director  
California Department of Transportation

 \_\_\_\_\_ Date 07/24/08

The Honorable Antonio R. Villaraigosa  
Chair  
Board of Directors  
Los Angeles County Metropolitan Transportation Authority

 \_\_\_\_\_ Date 7-24-08

Roger Snoble  
Chief Executive Officer  
Los Angeles County Metropolitan Transportation Authority

**Appendix A**

<b>Bus and rail car purchases</b>
Additional high capacity buses Vanpool program Rail cars for San Bernardino and Riverside lines
<b>Bus division upgrade</b>
Upgrade of Union Division
<b>Transit station improvements</b>
Platforms and parking at the Metrolink Pomona Station Freeway stop for Silver Streak and commuter lines Improved local bus access (new bus stops) Ticket vending machines, signage, & security improvements
<b>Busway and track improvements</b>
Double track, white to San Dimas Ave. on San Bernardino line Transportation systems mgmt. improvements – harbor transitway extension through downtown Los Angeles (BRT - bus only lanes)
<b>San Gabriel valley corridor park and ride improvements</b>
Improve West Covina park & ride Expand bus bays and/or park & ride facilities at the El Monte transit center

**Appendix B**

<b>Phase 1 HOV Lane to HOT Lane Conversions (dollars in millions)</b>	<b>Gross Cost<sup>3</sup></b>
I-10 from Alameda Street/Union Station to I-605 (28 lane miles) at "HOT-3" <sup>4</sup>	\$59.9
I-110 from 182nd Street/Artesia Transit Center to Adams Blvd (33 miles) initially at "HOT-2" <sup>5</sup>	\$71.0
<b>Total</b>	<b>\$130.9</b>

<sup>3</sup> Source: *Congestion Reduction Demonstration Initiatives Application for Los Angeles County Region*, dated as of December 31, 2007, p. 22.

<sup>4</sup> "HOT-3" means a High-Occupancy/Toll lane accessible for no fee by a High-Occupancy Vehicle carrying three or more occupants.

<sup>5</sup> "HOT-2" means a High-Occupancy/Toll lane accessible for no fee by a High-Occupancy Vehicle carrying two or more occupants.

Appendix C

Phase 1 HOV Lane to HOT Lane Conversions (dollars in millions)	Gross Cost <sup>6</sup>
I-210 from I-210/SR 134/I-710 to I-605 (24 lane miles)	<u>\$51.4</u>

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<sup>6</sup> Source: *Congestion Reduction Demonstration Initiatives Application for Los Angeles County Region*, dated as of December 31, 2007, p. 22.



**REGULAR BOARD MEETING  
JULY 24, 2008**

**SUBJECT: LOS ANGELES COUNTY CONGESTION REDUCTION DEMONSTRATION INITIATIVE**

**ACTION: AMEND THE CONGESTION REDUCTION DEMONSTRATION INITIATIVE MOU WITH USDOT AND AMEND THE 2001 LRTP**

**RECOMMENDATION**

Authorize:

- A. The Chief Executive Officer to amend the existing Congestion Reduction Demonstration Initiative Memorandum of Understanding (MOU) with the United States Department of Transportation (USDOT) to change the near-term focus of the conversion of high occupancy vehicle (HOV) lanes to high occupancy toll (HOT) lanes and related transit improvements to Interstates 10 and 110, rather than Interstates 10 and 210; and
- B. An amendment to the 2001 Long Range Transportation Plan (LRTP), as reflected in Attachment A, to remove the I-210 as one of the initial corridors for conversions from HOV lanes to HOT lanes and include the I-110 corridor as a replacement for the I-210 in the demonstration pilot project referenced in the 2001 LRTP.

**ISSUE**

At its April 24, 2008 meeting, the Board authorized execution of an MOU between LACMTA and USDOT outlining the terms of a Congestion Reduction Demonstration Project (Demonstration Project). The original MOU called for a Demonstration Project that would have converted the existing HOV lanes on Interstates 10 and 210 to HOT lanes and implement certain additional transit improvements. The HOV lanes on Interstate 110 were also planned to be converted to HOT lanes, subject to the availability of financing.

In coordination with Caltrans District 7 and our team of consultants, we have proceeded with further technical studies and analysis of the Los Angeles County Congestion Pricing Operating Plan and concurrent research in support of the Demonstration Project. As a result of these studies and analysis, the carpool lanes on the Interstate 110 Corridor have emerged as a more viable candidate for successful near-term demonstration of the benefits of HOT lane conversion for the following key reasons:

- The existing I-110 carpool lanes have excess capacity and will provide benefits to motorists without having to impact current carpoolers – current carpooling arrangements would remain cost-free;
- The carpool lanes are clearly designated, readily enforced, and meet design standards; and
- There is frequent, high-quality transit service in the corridor that provides a viable alternative for drivers. Bus lanes present on both Interstate 110 and 10 provide an opportunity to improve connectivity.

At its June 26, 2008 meeting, the Board amended the 2001 LRTP to include a congestion pricing demonstration pilot project that would initially convert existing HOV lanes into HOT lanes along the I-10 and I-210. Since adoption of this amendment, further technical studies indicated that the I-110 corridor is a more viable candidate for HOT lane conversion. As a result, an amendment to the 2001 LRTP is required to replace the I-210 with the I-110 as one of the initial corridors to be converted into HOT lanes as part of the congestion pricing demonstration pilot project.

### POLICY IMPLICATIONS

The Interstate 110, or Harbor Freeway, has always been a part of the Demonstration Project. Initially, we planned to first implement the Demonstration Project on the Interstate 10 and 210 corridors, and then on the Harbor Freeway, subject to availability of financing. However, the carpool lane on Interstate 210 is currently overburdened and deteriorating, with no available existing capacity to sell to solo drivers. While all three corridors will remain a part of the Demonstration Project, the amended MOU will change the initial focus to the I-110 and I-10 freeways. The conversion of HOT lanes on the Interstate 210 would remain as part of the overall plan, subject to availability of financing.

### OPTIONS

The Board could choose not to approve the recommendation. However, staff does not recommend this option because implementing the project on the I-210 freeway likely would require us to charge two-person carpools, which currently operate free of charge, in order to generate additional capacity. There are also concerns that carpoolers on the I-210 could shift into the mixed flow lane to avoid a toll, thereby causing further congestion. It is also likely that continuing to focus on the I-210 in the first phase could complicate the legislative approval process required to secure the USDOT funding, putting the \$210.6 million at greater risk. It should be noted that the I-210 remains in the Congestion Reduction Demonstration Program, and that Caltrans District 7 also has other ongoing and planned improvements in the corridor to help address congestion for those using the I-210.

Implementation on the I-110 does not raise the same concerns regarding impact on existing carpoolers, and provides an opportunity to demonstrate successfully, a new way for Los Angeles to manage its ever-increasing traffic on a major north/south corridor.

## FINANCIAL IMPACT

The funding to complete the activities required to amend the MOU are included in the FY09 budget in Cost Center #4440 Programming and Policy Analysis, Project #405548 Congestion Pricing.

## BACKGROUND

The execution of the amendment of the MOU would allow the Chair and the CEO to negotiate with the USDOT specific grant agreements required to access \$210.6 million in grants that USDOT may approve from the Bus and Bus Facilities Program for a variety of projects, including bus purchases and park and ride lots, among other transit facilities. In return, we would convert existing HOV lanes to HOT lanes along specific sections of Interstate 10 and 110. Among the conditions specified in the amendment is a provision that we would also convert existing HOV lanes to HOT lanes along I-210 subject to financing availability. In addition, the state enabling legislation will be required to provide that if the existing excess capacity of the I-110 becomes degraded such that sale of space to single vehicle users becomes unworkable, charges would automatically be imposed on all HOT lane vehicles carrying fewer than three occupants. Grants would be subject to us receiving the necessary legal authority by October 15, 2008 to implement the HOT lanes.

USDOT is supportive of this shift of focus. Its stated primary interest lies in promoting a successful demonstration of new congestion reduction techniques in Los Angeles, and it is in agreement that the selection of I-10 and I-110 for the initial demonstration phase presents a greater opportunity for success that includes improved connectivity and patron choices for major east/west and north/south corridors concurrently.

At its June 26, 2008 meeting, the Board approved incorporation of revisions to the 2001 L RTP, which added new language for tolls/congestion pricing consistent with the Board approval of the USDOT MOU in April 2008. The recommended action allows for the 2001 L RTP to be consistent with the proposed amended MOU.

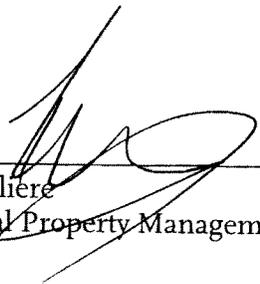
## NEXT STEPS

Upon approval of the recommendation, we will amend the MOU with the USDOT and continue discussions to secure the \$210.6 million in federal funds for Los Angeles County. We will return to the Board to secure programming and project approval actions for the implementation of the conversion and transit projects as appropriate.

## ATTACHMENTS

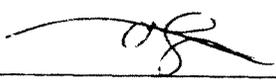
- A Proposed Amendment to the 2001 Long Range Transportation Plan

Prepared by: Stephanie Wiggins, New Business Development Consultant



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Roger Molière  
Chief, Real Property Management & Development



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Roger Snoble  
Chief Executive Officer

## ATTACHMENT A: Amendment to the 2001 Long Range Transportation Plan

Approved by the Metro Board of Directors at their June 26, 2008 meeting: Incorporate revisions adding a new two-page spread to the 2001 L RTP document containing language for tolls/congestion pricing. This new language follows below:

Public resources are extremely limited and more could be done if new funding becomes available. As funds generated from traditional federal and state sources are limited, it is important to look at new locally-controlled sources or alternative project delivery methods to meet our future mobility and air quality needs. While we are exploring a variety of options, congestion pricing has emerged as a particularly noteworthy strategy.

Congestion pricing is a travel demand management strategy that has the potential for assisting Los Angeles County in meeting its mobility, air quality, and funding challenges. It is the concept of charging a fee for the use of a transportation facility based on the level of demand.

According to the US Department of Transportation, key congestion pricing benefits include reductions in delay, an increase in predictability of trip times, improvements to transit speed and reliability of service, increases in transit ridership, reductions in fuel consumption and vehicle emissions, and increased revenues for transportation improvements. Managing travel demand through congestion pricing has been successfully implemented in other cities across the nation and around the world. The closest examples are in Orange County on SR-91 and San Diego County on I-15.

Since June 2007, we have been pursuing congestion pricing initiatives by partnering with Caltrans, SCAG, and other agencies to develop a congestion pricing demonstration project. As a result of these united efforts, the US Department of Transportation has awarded Los Angeles County \$210.6 million in federal funds to implement the Los Angeles Region Congestion-Reduction Demonstration Initiative.

Funding from this Initiative will implement a demonstration pilot project that would initially convert existing high occupancy vehicle (HOV) lanes to high occupancy vehicle toll (HOT) lanes along I-10 and I-110 ~~I-210~~. HOT lanes on the I-210 ~~I-110~~ may also be developed subject to future financing availability. Vehicles that do not meet the minimum passenger occupancy would be charged a fee for access to the HOT lanes for these facilities. Buses and vanpools would be allowed to access for free. Carpools may also have free access depending on the number of people in the vehicle and level of congestion. A fee structure would be designed to keep traffic on the HOT lanes moving at speeds of at least 50 mph. These fees would vary by time of day and level of traffic congestion, with higher charges during peak-periods.

Revenues collected from the HOT lane fees would pay for HOT lane operating and maintenance expenses, and would also be used for improvements along the facility corridors. These improvements could include additional transit facilities and service, such as purchasing buses, enhancing transit centers and maintenance facilities, and expanding park and ride facilities.

Much work will be done to outreach to the public over the next several years as we move forward with this demonstration project. This project is anticipated to be implemented by December 2010 and to be in operation as a demonstration project for a one-year period. Upon its completion, the success of the project will be evaluated to determine if it should be continued and if similar projects could be implemented in other parts of the County.



**Metro**

Metropolitan Transportation Authority

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**AD-HOC CONGESTION PRICING COMMITTEE  
NOVEMBER 29, 2007**

**SUBJECT:** LOS ANGELES COUNTY CONGESTION-REDUCTION DEMONSTRATION INITIATIVE PROPOSAL

**ACTION:** APPROVE CONGESTION-REDUCTION DEMONSTRATION INITIATIVE PROPOSAL

**RECOMMENDATION**

- A. Approve the submittal of a one-year congestion-pricing demonstration project to the United States Department of Transportation (USDOT) that includes conversion of existing High Occupancy Vehicle (HOV) lanes to High Occupancy Toll (HOT) lanes along Interstate 10 (El Monte Busway), Interstate 110 (Harbor Freeway Transitway), and Interstate 210 from the I-605 to the I-710 as part of a first phase, with the potential for a second phase that would include HOV lanes currently under construction along State Route 60 (Pomona Freeway), future carpool lanes on the I-10 east of the I-605, and carpool lanes on the I-210 east of the I-605 as HOT lanes during a second phase;
- B. Approve the submittal of an application to the California Transportation Commission (CTC) for legislative authority to develop and operate High Occupancy Toll (HOT) lanes for the freeway corridors included in action "A" of this recommendation, including the administration and operation of a congestion-pricing program and exclusive or preferential lane facilities for public transit per Assembly Bill 1467.

**ISSUE**

On November 13, 2007, the USDOT's Office of the Secretary of Transportation published a Solicitation of Applications for Funding of Congestion-Reduction Demonstration Initiatives. To participate in the solicitation for possible federal funding, Metro must submit an application for Los Angeles County by a December 31, 2007 deadline.

On a related note, the CTC approved the Assembly Bill 1467 HOT Lane Guidelines and application procedures in October 24, 2007. Metro, as the Regional Transportation Planning Agency (RTPA for Los Angeles County, and in cooperation with Caltrans, may apply to the

CTC to develop and operate HOT lanes. Per Assembly Bill 1467, the CTC may grant authority for only two projects in Southern California.

### **POLICY IMPLICATIONS**

Our recommendation is consistent with the Board directive to develop congestion-pricing alternatives that could be implemented in Los Angeles County by the year 2010. Approval of our recommendation could provide funding and/or authority to implement congestion-pricing HOT lane projects. Approval of our recommendation also would place Los Angeles County strategically to compete for federal highway and transit funds to help finance congestion reduction strategies in the region.

### **OPTIONS**

The Board of Directors could choose not to approve all or part of the recommendation. We are not recommending this option because without these actions, our region will not be competitive for the immediate opportunities provided by the USDOT and the CTC for implementing congestion relief strategies that include pricing. Metro staff considered toll lanes on other freeways. These freeways had attributes which made them less appropriate for a near term demonstration project. Depending on the freeway, some freeways had less congestion, less parallel transit, less capacity in the HOV lanes, less of a direct link to major destinations, created less of a network and/or had less space for the toll lanes technology than the recommended projects.

### **FINANCIAL IMPACT**

The recommended actions have no impact on Metro's FY 08 Budget. Selecting a congestion pricing project for the USDOT and CTC applications would increase the likelihood of Los Angeles County receiving federal and/or state funds.

### **DISCUSSION**

Last month, the USDOT's Assistant Secretary for Transportation Policy, Tyler Duvall, informed the Board of Directors of an upcoming request for solicitations for funding for an initiative similar to the Urban Partnership Agreement (UPA) program that the USDOT had established a year ago. Subsequently, the USDOT's Office of the Secretary of Transportation published a Solicitation of Applications for Funding of Congestion-Reduction Demonstration Initiatives on November 13, 2007. Applicants that are not a State Department of Transportation (DOT) are expected to partner with or submit an application through their corresponding DOT in applying for highway discretionary funding. Soon after the December 31<sup>st</sup> deadline, the USDOT will enter into agreements with the successful applicants who will be designated as "qualified jurisdictions" of federal assistance in accordance with this notice. These agreements would support congestion-pricing and complementary transportation projects and strategies. To be competitive, proposals must integrate innovative transit strategies, new transportation technologies, and direct highway pricing during congested travel periods. In addition, applications must address the USDOT's expectations for the implementation or pre-implementation efforts of any proposed congestion-reduction

activities to commence shortly after an agreement with the USDOT is signed. Proposed projects and programs could be implemented on a demonstration basis.

The new federal solicitation generally follows the same guidelines and evaluation process for the earlier UPA program. The USDOT will consider a variety of factors in reviewing applications seeking funding, including: (1) the extent to which the proposed congestion-reduction plan reduces traffic congestion, enables improvements in transit service, and demonstrates innovative technology applications; (2) the projects national demonstration value; and (3) the technical feasibility and political probability of the project(s) being implemented in the near-term.

Although the USDOT did not specify in its solicitation notice the potential funding that could be made available for designated qualified jurisdictions, it has identified the various discretionary funding programs that will be available in FY 08 for implementing congestion-reduction demonstration initiatives. These funding opportunities include Federal Highway Administration (FHWA) programs, such as Innovative Bridge, Interstate Maintenance, and Truck Parking Facilities. In addition, funding opportunities included Federal Transit Administration (FTA) programs, such as Bus and Bus-Related Facilities and Small Starts. Also, the USDOT may allocate up to \$9.5 billion in private activity bond authority not already allocated or applied for under the Private Activity Bond program. The UDOT may also provide qualified jurisdictions direct loans, loan guarantees, and lines of credit for qualified projects under the Transportation Infrastructure Finance and Innovation Act (TIFIA). TIFIA allows for the support of approximately \$10 billion in credit assistance. These funding opportunities are in addition to any funds designated by law to support the USDOT's Congestion Initiative. The President's Fiscal Year 2008 Budget includes \$175 million for USDOT's Congestion Initiative.

The USDOT's recent solicitation follows the same funding approach of the former UPA program, which solicited proposals without any funding commitment from the USDOT, but resulted in about \$850 million in discretionary funds that were conditionally awarded to five designated Urban Partners (Miami, San Francisco, Minneapolis, Seattle, and New York). Additional funding could become available to the USDOT for qualified jurisdictions proposing innovative congestion-reduction demonstration projects if the Urban Partners designated under the UPA program are unsuccessful in obtaining needed legislative authority to move their projects forward or to provide the required local funding match.

For Los Angeles County's proposal to be competitive and responsive to the USDOT's notice, Metro would need to have proper State legislation in place or demonstrate efforts for obtaining legislative approval for implementing congestion-reduction related projects and activities, including congestion-pricing. In this regard, Assembly Bill 1467 allows Metro, as the RTPA for Los Angeles County and in cooperation with Caltrans, to develop and operate HOT lanes, including the administration and operation of a congestion-pricing program and exclusive or preferential lane facilities for public transit. The number of projects that may be approved under Assembly Bill 1467 is limited to four: two in Northern California and two in Southern California. Metro staff will request that our combined corridors constitute one network or one project. If limited to two single freeways, Metro staff will apply for the Harbor Freeway and the El Monte Busway. There is no deadline for submitting applications to the CTC application for developing HOT lanes, but we need to be ready to submit an application

as soon as possible to compete for the two spots that are available for Southern California. The State Legislature would approve projects submitted by RTPA's on a first come first serve basis per the recommendation of the CTC. Among the eligibility criteria is whether proposed projects for developing HOT lanes or exclusive or preferential lane facilities for public transit are included in the RTPA's Long Range Transportation Plan or necessary steps are being considered to include them. If we are not successful under this process for implementing Assembly Bill 1467, we will have to seek new State legislation for Los Angeles County. In any case, we expect to seek new State authority for developing HOT lane corridors or for a more general language that would allow implementing other congestion- pricing alternatives in Los Angeles County. We are currently working with our Government Relations staff to include this effort in Metro's Legislative Program.

To help identify a congestion pricing proposal, Metro organized a meeting with the region's major transportation agencies to discuss the potential of congestion pricing alternatives that could be implemented in Los Angeles County in the short-term. Metro staff also had initial contacts with the Council of Governments (COG's). The meeting included high-level staff from Caltrans, Los Angeles County Department of Public Works, and the City of Los Angeles. SCAG was also invited to participate in the meeting. The discussions focused on developing HOT lanes, whether through converting existing HOV lanes or operating those HOV lanes that are currently under construction. The regional partners considered several criteria, including current operating conditions (traffic volumes, average speeds, travel time savings, minimum passenger occupancy requirements, etc.), the availability of transit alternatives, easiness for implementation in the short-term, and potential to operate as a system or bundle of HOT lanes that could developed into a network of managed priced lanes. Attachments A, B, and C summarize information on travel time savings and HOV lane peak hour volumes. Attachments D and E contain more detailed data on these same features. Attachment F is a map of the current carpool lane network which staff consulted to look at connectivity.

One strong project to emerge from this discussion and evaluation of the data was conversion of the Harbor Freeway Transitway (both lanes each direction) into a toll lane facility.

Advantages of this facility are that it contains two lanes in each direction, it has some capacity left during peak hours in the carpool lanes so that toll paying cars could be added without significantly impacting adjacent mixed flow lanes, there is good opportunity to use any tolls collected to increase parallel transit service, the freeway is congested enough so that a toll facility could provide significant travel time savings for drivers, it has physical space for toll monitoring equipment, and it has limited egress and access which may help in toll monitoring.

The El Monte busway on the I-10 Freeway from the I-605 to downtown Los Angeles also emerged from the discussion as a strong project. The I-10 freeway is highly congested and a toll lane could provide excellent travel time savings opportunities to drivers. There is excellent parallel transit service such as on the El Monte Busway and Metrolink to provide additional mobility options. The facility has physical space to accommodate any toll monitoring equipment and there is limited egress and access to aid in toll monitoring. The I-210 freeway similarly had the advantages of a long continuous HOV lane, significant congestion and opportunities to provide drivers with significant travel time savings. Toll facilities on both the I-210 and the I-10 could provide drivers two parallel opportunities to travel through portions

of the San Gabriel Valley and also access Downtown Los Angeles with travel time savings.

Staff intends to propose the portion of the I-210 carpool lane from the I-605 to the I-710 as part of a first phase with extension east of that as a second phase. With respect to the SR-60, the current carpool lanes were not considered long enough to be part of an initial pilot project. As the lanes that are currently under construction are completed, this freeway could be added in the future providing yet a third parallel corridor with a high speed travel lane option during peak periods. Similarly, future carpool lanes on the I-10 east of the current El Monte busway would be proposed in the USDOT application as a second phase.

The basic elements of the pilot congestion pricing projects would be to open the HOV lanes to all drivers with a graduated toll designed to keep the lane moving at a minimum 50-mile per hour speed. The tolls would vary by time of day and congestion levels. Toll revenues would be highest for solo drivers and gradually lower for 3-plus and 2-plus occupancy vehicles. Buses and van pools would be free. Toll revenues would be used for improvements along that same corridor. These improvements could include, for example, additional transit facilities and service, subsidies for van pools, advanced signal timing, and arterial capacity improvements.

Prior to opening any pilot project, Metro in conjunction with affected transportation agencies would prepare a detailed implementation plan with extensive outreach to local jurisdictions and communities. This implementation plan would assess how the facility could be designed and implemented in such a way that it provided travel time and mobility benefits to users without adversely impacting adjacent freeway lanes and arterials.

### **NEXT STEPS**

Upon approval of the recommendations above, we will continue working with our major stakeholders to formulate a set of strategies that could be integrated into a comprehensive proposal for Los Angeles County under both the USDOT and the CTC applications.

Prepared by: Ashad Hamideh, Ph.D., Transportation Planning Manager  
Regional Program Management

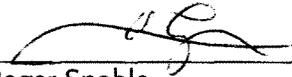
#### Attachments:

- A. Travel Speed Comparison Chart
- B. Speed Comparison Table
- C. HOV Lane Peak Hour Volume Chart
- D. Current HOV Volumes Chart
- E. Travel Time Data (HOV Lane Time Savings) Chart
- F. LA County HOV System Status Map



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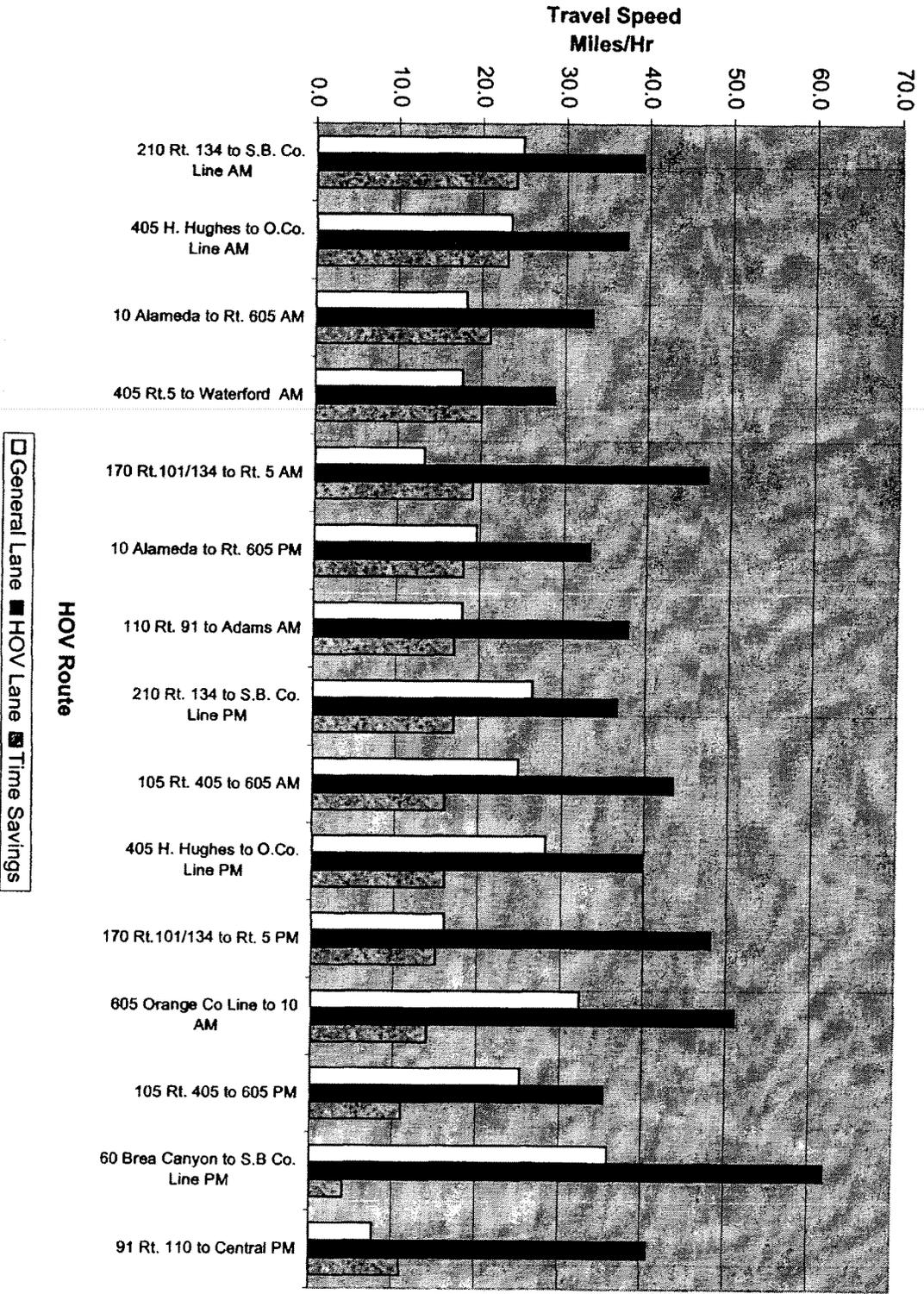
Carol Inge  
Chief Planning Officer



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Roger Snoble  
Chief Executive Officer

Travel Speed Comparison



Note: Data shown is from a typical observation and does not represent an average over time.  
 Data Extrapolated from Caltrans DT 2007 HOV Annual Report

## SPEED COMPARISON

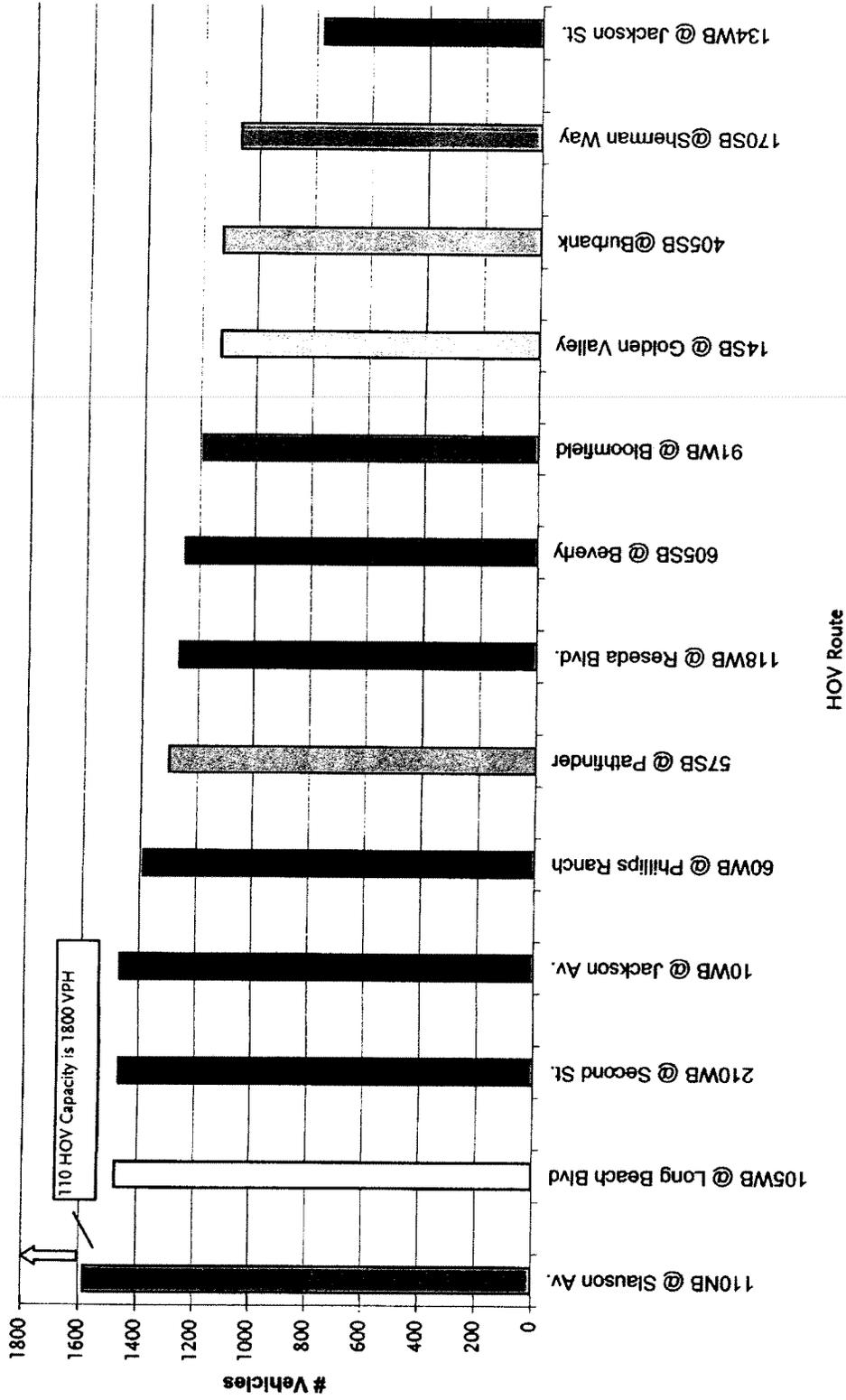
ATTACHMENT B

Route	length (mi)	Speed General Lane (mi/hr)	Speed HOV (mi/hr)	Travel Time Savings (min)
210 Rt. 134 to S.B. Co. Line AM	27.5	24.8	39.2	24
405 H. Hughes to O.Co. Line AM	24.6	23.4	37.3	23
10 Alameda to Rt. 605 AM	13.8	18.2	33.2	21
405 Rt.5 to Waterford AM	15.6	17.7	28.7	20
170 Rt.101/134 to Rt. 5 AM	5.8	13.3	47.2	19
10 Alameda to Rt. 605 PM	14	19.6	33.2	18
110 Rt. 91 to Adams AM	9.8	17.9	37.9	17
210 Rt. 134 to S.B. Co. Line PM	27.3	26.4	36.6	17
105 Rt. 405 to 605 AM	15.5	24.7	43.4	16
405 H. Hughes to O.Co. Line PM	25	28.1	39.8	16
170 Rt.101/134 to Rt. 5 PM	6	16.0	48.1	15
605 Orange Co Line to 10 AM	20.7	32.3	51.0	14
105 Rt. 405 to 605 PM	15.7	25.3	35.3	11
60 Brea Canyon to S.B Co. Line PM	6.2	35.9	61.8	4
91 Rt. 110 to Central PM	1.7	7.7	40.8	11

Note: Data shown are from a typical observation and do not represent an average over time.

Source: Data extrapolated from Caltrans District 7 2007 HOV Annual Report

**HOV LANE PEAK HOUR VOLUME**  
 Single Car Pool HOV Lane Capacity is 1650 VPH  
 Two Car Pool HOV Lane Capacity is 1800 VPH



Note: Traffic volumes shown above do not necessarily indicate that the facility has excess capacity. Excess capacity could be achieved by managing vehicle throughput.

Source: Caltrans District 7 2007 HOV Annual Report

# CURRENT HOV VOLUMES

HOV LANE CAPACITY IS 1650 VPH

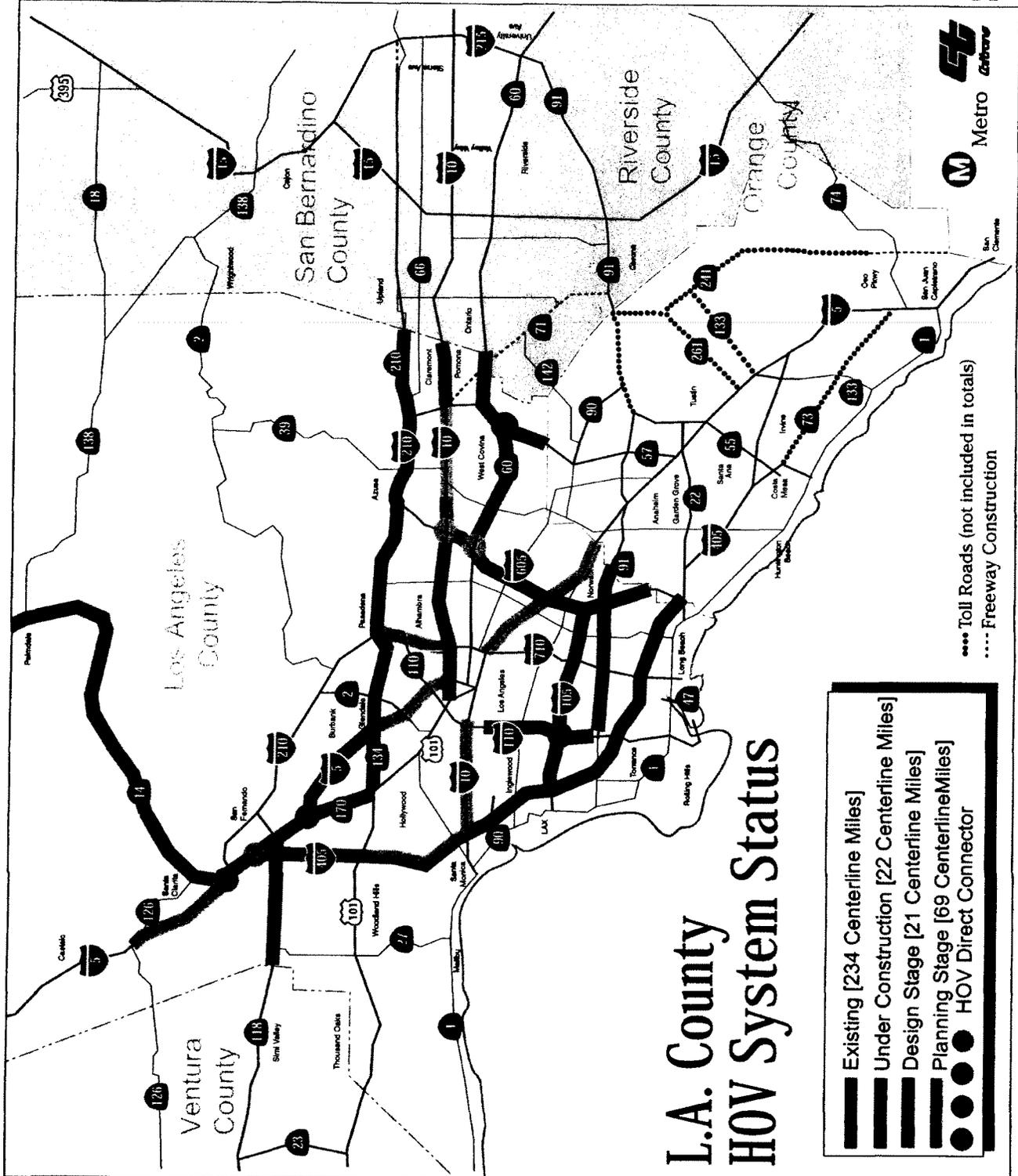
Route	Location	Post Mile	Count Date	2+ Peak Hourly Volume **	3+ Peak Hourly Volume **	Hybrid Vehicles Peak Period Volume		Dir.	HOV Lane Peak Period	Peak 2-Hour HOV Volume **	Occupancy Requirement	Peak Period Violation Rate	HOV ADT (vehicles)	Corridor HOV ADT (vehicles)
						1-Hour	2-Hour							
10	Jackson Ave.	25.09	11-14-06	1515***	1466	77	167	W/B	6:30-7:30 A.M.	2782	3+ (2+ off peak)	3.23%	13793	25500
	Jackson Ave.	25.09	11-16-06	1154	232	34	72	E/B	3:00-4:00 P.M. 4:15-5:15 P.M.	2065	3+ (2+ off peak)	1.54% 14.47%	11707	
14	Golden Valley	29.68	12-20-06	1131	114	20	39	S/B	6:30-7:30 A.M.	1981	2+ (1+ off peak)	0.09%	13408	25587
	Golden Valley	29.68	2-15-07	1520	181	37	59	N/B	4:30-5:30 P.M.	2333	2+ (1+ off peak)	0.59%	12179	
57	Pathfinder	3.16	5-2-07	1301	134	75	153	S/B	6:45-7:45 A.M.	2479	2+	0.40%	13813	25788
	Pathfinder	3.16	10-24-06	977	115	25	65	N/B	3:00-4:00 P.M.	1936	2+	0.20%	11975	
60	Phillips Ranch	28.04	12-13-06	1389	164	41	58	W/B	6:45-7:45 A.M.	2457	2+	0.00%	13858	24180
	Phillips Ranch	28.04	12-12-06	965	107	9	17	E/B	4:00-5:00 P.M.	1813	2+	0.00%	10322	
91	Bloomfield	19.17	2-15-07	1189	152	140	297	W/B	6:45-7:45 A.M.	2243	2+	0.08%	11335	22473
	Bloomfield	19.43	12-20-06	1462	147	90	150	E/B	4:15-5:15 P.M.	2857	2+	0.14%	11138	
105	Long Beach Bl.	11.51	11-1-06	1476	206	47	110	W/B	6:30-7:30 A.M.	2948	2+	3.78%	17564	32426
	Long Beach Bl.	11.51	10-31-06	1297	205	59	107	E/B	4:00-5:00 P.M.	2499	2+	2.11%	14862	
110*	Slauson	17.98	11-2-06	3163	301	236	431	N/B	7:00-8:00 A.M.	6109	2+	0.38%	28916	57159
	Slauson	17.98	11-1-06	2639	266	155	266	S/B	4:30-5:30 P.M.	4939	2+	0.60%	28243	
118	Reseda Ave.	5.81	12-6-06	1269	85	31	55	W/B	6:45-7:45 A.M.	2269	2+	0.08%	5466	11144
	Reseda Ave.	5.81	12-5-06	1389	205	38	55	E/B	4:15-5:15 P.M.	2573	2+	1.77%	5678	
134	Jackson Ave.	7.41	10-24-06	775	58	61	116	W/B	7:15-8:15 A.M.	1425	2+	0.13%	6840	15022
	Jackson Ave.	7.41	10-25-06	943	79	55	91	E/B	4:15-5:15 P.M.	1845	2+	0.00%	8182	
170	Sherman Way	18.27	12-5-06	1066	138	41	74	S/B	7:00-8:00 A.M.	1918	2+	3.27%	5906	10824
	Sherman Way	18.27	12-7-06	726	175	45	71	N/B	4:30-5:30 P.M.	1379	2+	0.00%	4918	
210	Wilson Ave	26.37	11-15-06	1118	166	61	116	W/B	7:15-8:15 A.M.	2017	2+	1.15%	12852	23468
	Wilson Ave	26.37	2-14-07	1324	91	50	104	E/B	3:00-4:00 P.M.	2524	2+	0.38%	10616	
405	Second St.	39.12	10-25-06	1468	85	140	211	W/B	7:30-8:30 A.M.	2874	2+	0.41%	12192	—
	Second St.	39.12	10-26-06	1520	162	62	134	E/B	4:30-5:30 P.M.	3016	2+	0.33%	12012	
605	Temple	4.33	2-14-07	1223	144	301	584	N/B	7:30-8:30 A.M.	2357	2+	0.00%	15962	28822
	Temple	4.33	12-19-06	1428	126	142	274	S/B	4:30-5:30 P.M.	2824	2+	0.00%	14778	
28098	Normandie	13.81	11-19-06	1352	143	146	290	N/B	6:30-7:30 A.M.	2412	2+	1.53%	14651	—
	Normandie	13.81	11-28-06	1246	149	94	190	S/B	3:45-4:45 P.M.	2428	2+	1.58%	13447	
605	Burbank Blvd.	40.28	12-9-06	1129	181	48	116	S/B	6:30-7:30 A.M.	2036	2+	0.70%	9475	—
	Burbank Blvd.	40.28	2-1-07	1336	172	68	115	N/B	3:45-4:45 P.M.	2677	2+	0.22%	9540	
605	Beverly Blvd.	14.42	12-7-06	1251	100	51	104	S/B	6:45-7:45 A.M.	2379	2+	0.08%	14655	28822
	Beverly Blvd.	14.41	12-6-06	1482	103	43	80	N/B	3:15-4:15 P.M.	2874	2+	0.20%	14167	
Average occupancy during peak hourly volume: 2+ facility is 2.2; 3+ facility is 3.1 (excluding buses and violators).													330491	
Note: ADT data is not necessarily taken at the same count locations.													750030	
* 2 lane HOV facility.														
** Volume for Carpools, Vanpools, Motorcycles, and Buses. Excluding Violators and Hybrid Vehicles.														
*** Volume for Carpools, Vanpools, Motorcycles, Buses, and Violators. Excluding Hybrid Vehicles.														

### Travel Time Data (HOV Lane Time Savings)

ROUTE	LIMITS	LENGTH	DATE	PEAK DIRECTION	TRAVEL TIME		HOV LANE - TIME SAVINGS
					Mixed Flow	HOV	
10 / San Bernardino Freeway	Alameda to Route 605	13.8 mi.	04/20/07	Westbound (AM)	45 min. - 33 sec.	24 min. - 56 sec.	21 min.
			05/15/07	Eastbound (PM)	42 min. - 56 sec.	25 min. - 20 sec.	18 min.
14 / Antelope Valley Freeway	Route 57 to S.B. Co. Line	5.4 mi.	04/18/07	Westbound (AM)	06 min. - 02 sec.	04 min. - 31 sec.	02 min.
			04/18/07	Eastbound (PM)	11 min. - 23 sec.	06 min. - 10 sec.	05 min.
57 / Orange Freeway	Route 5 to Pearlblossom	34.4 mi.	04/19/07	Southbound (AM)	32 min. - 17 sec.	29 min. - 54 sec.	02 min.
			04/19/07	Northbound (PM)	38 min. - 45 sec.	31 min. - 11 sec.	08 min.
60 / Pomona Freeway	Route 60 to Ora. Co. Line	5.4 mi.	03/14/07	Southbound (AM)	13 min. - 33 sec.	09 min. - 15 sec.	04 min.
			03/14/07	Northbound (PM)	18 min. - 28 sec.	11 min. - 27 sec.	07 min.
91 / Artesia Freeway	Brea Canyon to S.B. Co. Line	7.0 mi.	03/15/07	Westbound (AM)	21 min. - 11 sec.	16 min. - 04 sec.	05 min.
			03/15/07	Eastbound (PM)	10 min. - 22 sec.	06 min. - 01 sec.	04 min.
105 / Glenn Anderson (Century) Freeway	* Wilmington to Route 110 * Route 110 to Central * Ora. Co. Line to Cherry * Cherry to Ora. Co. Line	1.4 mi.	05/16/07	Westbound (AM)	02 min. - 13 sec.	01 min. - 38 sec.	01 min.
			04/26/07	Eastbound (PM)	13 min. - 16 sec.	02 min. - 30 sec.	11 min.
			05/16/07	Westbound (AM)	16 min. - 12 sec.	07 min. - 12 sec.	09 min.
			04/26/07	Eastbound (PM)	14 min. - 20 sec.	09 min. - 37 sec.	05 min.
110 / Harbor Freeway	Route 405 to Route 605	15.5 mi.	04/17/07	Westbound (AM)	37 min. - 36 sec.	21 min. - 25 sec.	16 min.
			04/17/07	Eastbound (PM)	37 min. - 15 sec.	26 min. - 41 sec.	11 min.
118 / Ronald Reagan Freeway	Route 91 to Adams Blvd	9.8 mi.	04/22/07	Northbound (AM)	32 min. - 46 sec.	15 min. - 31 sec.	17 min.
			05/16/07	Southbound (PM)	20 min. - 37 sec.	10 min. - 16 sec.	10 min.
134 / Ventura Freeway	Route 5 to Ventura Co. Line	11.1 mi.	04/18/07	Westbound (AM)	13 min. - 58 sec.	10 min. - 12 sec.	04 min.
			04/18/07	Eastbound (PM)	11 min. - 02 sec.	09 min. - 48 sec.	01 min.
170 / Hollywood Freeway	Route 5 to Route 210	7.7 mi.	04/24/07	Westbound (AM)	07 min. - 20 sec.	06 min. - 47 sec.	01 min.
			04/24/07	Eastbound (PM)	09 min. - 33 sec.	07 min. - 21 sec.	02 min.
210 / Foothill Freeway	* Route 5 to Hollywood Way Route 101/170 to Route 5	2.7 mi.	04/24/07	Westbound (AM)	02 min. - 51 sec.	02 min. - 20 sec.	01 min.
			04/24/07	Eastbound (PM)	06 min. - 47 sec.	04 min. - 47 sec.	02 min.
405 / San Diego Freeway	Route 101/134 to Route 5	5.1 mi.	05/02/07	Southbound (AM)	26 min. - 14 sec.	07 min. - 22 sec.	19 min.
			05/02/07	Northbound (PM)	22 min. - 29 sec.	07 min. - 29 sec.	15 min.
605 / San Gabriel River Freeway	Route 134 to S.B. Co. Line	27.5 mi.	04/25/07	Westbound (AM)	66 min. - 26 sec.	42 min. - 05 sec.	24 min.
			04/25/07	Eastbound (PM)	62 min. - 01 sec.	44 min. - 47 sec.	17 min.
605 / San Gabriel River Freeway	Route 5 to Waterford Route 101 to Route 5	15.6 mi.	05/03/07	Southbound (AM)	52 min. - 48 sec.	32 min. - 36 sec.	20 min.
			05/03/07	Northbound (PM)	32 min. - 11 sec.	22 min. - 19 sec.	10 min.
605 / San Gabriel River Freeway	Howard Hughes to Ora. Co. Line	24.6 mi.	05/15/07	Northbound (AM)	63 min. - 01 sec.	39 min. - 37 sec.	23 min.
			05/16/07	Southbound (PM)	53 min. - 26 sec.	37 min. - 40 sec.	16 min.
605 / San Gabriel River Freeway	Orange Co. Line to Route 10	20.7 mi.	05/01/07	Southbound (AM)	38 min. - 26 sec.	24 min. - 22 sec.	14 min.
			05/17/07	Northbound (PM)	28 min. - 21 sec.	20 min. - 07 sec.	08 min.

Travel time runs conducted at 7:30 am and 5:00 pm in the peak direction.

\* Temporary HOV lane closure.



# L.A. County HOV System Status



●●●● Toll Roads (not included in totals)  
 ■■■■ Freeway Construction

BILL NUMBER: AB 1467      CHAPTERED  
BILL TEXT

CHAPTER 32  
FILED WITH SECRETARY OF STATE MAY 19, 2006  
APPROVED BY GOVERNOR MAY 19, 2006  
PASSED THE ASSEMBLY MAY 5, 2006  
PASSED THE SENATE MAY 4, 2006

INTRODUCED BY Assembly Member Nunez and Senator Perata

FEBRUARY 22, 2005

An act to amend Section 143 of, and to add Section 149.7 to, the Streets and Highways Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1467, Nunez Transportation projects: facilities: public-private partnerships.

Existing law, until January 1, 2003, authorized the Department of Transportation to solicit proposals and enter into agreements with private entities or consortia for the construction and lease of no more than 2 toll road projects, and specified the terms and requirements applicable to those projects. Existing law authorizes the department to construct high-occupancy vehicle and other preferential lanes.

This bill, until January 1, 2012, would instead authorize the department and regional transportation agencies, as defined, to enter into comprehensive development lease agreements with public and private entities, or consortia of those entities, for certain transportation projects that may charge certain users of those projects tolls and user fees, subject to various terms and requirements.

The number of projects authorized by these provisions would be limited to 4, with 2 in northern California and 2 in southern California, as selected by the California Transportation Commission. The projects would be primarily for improvement of goods movement.

The bill would also authorize regional transportation agencies, in cooperation with the department, to apply to the commission to develop and operate high-occupancy toll lanes, including the administration and operation of a value pricing program and exclusive or preferential lane facilities for public transit, as specified. The bill would, until January 1, 2012, prescribe the procedures for approval of the applications and limit the number of approved projects to 4, 2 in northern California and 2 in southern California, and would enact other related provisions.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 143 of the Streets and Highways Code is amended to read:

143. (a) (1) "Regional transportation agency" means any of the following:

(A) A transportation planning agency as defined in Section 29532 or 29532.1 of the Government Code.

(B) A county transportation commission as defined in Section 130050, 130050.1, or 130050.2 of the Public Utilities Code.

(C) Any other local or regional transportation entity that is designated by statute as a regional transportation agency.

(D) A joint exercise of powers authority as defined in Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code, with the consent of a transportation planning agency or a county transportation commission for the jurisdiction in which the transportation project will be developed.

(2) "Transportation project" means one or more of the following: planning, design, development, finance, construction, reconstruction, rehabilitation, improvement, acquisition, lease, operation, or maintenance of highway, public street, rail, or related facilities supplemental to existing facilities currently owned and operated by the department or regional transportation agencies that is consistent with the requirements of paragraph (2) of subdivision (b).

(b) (1) Notwithstanding any other provision of law, only the department, in cooperation with regional transportation agencies, and regional transportation agencies, may solicit proposals, accept unsolicited proposals, negotiate, and enter into comprehensive development lease agreements with public or private entities, or consortia thereof, for transportation projects.

(2) The number of projects authorized pursuant to this section shall be limited to two projects in northern California and two projects in southern California. The California Transportation Commission shall select the candidate projects from projects nominated by the department or a regional transportation agency. No less than two of the selected projects shall be nominated by a regional transportation agency. The projects shall be primarily designed to improve goods movement, including, but not limited to, exclusive truck lanes and rail access and operational improvements. The projects shall address a known forecast demand, as determined by the department or regional transportation agency.

(3) All negotiated lease agreements shall be submitted to the Legislature for approval or rejection. Any approval shall be achieved by the enactment of a statute. Prior to submitting a lease agreement to the Legislature, the department or regional transportation agency shall conduct at least one public hearing at a location at or near the proposed facility for purposes of receiving public comment on the lease agreement. Public comments made during this hearing shall be submitted to the Legislature with the lease agreement.

(c) For the purpose of facilitating those projects, the agreements between the parties may include provisions for the lease of rights-of-way in, and airspace over or under, highways, public streets, rail, or related facilities for the granting of necessary easements, and for the issuance of permits or other authorizations to enable the construction of transportation projects. Facilities subject to an agreement under this section shall, at all times, be owned by the department or the regional transportation agency, as appropriate. For department projects, the commission shall certify the department's determination of the useful life of the project in establishing the lease agreement terms. In consideration therefor, the agreement shall provide for complete reversion of the leased facility, together with the right to collect tolls and user fees, to the department or regional transportation agency, at the expiration of the lease at no charge to the department or regional transportation agency. At time of reversion, the facility shall be delivered to the department or regional transportation agency, as applicable, in a condition that meets the performance and maintenance standards established by the department and that is free of any

encumbrance, lien, or other claims.

(d) (1) The department or a regional transportation agency may exercise any power possessed by it with respect to transportation projects to facilitate the transportation projects pursuant to this section. The department, regional transportation agency, and other state or local agencies may provide services to the contracting entity for which the public entity is reimbursed, including, but not limited to, planning, environmental planning, environmental certification, environmental review, preliminary design, design, right-of-way acquisition, construction, maintenance, and policing of these transportation projects. The department or regional transportation agency, as applicable, shall regularly inspect the facility and require the lessee to maintain and operate the facility according to adopted standards. The lessee shall be responsible for all costs due to development, maintenance, repair, rehabilitation, and reconstruction, and operating costs.

(2) In selecting private entities with which to enter into these agreements, notwithstanding any other provision of law, the department and regional transportation agencies may, but are not limited to, utilizing one or more of the following procurement approaches:

(A) Solicitations of proposals for defined projects and calls for project proposals within defined parameters.

(B) Prequalification and short-listing of proposers prior to final evaluation of proposals.

(C) Final evaluation of proposals based on qualifications, best value, or both. If final evaluation is to be based on best value, the California Transportation Commission shall develop and adopt criteria for making that evaluation prior to evaluation of a proposal.

(D) Negotiations with proposers prior to award.

(E) Acceptance of unsolicited proposals, with issuance of requests for competing proposals.

(3) No agreement entered into pursuant to this section shall infringe on the authority of the department or a regional transportation agency to develop, maintain, repair, rehabilitate, operate, or lease any transportation project. Lease agreements may provide for reasonable compensation to the leaseholder for the adverse effects on toll revenue or user fee revenue due to the development, operation, or lease of supplemental transportation projects with the exception of any of the following:

(A) Projects identified in regional transportation plans prepared pursuant to Section 65080 of the Government Code and submitted to the commission as of the date the commission selected the project to be developed through a lease agreement, as provided in this section, unless provided by the lease agreement approved by the department or regional transportation agency and the commission.

(B) Safety projects.

(C) Improvement projects that will result in incidental capacity increases.

(D) Additional high-occupancy vehicle lanes or the conversion of existing lanes to high-occupancy vehicle lanes.

(E) Projects located outside the boundaries of a public-private partnership project, to be defined by the lease agreement.

However, compensation to a leaseholder shall only be made after a demonstrable reduction in use of the facility resulting in reduced toll or user fee revenues, and may not exceed the reduction in those revenues.

(e) (1) Agreements entered into pursuant to this section shall authorize the contracting entity to impose tolls and user fees for

use of a facility constructed by it, and shall require that over the term of the lease the toll revenues and user fees be applied to payment of the capital outlay costs for the project, the costs associated with operations, toll and user fee collection, administration of the facility, reimbursement to the department or other governmental entity for the costs of services to develop and maintain the project, police services, and a reasonable return on investment. The agreement shall require that, notwithstanding Sections 164, 188, and 188.1, any excess toll or user fee revenue either be applied to any indebtedness incurred by the contracting entity with respect to the project, improvements to the project, or be paid into the State Highway Account, or for all three purposes, except that any excess toll revenue under a lease agreement with a regional transportation agency may be paid to the regional transportation agency for use in improving public transportation in and near the project boundaries.

(2) Lease agreements shall establish specific toll or user fee rates. Any proposed increase in those rates during the term of the agreement shall first be approved by the department or regional transportation agency after at least one public hearing conducted at a location near the proposed or existing facility.

(3) The collection of tolls and user fees for the use of these facilities may be extended by the commission or regional transportation agency at the expiration of the lease agreement. However, those tolls or user fees may not be used for any purpose other than for the improvement, continued operation, or maintenance of the facility.

(4) Tolls and user fees may not be charged to noncommercial vehicles with three or fewer axles.

(f) The plans and specifications for each transportation project developed, maintained, repaired, rehabilitated, reconstructed, or operated pursuant to this section shall comply with the department's standards for state transportation projects. The lease agreement shall include performance standards, including, but not limited to, levels of service. The agreement shall require facilities on the state highway system to meet all requirements for noise mitigation, landscaping, pollution control, and safety that otherwise would apply if the department were designing, building, and operating the facility. If a facility is on the state highway system, the facility leased pursuant to this section shall, during the term of the lease, be deemed to be a part of the state highway system for purposes of identification, maintenance, enforcement of traffic laws, and for the purposes of Division 3.6 (commencing with Section 810) of Title 1 of the Government Code.

(g) Failure to comply with the lease agreement in any significant manner shall constitute a default under the agreement and the department or the regional transportation agency, as appropriate, shall have the option to initiate processes to revert the facility to the public agency.

(h) The assignment authorized by subdivision (c) of Section 130240 of the Public Utilities Code is consistent with this section.

(i) A lease to a private entity pursuant to this section is deemed to be public property for a public purpose and exempt from leasehold, real property, and ad valorem taxation, except for the use, if any, of that property for ancillary commercial purposes.

(j) Nothing in this section is intended to infringe on the authority to develop high-occupancy toll lanes pursuant to Section 149.4, 149.5, or 149.6.

(k) Nothing in this section shall be construed to allow the conversion of any existing nontoll or non-user-fee lanes into tolled

or user fee lanes with the exception of a high-occupancy vehicle lane that may be operated as a high-occupancy toll lane for vehicles not otherwise meeting the requirements for use of that lane.

(l) The lease agreement shall require the lessee to provide any information or data requested by the California Transportation Commission or the Legislative Analyst. The commission, in cooperation with the Legislative Analyst, shall annually prepare a report on the progress of each project and ultimately on the operation of the resulting facility. The report shall include, but not be limited to, a review of the performance standards, a financial analysis, and any concerns or recommendations for changes in the future.

(m) No lease agreements may be entered into under this section on or after January 1, 2012.

(n) To the extent that the design-build procurement method is utilized for the award of construction or design contracts for projects authorized under this section, those contracts shall be subject to the requirements, parameters, and processes set forth in Chapter 6.5 (commencing with Section 6800) of Part 1 of Division 2 of the Public Contract Code, if that chapter is added by either Assembly Bill 143 of the 2005-06 Regular Session or Senate Bill 59 of the 2005-06 Regular Session.

SEC. 2. Section 149.7 is added to the Streets and Highways Code, to read:

149.7. (a) A regional transportation agency, as defined in Section 143, in cooperation with the department, may apply to the commission to develop and operate high-occupancy toll lanes, including the administration and operation of a value pricing program and exclusive or preferential lane facilities for public transit, consistent with the established standards, requirements, and limitations that apply to those facilities in Sections 149, 149.1, 149.3, 149.4, 149.5 and 149.6.

(b) The commission shall review each application for the development and operation of the facilities described in subdivision (a) according to eligibility criteria established by the commission. For each eligible application, the commission shall conduct at least one public hearing in northern California and one in southern California.

(c) Following public hearings, the commission shall submit an eligible application and any public comments made during the hearings to the Legislature for approval or rejection. Approval shall be achieved by the enactment of a statute. The number of facilities approved under this section shall not exceed four, two in northern California and two in southern California.

(d) A regional transportation agency that develops or operates a facility, or facilities, described in subdivision (a) shall provide any information or data requested by the commission or the Legislative Analyst. The commission, in cooperation with the Legislative Analyst, shall annually prepare a report on the progress of the development and operation of a facility authorized under this section. The commission may submit this report as a section in its annual report to the Legislature required pursuant to Section 14535 of the Government Code.

(e) No applications may be approved under this section on or after January 1, 2012.

**STREETS AND HIGHWAYS CODE**  
**SECTIONS 149 - 149.7**

149. The department may construct exclusive or preferential lanes for buses only or for buses and other high-occupancy vehicles, and may authorize or permit such exclusive or preferential use of designated lanes on existing highways that are part of the State Highway System. Prior to constructing such lanes, the department shall conduct competent engineering estimates of the effect of such lanes on safety, congestion, and highway capacity.

To the extent they are available, the department may apply for and use federal aid funds appropriated for the design, construction, and use of such exclusive or preferential lanes, but may also use other State Highway Account funds, including other federal aid funds, for those purposes where proper and desirable.

This section shall be known and may be cited as the Carrell Act.

149.1. (a) Notwithstanding Sections 149 and 30800 of this code, and Section 21655.5 of the Vehicle Code, the San Diego Association of Governments (SANDAG) may conduct, administer, and operate a value pricing and transit development program on the Interstate Highway Route 15 (I-15) high-occupancy vehicle expressway. The program, under the circumstances described in subdivision (b), may direct and authorize the entry and use of the I-15 high-occupancy vehicle lanes by single-occupant vehicles during peak periods, as defined by SANDAG, for a fee. The amount of the fee shall be established from time to time by SANDAG, and collected in a manner determined by SANDAG.

(b) Implementation of the program shall ensure that Level of Service C, as measured by the most recent issue of the Highway Capacity Manual, as adopted by the Transportation Research Board, is maintained at all times in the high-occupancy vehicle lanes, except that subject to a written agreement between the department and SANDAG that is based on operating conditions of the high-occupancy vehicle lanes, Level of Service D shall be permitted on the high-occupancy vehicle lanes. If Level of Service D is permitted, the department and SANDAG shall evaluate the impacts of these levels of service of the high-occupancy vehicle lanes, and indicate any effects on the mixed-flow lanes. Continuance of Level of Service D operating conditions shall be subject to the written agreement between the department and SANDAG. Unrestricted access to the lanes by high-occupancy vehicles shall be available at all times. At least annually, the department shall audit the level of service during peak traffic hours and report the results of that audit at meetings of the program management team.

(c) Single-occupant vehicles that are certified or authorized by SANDAG for entry into, and use of, the I-15 high-occupancy vehicle lanes are exempt from Section 21655.5 of the Vehicle Code, and the driver shall not be in violation of the Vehicle Code because of that entry and use.

(d) SANDAG shall carry out the program in cooperation with the

department, and shall consult the department in the operation of the project and on matters related to highway design and construction. With the assistance of the department, SANDAG shall establish appropriate traffic flow guidelines for the purpose of ensuring optimal use of the express lanes by high-occupancy vehicles.

(e) (1) Agreements between SANDAG, the department, and the Department of the California Highway Patrol shall identify the respective obligations and liabilities of those entities and assign them responsibilities relating to the program. The agreements entered into pursuant to this section shall be consistent with agreements between the department and the United States Department of Transportation relating to this program and shall include clear and concise procedures for enforcement by the Department of the California Highway Patrol of laws prohibiting the unauthorized use of the high-occupancy vehicle lanes. The agreements shall provide for reimbursement of state agencies, from revenues generated by the program, federal funds specifically allocated to SANDAG for the program by the federal government, or other funding sources that are not otherwise available to state agencies for transportation-related projects, for costs incurred in connection with the implementation or operation of the program. Reimbursement for SANDAG's program-related planning and administrative costs in the operation of the program shall not exceed 3 percent of the revenues.

(2) All remaining revenue shall be used in the I-15 corridor exclusively for (A) the improvement of transit service, including, but not limited to, support for transit operations, and (B) high-occupancy vehicle facilities and shall not be used for any other purpose.

(f) SANDAG, the San Diego Metropolitan Transit Development Board, and the department shall cooperatively develop a single transit capital improvement plan for the I-15 corridor.

149.3. The department may undertake the construction of exclusive or preferential lane facilities pursuant to a cooperative agreement with any public or private agency that provides mass transit services. Such cooperative agreement shall establish such geometric design standards, scheduling, reservations, restrictions, and conditions as the department deems necessary or desirable. Provisions may also be made for electrification or use of other power sources under such terms and conditions as the department deems necessary to accomplish the objectives of this section. Additionally, any such agreement shall provide for the payment of compensation where required by other provisions of law or where otherwise deemed appropriate.

149.4. (a) (1) Notwithstanding Sections 149 and 30800 of this code, and Section 21655.5 of the Vehicle Code, the San Diego Association of Governments (SANDAG) may conduct, administer, and operate a value pricing and transit development demonstration program on a maximum of two transportation corridors in San Diego County.

(2) The program, under the circumstances described in subdivision (b), may direct and authorize the entry and use of high-occupancy vehicle lanes in corridors identified in paragraph (1) by

single-occupant vehicles during peak periods, as defined by SANDAG, for a fee. The amount of the fee shall be established from time to time by SANDAG, and collected in a manner determined by SANDAG. A high-occupancy vehicle lane may only be operated as a high-occupancy toll (HOT) lane during the hours that the lane is otherwise restricted to use by high-occupancy vehicles.

(b) Implementation of the program shall ensure that Level of Service C, as measured by the most recent issue of the Highway Capacity Manual, as adopted by the Transportation Research Board, is maintained at all times in the high-occupancy vehicle lanes, except that subject to a written agreement between the department and SANDAG that is based on operating conditions of the high-occupancy vehicle lanes, Level of Service D shall be permitted on the high-occupancy vehicle lanes. If Level of Service D is permitted, the department and SANDAG shall evaluate the impacts of these levels of service of the high-occupancy vehicle lanes, and indicate any effects on the mixed-flow lanes. Continuance of Level of Service D operating conditions shall be subject to the written agreement between the department and SANDAG. Unrestricted access to the lanes by high-occupancy vehicles shall be available at all times. At least annually, the department shall audit the level of service during peak traffic hours and report the results of that audit at meetings of the program management team.

(c) Single-occupant vehicles that are certified or authorized by SANDAG for entry into, and use of, the high-occupancy vehicle lanes identified in paragraph (1) of subdivision (a) are exempt from Section 21655.5 of the Vehicle Code, and the driver shall not be in violation of the Vehicle Code because of that entry and use.

(d) SANDAG shall carry out the program in cooperation with the department pursuant to a cooperative agreement that addresses all matters related to design, construction, maintenance, and operation of state highway system facilities in connection with the value pricing and transit development demonstration program. With the assistance of the department, SANDAG shall establish appropriate traffic flow guidelines for the purpose of ensuring optimal use of the express lanes by high-occupancy vehicles without adversely affecting other traffic on the state highway system.

(e) (1) Agreements between SANDAG, the department, and the Department of the California Highway Patrol shall identify the respective obligations and liabilities of those entities and assign them responsibilities relating to the program. The agreements entered into pursuant to this section shall be consistent with agreements between the department and the United States Department of Transportation relating to this program and shall include clear and concise procedures for enforcement by the Department of the California Highway Patrol of laws prohibiting the unauthorized use of the high-occupancy vehicle lanes. The agreements shall provide for reimbursement of state agencies, from revenues generated by the program, federal funds specifically allocated to SANDAG for the program by the federal government, or other funding sources that are not otherwise available to state agencies for transportation-related projects, for costs incurred in connection with the implementation or operation of the program.

(2) The revenue generated from the program shall be available to SANDAG for the direct expenses related to the operation (including collection and enforcement), maintenance, and administration of the demonstration program. Administrative expenses shall not exceed 3

percent of the revenues.

(3) All remaining revenue generated by the demonstration program shall be used in the corridor from which the revenue was generated exclusively for preconstruction, construction, and other related costs of high-occupancy vehicle facilities and the improvement of transit service, including, but not limited to, support for transit operations pursuant to an expenditure plan adopted by SANDAG.

(f) (1) SANDAG may issue bonds at any time to finance any costs necessary to implement the value pricing program established pursuant to subdivision (a) and any expenditures as may be provided for in the expenditure plan adopted pursuant to paragraph (3) of subdivision (e), payable from the revenues generated from the program.

(2) The maximum bonded indebtedness that may be outstanding at any one time shall not exceed an amount that may be serviced from the estimated revenues generated from the program.

(3) The bonds shall bear interest at a rate or rates not exceeding the maximum allowable by law, payable at intervals determined by SANDAG.

(4) Any bond issued pursuant to this subdivision shall contain on its face a statement to the following effect: "Neither the full faith and credit nor the taxing power of the State of California is pledged to the payment of principal of, as the interest of this bond."

(5) Bonds shall be issued pursuant to a resolution of SANDAG adopted by a two-thirds vote of its governing board. The resolution shall state all of the following:

- (A) The purposes for which the proposed debt is to be incurred.
- (B) The estimated cost of accomplishing those purposes.
- (C) The amount of the principal of the indebtedness.
- (D) The maximum term of the bonds and the interest rate.
- (E) The denomination or denominations of the bonds, which shall not be less than five thousand dollars (\$5,000).
- (F) The form of the bonds.

(g) Not later than three years after SANDAG first collects revenues from any of the projects described in paragraph (1) of subdivision (a), SANDAG shall submit a report to the Legislature on its findings, conclusions, and recommendations concerning the demonstration program authorized by this section. The report shall include an analysis of the effect of the HOT lanes on the adjacent mixed-flow lanes and any comments submitted by the department and the Department of the California Highway Patrol regarding operation of the lane.

149.5. (a) (1) Notwithstanding Sections 149 and 30800 of this code, and Section 21655.5 of the Vehicle Code, the Sunol Smart Carpool Lane Joint Powers Authority (SSCLJPA), consisting of the Alameda County Congestion Management Agency, Alameda County Transportation Improvement Authority, and the Santa Clara Valley Transportation Authority, may conduct, administer, and operate a value pricing high-occupancy vehicle program on the Sunol Grade segment of State Highway Route 680 (Interstate 680) in Alameda and Santa Clara Counties and the Alameda County Congestion Management Agency may conduct, administer, and operate a program on a corridor within Alameda County for a maximum of two transportation corridors in Alameda County pursuant to this section in coordination with the

Metropolitan Transportation Commission and consistent with Section 21655.6 of the Vehicle Code.

(2) The program, under the circumstances described in subdivision (b), may direct and authorize the entry and use of the high-occupancy vehicle lanes in the corridors identified in paragraph (1) by single-occupant vehicles for a fee. The fee structure for each corridor shall be established from time to time by the administering agency. A high-occupancy vehicle lane may only be operated as a high-occupancy toll (HOT) lane during the hours that the lane is otherwise restricted to use by high-occupancy vehicles.

(3) The administering agency for each corridor shall enter into a cooperative agreement with the Bay Area Toll Authority to operate and manage the electronic toll collection system.

(b) Implementation of the program shall ensure that Level of Service C, as measured by the most recent issue of the Highway Capacity Manual, as adopted by the Transportation Research Board, is maintained at all times in the high-occupancy vehicle lanes, except that subject to a written agreement between the department and the administering agency that is based on operating conditions of the high-occupancy vehicle lanes, Level of Service D shall be permitted on the high-occupancy vehicle lanes. If Level of Service D is permitted, the department and the administering agency shall evaluate the impacts of these levels of service on the high-occupancy vehicle lanes, and indicate any effects on the mixed-flow lanes. Continuance of Level of Service D operating conditions shall be subject to the written agreement between the department and the administering agency. Unrestricted access to the lanes by high-occupancy vehicles shall be available at all times. At least annually, the department shall audit the level of service during peak traffic hours and report the results of that audit at meetings of the administering agency.

(c) Single-occupant vehicles that are certified or authorized by the administering agency for entry into, and use of, the high-occupancy vehicle lanes identified in paragraph (1) of subdivision (a) are exempt from Section 21655.5 of the Vehicle Code, and the driver shall not be in violation of the Vehicle Code because of that entry and use.

(d) The administering agency shall carry out the program in cooperation with the department pursuant to a cooperative agreement that addresses all matters related to design, construction, maintenance, and operation of state highway system facilities in connection with the value pricing high-occupancy vehicle program. With the assistance of the department, the administering agency shall establish appropriate traffic flow guidelines for the purpose of ensuring optimal use of the high-occupancy toll lanes by high-occupancy vehicles without adversely affecting other traffic on the state highway system.

(e) (1) Agreements between the administering agency, the department, and the Department of the California Highway Patrol shall identify the respective obligations and liabilities of those entities and assign them responsibilities relating to the program. The agreements entered into pursuant to this section shall be consistent with agreements between the department and the United States Department of Transportation relating to programs of this nature. The agreements shall include clear and concise procedures for enforcement by the Department of the California Highway Patrol of laws prohibiting the unauthorized use of the high-occupancy vehicle lanes, which may include the use of video enforcement. The agreements

shall provide for reimbursement of state agencies, from revenues generated by the program, or other funding sources that are not otherwise available to state agencies for transportation-related projects, for costs incurred in connection with the implementation or operation of the program.

(2) The revenue generated from the program shall be available to the administering agency for the direct expenses related to the operation (including collection and enforcement), maintenance, construction, and administration of the program. Administrative expenses shall not exceed 3 percent of the revenues.

(3) All net revenue generated by the program that remains after payment of direct expenses pursuant to paragraph (2) shall be allocated pursuant to an expenditure plan adopted biennially by the administering agency for transportation purposes within the program area. The expenditure plan may include funding for the following:

(A) The construction of high-occupancy vehicle facilities, including the design, preconstruction, construction, and other related costs of the northbound Interstate 680 Sunol Smart Carpool Lane project.

(B) Transit capital and operations that directly serve the authorized corridors.

(f) (1) The administering agency may issue bonds, refunding bonds, or bond anticipation notes, at any time to finance construction and construction-related expenditures of programs adopted pursuant to subdivision (a) and construction and construction-related expenditures that are included in the expenditure plan adopted pursuant to paragraph (3) of subdivision (e), payable solely from the revenues generated from the respective programs.

(2) The maximum bonded indebtedness that may be outstanding at any one time shall be an amount equal to the sum of the principal of, and interest on, the bonds, but not to exceed the estimated revenues generated from the respective programs.

(3) Bonds shall be issued pursuant to a resolution adopted by a two-thirds vote of the governing board of the administering agency. The resolution shall state all of the following:

(A) The purposes for which the proposed debt is to be incurred.

(B) The estimated cost of accomplishing those purposes.

(C) The amount of the principal of the indebtedness.

(D) The maximum term the bonds proposed to be issued shall run before maturity.

(E) The maximum rate of interest to be paid, which shall not exceed the maximum allowable by law.

(F) The denomination or denominations of the bonds, which shall not be less than five thousand dollars (\$5,000).

(G) The form of the bonds, including, without limitation, registered bonds and coupon bonds, to the extent permitted by federal law, the registration, conversion, and exchange privileges, if any pertaining thereto, and the time when all of, or any part of, the principal becomes due and payable.

(H) Any other matters authorized by law.

(4) The bonds shall bear interest at a rate or rates not exceeding the maximum allowable by law, payable at intervals determined by the administering agency.

(5) The full amount of bonds may be divided into two or more series and different dates of payment fixed for the bonds of each series. A bond shall not be required to mature on its anniversary date.

(6) Any bond issued pursuant to this subdivision shall contain on its face a statement to the following effect:

"Neither the full faith and credit nor the taxing power of the State of California is pledged to the payment of principal of, or the interest on, this bond."

(g) Not later than three years after the administering agency first collects revenues from the program authorized by this section, the administering agency shall submit a report to the Legislature on its findings, conclusions, and recommendations concerning the demonstration program authorized by this section. The report shall include an analysis of the effect of the HOT lanes on the adjacent mixed-flow lanes and any comments submitted by the department and the Department of the California Highway Patrol regarding operation of the lane.

149.6. (a) Notwithstanding Sections 149 and 30800, and Section 21655.5 of the Vehicle Code, the Santa Clara Valley Transportation Authority (VTA) created by Part 12 (commencing with Section 100000) of the Public Utilities Code may conduct, administer, and operate a value pricing program on any two of the transportation corridors included in the high-occupancy vehicle lane system in Santa Clara County in coordination with the Metropolitan Transportation Commission and consistent with Section 21655.6 of the Vehicle Code.

(1) VTA, under the circumstances described in subdivision (b), may direct and authorize the entry and use of those high-occupancy vehicle lanes by single-occupant vehicles for a fee. The fee structure shall be established from time to time by the authority. A high-occupancy vehicle lane may only be operated as a high-occupancy toll (HOT) lane during the hours that the lane is otherwise restricted to use by high-occupancy vehicles.

(2) VTA shall enter into a cooperative agreement with the Bay Area Toll Authority to operate and manage the electronic toll collection system.

(b) Implementation of the program shall ensure that Level of Service C, as measured by the most recent issue of the Highway Capacity Manual, as adopted by the Transportation Research Board, is maintained at all times in the high-occupancy vehicle lanes, except that subject to a written agreement between the department and VTA that is based on operating conditions of the high-occupancy vehicle lanes, Level of Service D shall be permitted on the high-occupancy vehicle lanes. If Level of Service D is permitted, the department and VTA shall evaluate the impacts of these levels of service on the high-occupancy vehicle lanes, and indicate any effects on the mixed-flow lanes. Continuance of Level of Service D operating conditions shall be subject to the written agreement between the department and VTA. Unrestricted access to the lanes by high-occupancy vehicles shall be available at all times. At least annually, the department shall audit the level of service during peak traffic hours and report the results of that audit at meetings of the program management team.

(c) Single-occupant vehicles that are certified or authorized by the authority for entry into, and use of, the high-occupancy vehicle lanes in Santa Clara County are exempt from Section 21655.5 of the Vehicle Code, and the driver shall not be in violation of the Vehicle

Code because of that entry and use.

(d) VTA shall carry out the program in cooperation with the department pursuant to a cooperative agreement that addresses all matters related to design, construction, maintenance, and operation of state highway system facilities in connection with the value pricing program. With the assistance of the department, VTA shall establish appropriate traffic flow guidelines for the purpose of ensuring optimal use of the high-occupancy toll lanes by high-occupancy vehicles without adversely affecting other traffic on the state highway system.

(e) (1) Agreements between VTA, the department, and the Department of the California Highway Patrol shall identify the respective obligations and liabilities of those entities and assign them responsibilities relating to the program. The agreements entered into pursuant to this section shall be consistent with agreements between the department and the United States Department of Transportation relating to this program. The agreements shall include clear and concise procedures for enforcement by the Department of the California Highway Patrol of laws prohibiting the unauthorized use of the high-occupancy vehicle lanes, which may include the use of video enforcement. The agreements shall provide for reimbursement of state agencies, from revenues generated by the program, federal funds specifically allocated to the authority for the program by the federal government, or other funding sources that are not otherwise available to state agencies for transportation-related projects, for costs incurred in connection with the implementation or operation of the program.

(2) The revenues generated by the program shall be available to VTA for the direct expenses related to the operation (including collection and enforcement), maintenance, construction, and administration of the program. The VTA's administrative costs in the operation of the program shall not exceed 3 percent of the revenues.

(3) All remaining revenue generated by the program shall be used in the corridor from which the revenues were generated exclusively for the preconstruction, construction, and other related costs of high-occupancy vehicle facilities and the improvement of transit service, including, but not limited to, support for transit operations pursuant to an expenditure plan adopted by the VTA.

(f) (1) The VTA may issue bonds, refunding bonds, or bond anticipation notes, at any time to finance construction and construction-related expenditures necessary to implement the value pricing program established pursuant to subdivision (a) and construction and construction-related expenditures that are provided for in the expenditure plan adopted pursuant to paragraph (3) of subdivision (e), payable from the revenues generated from the program.

(2) The maximum bonded indebtedness that may be outstanding at any one time shall not exceed an amount that may be serviced from the estimated revenues generated from the program.

(3) The bonds shall bear interest at a rate or rates not exceeding the maximum allowable by law, payable at intervals determined by the authority.

(4) Any bond issued pursuant to this subdivision shall contain on its face a statement to the following effect:

"Neither the full faith and credit nor the taxing power of the State of California is pledged to the payment of principal of, or the

interest on, this bond."

(5) Bonds shall be issued pursuant to a resolution of VTA adopted by a two-thirds vote of its governing board. The resolution shall state all of the following:

- (A) The purposes for which the proposed debt is to be incurred.
- (B) The estimated cost of accomplishing those purposes.
- (C) The amount of the principal of the indebtedness.
- (D) The maximum term of the bonds and the interest rate.
- (E) The denomination or denominations of the bonds, which shall not be less than five thousand dollars (\$5,000).
- (F) The form of the bonds, including, without limitation, registered bonds and coupon bonds, to the extent permitted by federal law, the registration, conversion, and exchange privileges, if applicable, and the time when all of, or any part of, the principal becomes due and payable.
- (G) Any other matters authorized by law.

(6) The full amount of bonds may be divided into two or more series and different dates of payment fixed for the bonds of each series. A bond shall not be required to mature on its anniversary date.

(g) Not later than three years after VTA first collects revenues from any of the projects described in paragraph (1) of subdivision (a), VTA shall submit a report to the Legislature on its findings, conclusions, and recommendations concerning the demonstration program authorized by this section. The report shall include an analysis of the effect of the HOT lanes on adjacent mixed-flow lanes and any comments submitted by the department and the Department of the California Highway Patrol regarding operation of the lanes.

149.7. (a) A regional transportation agency, as defined in Section 143, in cooperation with the department, may apply to the commission to develop and operate high-occupancy toll lanes, including the administration and operation of a value pricing program and exclusive or preferential lane facilities for public transit, consistent with the established standards, requirements, and limitations that apply to those facilities in Sections 149, 149.1, 149.3, 149.4, 149.5, and 149.6.

(b) The commission shall review each application for the development and operation of the facilities described in subdivision (a) according to eligibility criteria established by the commission. For each eligible application, the commission shall conduct at least one public hearing in northern California and one in southern California.

(c) Following public hearings, the commission shall submit an eligible application and any public comments made during the hearings to the Legislature for approval or rejection. Approval shall be achieved by the enactment of a statute. The number of facilities approved under this section shall not exceed four, two in northern California and two in southern California.

(d) A regional transportation agency that develops or operates a facility, or facilities, described in subdivision (a) shall provide any information or data requested by the commission or the Legislative Analyst. The commission, in cooperation with the

Legislative Analyst, shall annually prepare a report on the progress of the development and operation of a facility authorized under this section. The commission may submit this report as a section in its annual report to the Legislature required pursuant to Section 14535 of the Government Code.

(e) No applications may be approved under this section on or after January 1, 2012.

**California Transportation Commission  
Guidelines for the Determination of Eligible  
Public Partnership Transportation Projects  
High Occupancy Toll Lanes**

**Background:**

In accordance with AB 1467, until January 1, 2012, Regional Transportation Agencies, in cooperation with the Department of Transportation (Department), may apply to the California Transportation Commission (Commission) to develop and operate high-occupancy toll lanes, including the administration and operation of a value pricing program and exclusive or preferential lane facilities for public transit, as specified. The number of projects that may be approved is limited to four, two in Northern California and two in Southern California.

In order to ensure that Public Partnership (PP) transportation projects selected promote California's transportation goals and advance the public interest, the Commission will use technical and financial criteria to determine eligibility of PP applications relative to the development and operation of the facilities proposed. The proposed eligibility criteria and procedures for the Commission to evaluate PP transportation project eligibility are set forth below.

**Legislative Background:**

Assembly Bill 1467, Nunez, added Section 149.7 to the Streets and Highways Code to read:

- (a) A Regional Transportation Agency, as defined in Section 143, in cooperation with the Department, may apply to the Commission to develop and operate high-occupancy toll lanes, including the administration and operation of a value pricing program and exclusive or preferential lane facilities for public transit, consistent with the established standards, requirements, and limitations that apply to those facilities in Sections 149, 149.1, 149.3, 149.4, 149.5 and 149.6.
- (b) The Commission shall review each application for the development and operation of the facilities described in subdivision (a) according to eligibility criteria established by the Commission. For each eligible application, the Commission shall conduct at least one public hearing in Northern California and one in Southern California.
- (c) Following public hearings, the Commission shall submit an eligible application and any public comments made during the hearings to the Legislature for approval or rejection. Approval shall be achieved by the enactment of a statute. The number of facilities approved under this section shall not exceed four, two in Northern California and two in Southern California.
- (d) A Regional Transportation Agency that develops or operates a facility, or facilities, described in subdivision (a) shall provide any information or data requested by the

Commission or the Legislative Analyst. The Commission, in cooperation with the Legislative Analyst, shall annually prepare a report on the progress of the development and operation of a facility authorized under this section. The Commission may submit this report as a section in its annual report to the Legislature required pursuant to Section 14535 of the Government Code.

(e) No applications may be approved under this section on or after January 1, 2012.

**Guidelines for Determining PP Transportation Project Eligibility**

Proposed PP transportation project applications arising from AB 1467 will be evaluated for eligibility according to the following criteria:

**Phase One: Review of Application**

Commission staff will perform a preliminary qualification review of each application to determine whether the proposer has:

- A project that conceptually meets the requirements of AB 1467.
- Evidence that the application was submitted in cooperation with the Department.
- A project plan which appears technically feasible.
- A financial plan which appears to allow access to the necessary capital to finance the facility.

**Phase Two: Evaluation of Project Eligibility**

A. In order to determine project eligibility, Commission staff will evaluate project applications against eligibility criteria. The Commission may obtain professional opinions from necessary experts in the evaluation of the detailed application. For example, consultation and opinions could be obtained from expert engineers, accountants and attorneys as applicable.

B. Eligibility Objectives

Eligibility objectives include obtaining evidence to support that:

- The proposed project complies with Sections 149, 149.1, 149.3, 149.4, 149.5, 149.6 and 149.7 of the Streets and Highways Code.
- The application was submitted in cooperation with the Department and the Department has determined that the project is consistent with State Highway System requirements.
- The project is technically and financially feasible.
- The project is consistent with the Applicant's Regional Transportation Plan.

- The Regional Transportation Agency has established performance measures for project tracking and reporting purposes.
- C. Eligibility Criteria  
Eligibility criteria for public partnership transportation projects submitted in accordance with AB 1467 are set forth in Attachment I.
- D. Executive Director's Recommendation to the Commission  
Upon final evaluation of the project application against eligibility criteria, the Commission's Executive Director will make a recommendation to the Commission to accept or reject the application.

**Phase Three: Public Hearings & Legislature Review and Approval/Rejection**

- A. Public Hearings  
For those applications accepted as eligible by the Commission, one public hearing will be held in Northern California and one in Southern California. The purpose of the public hearings is to allow agencies, stakeholders and the public an opportunity to present concerns pertaining to the project.
- B. Legislative Approval  
For those applications meeting the eligibility requirements established by the Commission, the eligible application(s) and any public comments made during the hearings will be forwarded to the Legislature for approval or rejection. Approval will be achieved by the enactment of a statute.

**Phase Four: Approved PP Application**

Upon Legislature's enactment of a statute for the project, the Department will enter into an agreement with the Regional Transportation Agency. This agreement will include all the requirements outlined in AB 1467 and all applicable laws and regulations.

**Phase Five: Report to the Legislature**

Annually the Commission, in cooperation with the Legislative Analyst, will provide a report on the progress of the development and operation of each facility approved under these guidelines and the Streets and Highways Code Section 149.7.

## Attachment I

### California Transportation Commission Public Partnership Application Eligibility Criteria High Occupancy Toll Lanes

The eligibility criteria set forth below will be considered by the California Transportation Commission (Commission) staff in making a determination whether a public partnership (PP) transportation project submitted in accordance with Assembly Bill 1467 should be recommended to the Commission for approval, public hearings, and final submission to the Legislature.

Documentation to support the development and operation of high-occupancy toll lanes including the administration and operation of a value pricing program and exclusive or preferential lane facilities for public transit should be provided with each project application submitted. Applications that do not satisfactorily address the primary elements of the eligibility criteria will be considered incomplete and will not be recommended for approval.

#### Eligibility Criteria

##### Compliance with Streets & Highways Code

###### **1. Streets & Highways Code**

Was evidence provided to support that the proposed project is consistent with the established standards, requirements, and limitations that apply to those facilities in Sections 149, 149.1, 149.3, 149.4, 149.5, 149.6 and 149.7 of the Streets and Highways Code?

##### Department of Transportation Cooperation & State Highway Compatibility

###### **1. Department of Transportation Cooperation**

Was evidence provided that the Department of Transportation (Department) supports this project and that the project application was submitted in cooperation with the Department?

###### **2. State Highway System Compatibility**

Has the Department determined the project to be consistent with State Highway System requirements?

##### Technical Feasibility

###### **1. Project Definition**

Is the project described in sufficient detail to determine the type and size of the project, the location, all proposed interconnections with other transportation facilities, the communities that may be affected, and alternatives (e.g. alignments) that may need to be evaluated?

**2. Proposed Project Schedule**

Is the time frame for project completion clearly outlined? Is the proposed schedule reasonable given the scope and complexity of the project? Does the proposal contain adequate assurances that the project will be completed and will be completed on time?

**3. Operation**

Does the applicant present a reasonable statement setting forth plans for operation of the facility?

**4. Technology**

Does the technology proposed maximize interoperability with relevant local and statewide transportation technology?

**5. Conforms to Laws, Regulations and Standards**

Is the proposed project consistent with applicable state and federal statutes and regulations and standards? Does the proposed design meet appropriate state and federal standards?

**6. Federal Permits**

Is the project outside the purview of federal oversight, or will it require some level of federal involvement due to its location on the National Highway System or Federal Interstate System or because federal permits are required?

**7. Meets/Exceeds Environmental Standards**

Has the project received environment clearance? If not, is the project likely to receive environmental clearance to meet the timeline set forth in the project proposal?

**8. State and Local Permits**

Does the proposal list the required permits and schedule to obtain them? Are there negative impacts known for the project? If so, is there a mitigation plan identified?

**9. Right of Way**

If not too early to determine, does the proposal set forth the method by which the operator proposes to secure all property interests required for the transportation facility?

**10. Maintenance**

Is there a process in place to develop a maintenance plan with the Department? Specifically, is there a process to clearly define assumptions or responsibilities during the operational phase including law enforcement, toll collection and maintenance?

## **Financial Feasibility**

It is expected that the proposer will provide information relative to the project financial plan and feasibility. This will include information to support whether the proposer has provided a financial plan and financial guarantees which will allow for access to the necessary capital to finance the facility as well as the following:

### **1. Financing and Financial Plan**

Does the financial plan demonstrate a reasonable basis for funding project development and operations? Are the assumptions on which the plan is based well defined and reasonable in nature? Are the plan's risk factors identified and dealt with sufficiently? Are the planned sources of funding and financing realistic? Did the proposer demonstrate evidence of its ability to obtain the other necessary financing? Does the proposer have the ability to fund shortfalls if revenues do not meet projections?

### **2. Estimated Cost**

Is the estimated cost of the facility reasonable in relation to the cost of similar projects? A significant portion of the final determination will rely on a cost/benefit analysis.

### **3. Life Cycle Cost Analysis**

Does the proposal include an appropriately conducted analysis of projected rate of return and life cycle cost estimate of the proposed project and/or facility?

### **4. Business Objective**

Does the proposer clearly outline the reason for pursuing this project? Do the assumptions appear reasonable?

### **5. Financial Condition**

Is the financial information submitted by the proposer sufficient to determine the financial capability to fulfill its obligations described in the project application?

### **6. Project Ownership**

Does the application identify the proposed ownership arrangements for each phase of the project and indicate assumptions on legal liabilities and responsibilities during each phase of the project?

### **7. Competitive Bidding**

To what extent have adequate and transparent procurement policies been adopted by the applicant to maximize competitive bidding opportunities for potential contractors and suppliers?

**Regional Transportation Plan & Community Support**

- 1. Consistency with Local, Regional and State Transportation Plans**  
Is the project consistent with City and County comprehensive plans and regional transportation plans? Is this project consistent with plans and documents for the Regional Transportation Agency's long range plan? If not, are steps proposed that will achieve consistency with such plans?
- 2. Compatibility with the Existing Transportation System**  
Does this project propose improvements that are compatible with the present and planned transportation system? Does the project provide continuity with existing and planned state and local facilities?
- 3. Fulfills Policies and Goals**  
Does the proposed project help achieve performance, safety, mobility or transportation demand management goals? Does the project improve connections among the transportation modes?
- 4. Air Quality and Environmental Statutes and Regulations**  
Is the proposed project consistent with applicable state and federal environmental statutes and regulations? Is the project consistent with the air quality component of the RTP? Does the proposal adequately address or improve air quality conformity?
- 5. Enhance Community-Wide Transportation System**  
Are there identified project benefits to the affected community transportation system? Does this project enhance adjacent transportation facilities?
- 6. Economic Development**  
Will the proposed project enhance the state's economic development efforts? Is the project critical to attracting or maintaining competitive industries and businesses to the region, consistent with state objectives?
- 6. Local Support**  
Has the regional agency governing body taken action to approve this proposal? How have or will local impacts be addressed?
- 7. Community Benefits**  
Will this project bring a significant transportation and economic benefit to the community, the region, and/or the state? Are there ancillary benefits to the communities because of the project?
- 8. Community Support/Environmental Justice**  
What is the extent of support or opposition for the project? Does the project proposal demonstrate an understanding of the national and regional transportation issues and needs, as well as the impacts this project may have on those needs? Is there a demonstrated ability to work with the community? Have all affected local

jurisdictions provided clear written statements of the extent of their support for the project?

### **Performance Measures**

Does the Regional Transportation Agency have performance measures in place to track and report annually on the following?

**1. Safety**

The ratio of the number of fatalities to the number of vehicle miles traveled, the ratio of the number of fatal collisions to the number of vehicle miles traveled, and the ratio of the number of injury collisions to the number of vehicle miles traveled.

**2. Mobility**

The total amount of delay per traveler that exists on a designated area over a selected amount of time, the average travel time for peak period trips taken on regionally significant corridors and between regionally significant origin and destination pairs, the average travel time for non-peak period trips taken on regionally significant corridors and between regionally significant origin and destination pairs.

**3. Accessibility**

The accessibility of transit service.

**4. Reliability**

The difference between expected travel time and actual travel time and the ability of transit service operators to meet customers' reliability expectations.

**5. Productivity**

The utilization of the transportation system by all vehicles, by people, and by trucks as well as the effectiveness of mass transportation system operations by measuring the number of passengers carried for every mile of revenue service provided.

**7. System Preservation**

The number of lane miles in poor structural condition or with bad ride (pavement condition) and roadway smoothness.

**8. Return on investment/Lifecycle Cost**

The ratio of resources available to assets utilized. Lifecycle cost analysis is a benefit cost analysis that incorporates the time value of money.

**9. Emission Reduction**

The amount of emission reduction achieved as required to be reported in accordance with Assembly Bill 32, Nunez, and set forth in the Health and Safety Code, Division 25.5 commencing with Section 38500.

## **Secondary Evaluation and Eligibility Criteria**

The following evaluation and eligibility criteria are to be addressed only if the project team is known. Where a project team is not known given the stage of the project, this secondary evaluation and eligibility criteria is not required to be addressed.

### **Qualifications and Experience**

Does the Regional Transportation Agency propose a team which is qualified, led, and structured in a manner which will clearly enable the team to complete the proposed project?

#### **1. Experience with Similar Infrastructure Projects**

Have members of this team previously worked together constructing, improving or managing transportation infrastructure? Has the lead agency managed, or any of the member agencies worked on infrastructure projects?

#### **2. Demonstration of Ability to Perform Work**

What commitments has the team made to carry out the project? Does the team possess the necessary financial, staffing, equipment, and technical resources to successfully complete the project? Do the team and/or member agencies have competing financial or workforce commitments that may inhibit success and follow-through on this project?

#### **3. Leadership Structure**

Does the organization of the team indicate a well thought out approach to managing the project? Is there an agreement/document or joint powers agreement in place between members and/or multiple agencies?

#### **4. Project Manager's Experience**

Depending on applicability given the stage of the project, is a Project Manager identified, and does this person work for the Regional Transportation Agency, Lead Agency or principal firm? If not, is there a clear definition of the role and responsibility of the Project Manager relative to the member firms? Does the Project Manager have experience leading this type and magnitude of project?

#### **5. Management Approach**

Have the primary functions and responsibilities of the management team been identified? Have the members of the team developed an approach to facilitate communication among the project participants?

### **Public Involvement Strategy**

What strategies are proposed to involve local and state elected officials in developing this project? What level of community involvement has been identified for the project? Is there a clear strategy for informing, educating and obtaining community input through the development and life of the project?

**California Transportation Commission  
Public Partnership Application  
*for*  
High Occupancy Toll Lanes**

<b>Part I</b>	<b>Certification</b>
<b>Part II</b>	<b>Project Fact Sheet</b>
<b>Part III</b>	<b>Project Cost &amp; Funding Plan</b>
<b>Part IV</b>	<b>HOT Lane Eligibility Documentation</b>

California Transportation Commission  
Public Partnership Application  
For High Occupancy Toll Lanes

Certification

<b>County:</b>	<b>Route:</b>	<b>PPNO:</b>
<b>Project Title:</b>		

We acknowledge the scope, cost, schedule, benefits, and information as identified on the attached application and project fact and funding sheets are true to the best of our knowledge and belief. We certify that funding sources cited are committed and expected to be available; the estimated costs represent full project funding, and the description of benefits is the best estimate possible.

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Name: \_\_\_\_\_ Date \_\_\_\_\_  
Title: \_\_\_\_\_  
Agency: \_\_\_\_\_

California Transportation Commission

Public Partnership Application for High Occupancy Toll Lanes Project Fact Sheet							
<b>Lead Agency:</b>				<b>Fact Sheet Date:</b>			
Contact Person							
Phone Number				Fax Number			
Email Address							
<b>Project Information:</b>							
County	Caltrans District	PPNO *	EA *	Region/MPO/ TIP ID*	Route / Corridor *	Post Mile Back *	Post Mile Ahead *
* NOTE: PPNO & EA assigned by Caltrans. Region/MPO/TIP ID assigned by RTPA/MPO. Route/Corridor & Post Mile Back/Ahead used for State Highway System.							
Legislative Districts	Senate:			Congressional:			
	Assembly:						
Implementing Agency (by component)	E&P (PA&ED):			PS&E:			
	R/W:			CON:			
Project Title							
<b>Location - Project Limits - Description and Scope of Work</b> (Provide a project location map on a separate sheet and attach to this form)							
<b>Description of Major Project Benefits</b>							
Daily Vehicle Hours of Delay Saved						Hrs.	
Daily Peak Duration Person-Minutes Saved						Min.	
Other:							
<b>Corridor System Management Plan</b>							Month/Year
Lead Agency:							
Plan Adoption Date:							
Plan Implementation Date:							
<b>Expected Source(s) of Additional Funding if the Current Funding Plan Proves Insufficient</b>							
<b>Project Delivery Baseline (Milestones)</b>							Month/Year
Begin Environmental Phase (PA&ED)							
Draft Environmental Document Milestone			Document Type:				
Draft Project Report Milestone							
End Environmental Phase (PA&ED Milestone)							
Begin Design Phase							
End Design Phase (Plans, Specifications, and Estimates Milestone)							
Begin Right-of-Way							
End Right-of-Way (Right-of-way Certification Milestone)							
Begin Construction Phase							
End Construction Phase (Construction Contract Acceptance Milestone)							
Begin Closeout Phase							
End Closeout Phase (Closeout Report Milestone)							

California Transportation Commission

Public Partnership - HOT Lane Application  
 Project Fact Sheet - Project Cost and Funding Plan  
 (dollars in thousands and escalated)

				Date:
County	CT District	PPNO *	EA*	Region/MPO/TIP ID *
Project Title:				

\* NOTE: PPNO and EA assigned by Caltrans. Region/MPO/TIP ID assigned by RTP/AMPO

Proposed Total Project Cost								Project Total
Component	Prior	07/08	08/09	09/10	10/11	11/12	12/13	
E&P (PA&ED)								
PS&E								
R/W SUP (CT) *								
CON SUP (CT) *								
R/W								
CON								
TOTAL								

Funding Source:								
Component	Prior	07/08	08/09	09/10	10/11	11/12	12/13	Total
E&P (PA&ED)								
PS&E								
R/W SUP (CT) *								
CON SUP (CT) *								
R/W								
CON								
TOTAL								

\* NOTE: R/W SUP and CON SUP to be used only for projects implemented by Caltrans

Funding Source:								
Component	Prior	07/08	08/09	09/10	10/11	11/12	12/13	Total
E&P (PA&ED)								
PS&E								
R/W SUP (CT) *								
CON SUP (CT) *								
R/W								
CON								
TOTAL								

Funding Source:								
Component	Prior	07/08	08/09	09/10	10/11	11/12	12/13	Total
E&P (PA&ED)								
PS&E								
R/W SUP (CT) *								
CON SUP (CT) *								
R/W								
CON								
TOTAL								

Funding Source:								
Component	Prior	07/08	08/09	09/10	10/11	11/12	12/13	Total
E&P (PA&ED)								
PS&E								
R/W SUP (CT) *								
CON SUP (CT) *								
R/W								
CON								
TOTAL								

**California Transportation Commission  
Public Partnership Transportation Projects  
High Occupancy Toll Lane Application**

**Hot Lane Eligibility Documentation**

The California Transportation Commission will consider the eligibility of those project applications that are completed comprehensively. Those applications received that do not provide sufficient evidence to support the eligibility criteria will be rejected and returned to the proposer.

For each of the requirements below, please provide detailed information and supporting documentation. Please ensure that all information provided is identified to correspond with the applicable document reference set forth below.

**I. Project Eligibility**

**PART A – COMPLIANCE WITH STREETS & HIGHWAYS CODE**

<b><u>Description of Required Documentation for Submission</u></b>	<b><u>Document Reference</u></b>
Provide evidence to support that the proposed project is consistent with the established standards, requirements, and limitations that apply to those facilities in Sections 149, 149.1, 149.3, 149.4, 149.5, 149.6 and 149.7 of the Streets and Highways Code.	<b><u>A 1</u></b>
Provide the reason for pursuing this project.	<b><u>A 2</u></b>

**PART B – DEPARTMENT OF TRANSPORTATION COOPERATION & STATE HIGHWAY COMPATIBILITY**

<b><u>Description of Required Documentation for Submission</u></b>	<b><u>Document Reference</u></b>
Provide evidence that the Department of Transportation (Department) supports this project and that the project application was submitted in cooperation with the Department.	<b><u>B 1</u></b>
Provide evidence that the Department determined the project to be consistent with State Highway System requirements.	<b><u>B 2</u></b>

## PART C – TECHNICAL FEASIBILITY

<b>Description of Required Documentation for Submission</b>	<b>Document Reference</b>
Provide a Project Study Report/Project Report (PSR/PR) or a PSR equivalent that describes, but is not limited to, the following:	<u>C</u>
The type and size of the project, the location, all proposed interconnections with other transportation facilities, the communities that may be affected, and alternatives (e.g. alignments) that may need to be evaluated.	<u>C 1</u>
The timeframe for project completion.	<u>C 2</u>
How the proposed schedule is reasonable given the scope and complexity of the project.	<u>C 3</u>
The methods expected to be followed to assure that the project will be completed and will be completed on time.	<u>C 4</u>
The plan for operation of the facility.	<u>C 5</u>
The technology that will be used to maximize interoperability with relevant local and statewide transportation technology.	<u>C 6</u>
How the proposed project is consistent with applicable state and federal statutes and regulations and standards. Document the applicable state and federal standards and provide evidence that the proposed design meets the standards.	<u>C 7</u>
Whether the project is outside the purview of federal oversight, or whether it will require some level of federal involvement due to its location on the National Highway System or Federal Interstate System or because federal permits are required.	<u>C 8</u>
Evidence that the project has received environment clearance. If environmental clearance was not yet received, explain whether the project is likely to receive environmental clearance to meet the timeline set forth in the project proposal.	<u>C 9</u>
The required state and local permits and the schedule to obtain them.	<u>C 10</u>
All negative impacts known for the project. For each negative impact, document whether there is a mitigation plan identified.	<u>C 11</u>

**Part IV**

If not too early to determine, the method by which the operator proposes to secure all property interests required for the transportation facility.	<b><u>C 12</u></b>
Whether there is a process in place to develop a maintenance plan with the Department. Specifically, whether there is a process to clearly define assumptions or responsibilities during the operational phase including law enforcement, toll collection and maintenance.	<b><u>C 13</u></b>

**PART D – FINANCIAL FEASIBILITY**

<b><u>Description of Required Documentation for Submission</u></b>	<b><u>Document Reference</u></b>
Provide information relative to the project financial plan and feasibility.	<b><u>D 1</u></b>
Document a financial plan and financial guarantees which will allow for access to the necessary capital to finance the facility.	<b><u>D 2</u></b>
Provide evidence of the proposer’s ability and commitment to provide sufficient equity in the project as well as the ability to obtain the other necessary financing.	<b><u>D 3</u></b>
Explain how shortfalls will be funded if revenues do not meet projections.	<b><u>D 4</u></b>
Explain how the financial plan demonstrates a reasonable basis for funding project development and operations.	<b><u>D 5</u></b>
If, applicable, describe the nature and amount of the proposer’s financial contribution to the project.	<b><u>D 6</u></b>
Describe how the estimated cost of the facility is reasonable in relation to the cost of similar projects through a cost/benefit analysis.	<b><u>D 7</u></b>
Provide an analysis of the projected rate of return and life cycle cost estimate of the proposed project and/or facility.	<b><u>D 8</u></b>
Explain how the financial information submitted is sufficient to determine the financial capability to fulfill the obligations described in the project application.	<b><u>D 9</u></b>

**Part IV**

Identify the proposed ownership arrangements for each phase of the project and indicate assumptions on legal liabilities and responsibilities during each phase of the project.	<b><u>D 10</u></b>
Describe the extent that adequate and transparent procurement policies have been adopted to maximize competitive bidding opportunities for potential contractors and suppliers.	<b><u>D 11</u></b>

**PART E – REGIONAL TRANSPORTATION PLAN & COMMUNITY SUPPORT**

<b><u>Description of Required Documentation for Submission</u></b>	<b><u>Document Reference</u></b>
Provide documentation to show that the project is consistent with City and County comprehensive plans and regional transportation plans and with plans and documents for the Regional Transportation Agency’s long range plan. If the project is not consistent, please identify the steps proposed that will achieve consistency with such plans.	<b><u>E 1</u></b>
Describe how the project proposed includes improvements that are compatible with the present and planned transportation system. Include the methods by which the project provides continuity with existing and planned state and local facilities.	<b><u>E 2</u></b>
Explain how the proposed project helps to achieve performance, safety, mobility, and air quality or transportation demand management goals.	<b><u>E 3</u></b>
Explain whether the proposed project is consistent with applicable state and federal environmental statutes and regulations, the air quality component of the RTP, and whether the proposal adequately addresses or improves air quality conformity.	<b><u>E 4</u></b>
Identify any emission reductions provided by the proposed project.	<b><u>E 5</u></b>
Explain how the project improves connections among the transportation modes.	<b><u>E 6</u></b>
Identify the project benefits to the affected community transportation system and provide an explanation whether this project enhances adjacent transportation facilities.	<b><u>E 7</u></b>

**Part IV**

Explain whether the proposed project will enhance the state's economic development efforts.	<b><u>E 8</u></b>
Explain if the project is critical to attracting or maintaining competitive industries and businesses to the region, consistent with state objectives.	<b><u>E 9</u></b>
Explain whether the regional agency governing body has taken action to approve this proposal and whether local impacts have been addressed. Provide the Board or other resolution to document the action taken.	<b><u>E 10</u></b>
Explain whether this project will bring a significant transportation and economic benefit to the community, the region, and/or the state.	<b><u>E 11</u></b>
Describe any ancillary benefits to the communities because of the project.	<b><u>E 12</u></b>
Explain the extent of support or opposition for the project. Explain the national and regional transportation issues and needs, as well as the impacts this project may have on those needs.	<b><u>E 13</u></b>
Describe any plans intended to work with the community. List the affected local jurisdictions and provide clear written statements of the extent of support for the project from all affected local jurisdictions, if available. Describe any environmental justice issues or concerns.	<b><u>E 14</u></b>

**PART F – PERFORMANCE MEASURES**

<b><u>Description of Required Documentation for Submission</u></b>	<b><u>Document Reference</u></b>
Describe the Regional Transportation Agency's performance measures used to track and report annually on the following: Safety Mobility Accessibility Reliability Productivity System Preservation Return on investment/Lifecycle Cost Emission Reduction	<b><u>F 1</u></b>

## II. Secondary Evaluation and Project Eligibility Criteria

The following criteria are to be completed only if the project team is known. Where a project team is not known given the stage of the project, this secondary evaluation and eligibility criteria is not required.

<b><u>Description of Required Documentation for Submission</u></b>	<b><u>Document Reference</u></b>
Describe the team's qualifications and experience.	<b><u>G 1</u></b>
Describe the extent of experience with similar infrastructure projects.	<b><u>G 2</u></b>
Provide a description of the team's ability to perform work.	<b><u>G 3</u></b>
Describe the leadership structure.	<b><u>G 4</u></b>
Provide a description/backgroup relative to the Project Manager's experience.	<b><u>G 5</u></b>
Describe the anticipated management approach for this project.	<b><u>G 6</u></b>
Describe the planned public involvement strategy.	<b><u>G 7</u></b>