

**Your**

**TRANSPORTATION**

**Committee**

**reports as follows:**

TRANSPORTATION COMMITTEE REPORT relative to the programming of Measure R Local Return Funds for the operation and maintenance of the Downtown Los Angeles Streetcar project.

Recommendations for Council action (Yes: Rosendahl, Koretz, LaBonge, and Huizar; No: Parks), SUBJECT TO THE APPROVAL OF THE MAYOR:

1. AFFIRM Council's commitment to fund Downtown Los Angeles Streetcar operations for 30 years as designated as a contingency in the streetcar Community Facilities District, and APPROVE a 30-year operational plan with funding programmed over a 23-year period through Measure R 15% Local Return between Fiscal Year (FY) 2017 and FY 2039, based on an opening year streetcar operation cost of \$6.8 million (\$5.9 million subsidy), with an escalator of 3% annually.
2. INSTRUCT the Los Angeles Department of Transportation (LADOT), with the assistance of the City Administrative Officer (CAO) and Chief Legislative Analyst (CLA), to report back within four years of the commencement of streetcar operations to review actual operating costs and revenues, as well as alternate revenue streams which may have become available by that time for the potential replacement of Measure R funds for streetcar operations, including but not limited to new parking meters in the Downtown area, future tax measures, surplus general fund monies, and other sources.
3. DIRECT and AUTHORIZE LADOT to work with METRO and L.A. Streetcar Inc., to prepare and submit a Federal Transit Administration Small Starts grant application by the City of Los Angeles in an amount not to exceed \$75 million to finance the public sector portion of construction costs of the streetcar.
4. MODIFY existing Measure R Policy adopted by Council excluding streetcar operations from the restriction that limits the use of Measure R funds to permit ongoing non-capital programs.
5. INSTRUCT LADOT and the Bureau of Engineering, with the assistance of the CAO and CLA, to:
  - a. Work with L.A. Streetcar Inc. and Council District 14 to report back with a recommended project delivery method and project management plan within 30 days.
  - b. Conduct an independent cost estimate for the streetcar and, if necessary, to issue a Request for Proposals to firms with demonstrated experience in design and construction of modern streetcars within the United States and to report back with the results and a request for funding of the study.
6. INSTRUCT LADOT and the Bureau of Engineering to report back on the feasibility of a catenary-free (wireless) streetcar system in Downtown Los Angeles, such as that which is operating in Bordeaux, France.

7. RECEIVE and FILE LADOT – CAO joint report dated February 11, 2013 relative to funding the operation and maintenance of the Downtown Los Angeles Streetcar project.

Fiscal Impact Statement: LADOT and the CAO report that this action will not impact the General Fund. Approval of the recommendations in their report makes long-term commitments of Measure R local return funds for streetcar operations. A total of up to \$352.4 million over 30 years (FY 2017-46) would be pledged for this purpose. Actual budgeting of Measure R funds would occur annually by Council and Mayor. If budgeted per the recommended programming, these funds would not be available for other purposes. The City retains the flexibility to substitute a portion or all of Measure R funds allocated to the streetcar project with another local fund at the time the funds need to be budgeted and allocated.

Community Impact Statement: None submitted.

### SUMMARY

In their joint report to Council dated February 11, 2013, LADOT and the CAO recommend the use of Measure funds for the operation and maintenance of the Downtown Los Angeles Streetcar project for a 23-year period. The use of Measure R funds for non-capital expenditures requires Council to change its adopted Measure R policy. LADOT and the CAO also recommend that an application be filed for Federal Transit Administration Small Starts grant in the amount of \$75 million to finance the public sector portion of construction costs of the streetcar.

According to LADOT and the CAO, the current estimated annual operating cost for the streetcar is \$5.385 million. Operating costs are escalated 4% annually, yielding a \$6.8 million operating cost for FY 2017. Passenger revenue is estimated at \$826,835 annually beginning in FY 2017. Passenger revenue is assumed to grow 1% annually thereafter. The net operating subsidy required is approximately \$6.0 million in FY 2017, increasing each year as indicated in the joint LADOT-CAO report.

At its meeting held February 13, 2013, the Transportation Committee discussed this matter with LADOT and the CAO staff. At that time, Councilmember Huizar presented a set of substitute recommendations which, among other things, extend funding for the project's operational plan from 23 to 30 years and reduce the operation cost escalator estimate from 4 to 3%. Mr. Huizar stated that the project will spur economic development and be of regional benefit. Councilmember Parks stated that using funds for a project in Downtown Los Angeles deprives the rest of the city. Mr. Parks objected to the use of Measure R funds for this purpose. Councilmember LaBonge recommended that staff report back on the feasibility of a wireless system for the project. Committee members Rosendahl, Koretz, LaBonge, and Huizar recommended that Council approve the recommendations presented by Mr. Huizar, as modified to include the LaBonge amendment. Mr. Parks voted "no."

Respectfully submitted,

TRANSPORTATION COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
ROSENDAHL:	YES
KORETZ:	YES
PARKS:	NO
LABONGE:	YES
HUIZAR:	YES

- NOT OFFICIAL UNTIL COUNCIL ACTS -