

A long-exposure photograph of a train at night, creating horizontal light trails in shades of blue, white, and red. The background shows dark silhouettes of trees and a street lamp.

OEI

OFFICE OF EXTRAORDINARY
INNOVATION



Metro®

Lessons in Extraordinary Innovation

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Choose the Metro quotation

- a) “This is a really innovative idea but we can’t do it. It’s never been done before.”
- b) “Why are you even here? What value do you bring to Metro?”
- c) “This is the greatest idea in the history of ideas.”



Lesson 1: Let the private sector help you

Unsolicited Proposals: Background

In February 2016, Metro opened its doors to the private sector, at an Industry Forum.

- > Pledged our commitment to pursuing agency-wide innovation
- > Focus on partnerships-based approach to drive value
- > Debuted the Unsolicited Proposal Policy
 - Any company can submit a proposal on any idea
 - Encourages the private sector to tell us what we should do differently
 - Declares intention to implement ideas with financial/technical



Unsolicited Proposals: Results

To date, OEI has received **109** proposals

- > Reviewed **105** concepts

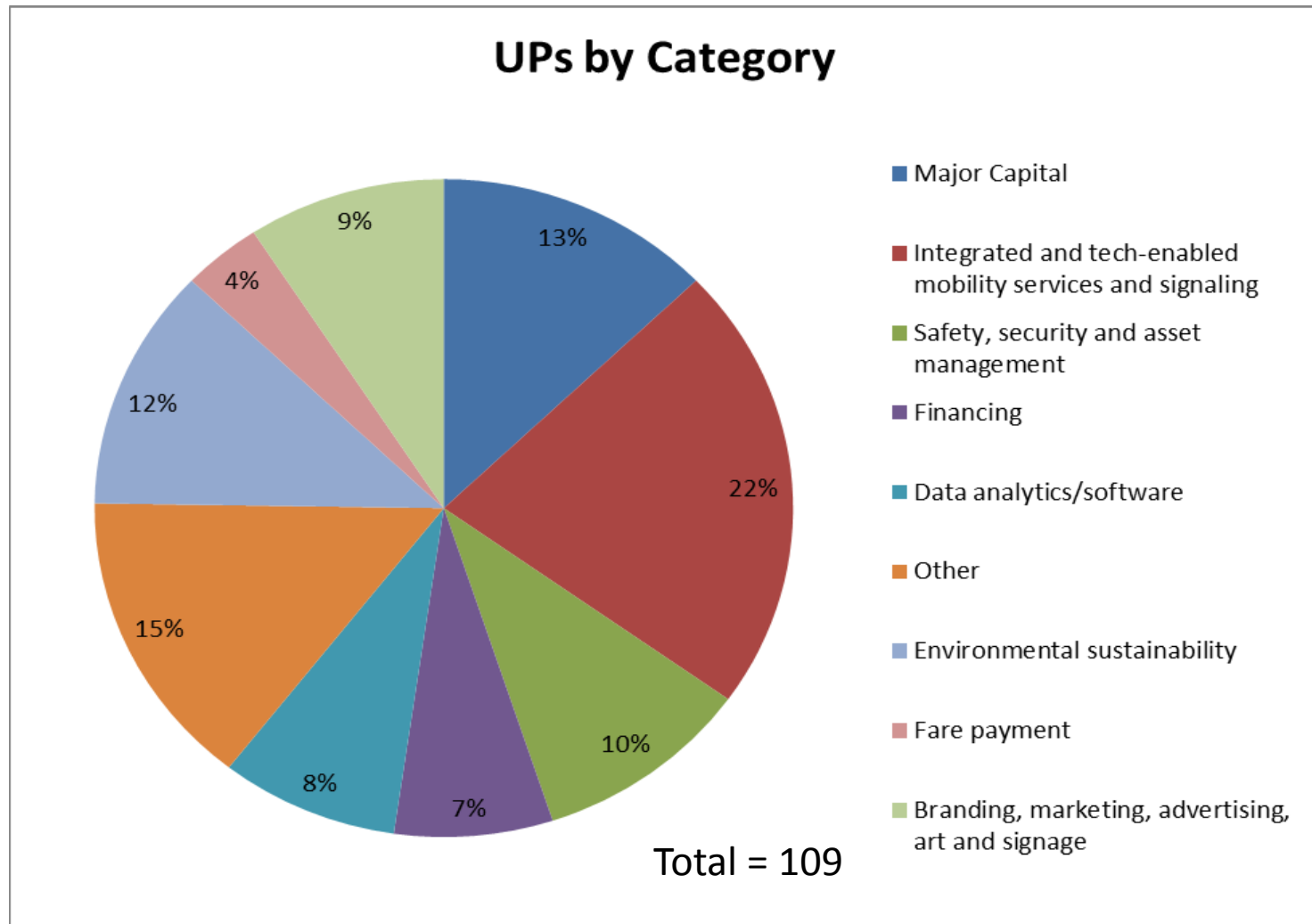
 - > 16 currently in Phase II

 - > 13 projects in implementation/proof of concept

Engaged over **135** internal subject matter experts

Received **13** proposals for megaprojects or major financing initiatives

Types of Unsolicited Proposals



Megaproject & Finance Proposals

OEI has advanced 3 megaprojects based on unsolicited proposals

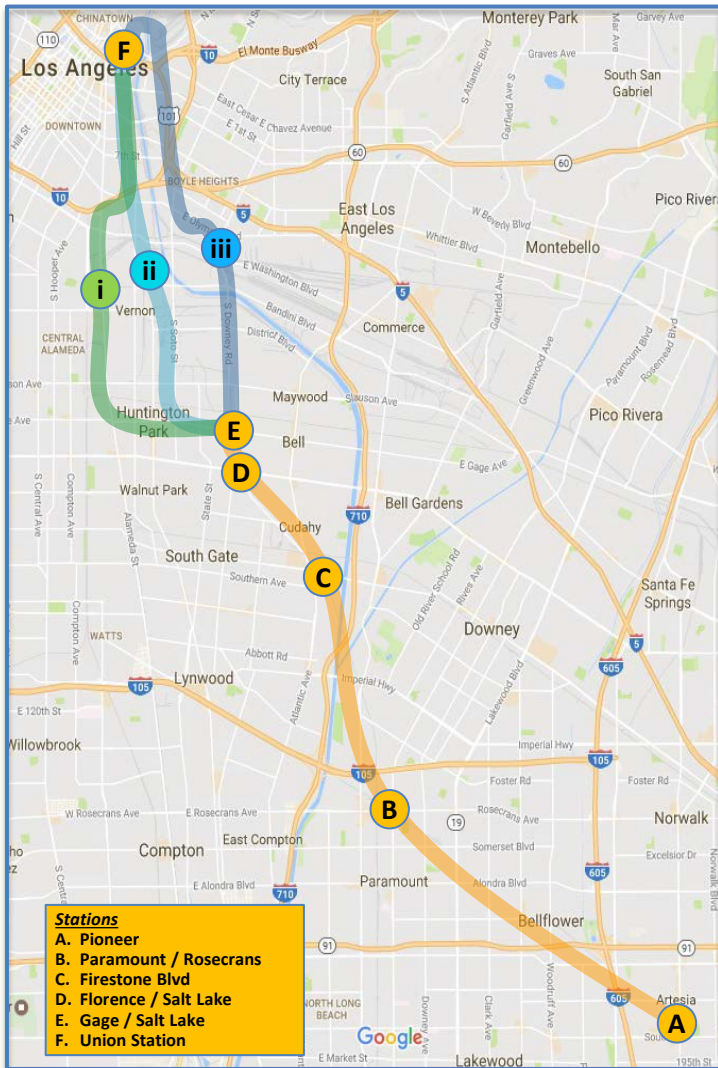
- > West Santa Ana Branch Transit Corridor
 - > Will be a competitive P3
- > Sepulveda Pass Transit Corridor
 - > Will be a Project Development Agreement (PDA)
- > Strategic Managed Lanes Network
 - > Toll bond underwriting pool

Choose the Metro quotation

- a) “Why would we pay a higher cost of capital?”
- b) “Why are we preparing ourselves for some mythical P3 project?”
- c) “We cannot legally do this.”

Lesson 2: Get the CEO to Meetings

West Santa Ana Branch Corridor



Planned P3 Delivery

- > Light rail transit along 20-mile corridor:
 - o \$4 billion project
 - o Currently in EIS
 - o Held 1st market sounding
 - o Anticipating RFQ in 2019

Choose the Metro quotation

- a) “We need to take promote innovation, take risks, and break through walls to achieve success.”
- b) “If we stay out of jail, that’s a win.”
- c) “We have never had delays or gone over budget on a project.”

Lesson 3: Procurement is your best friend

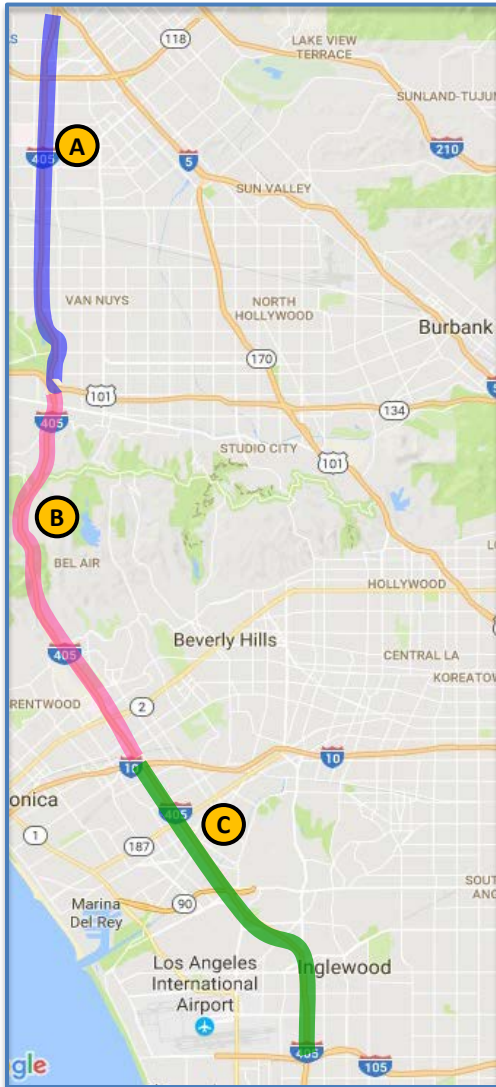
MicroTransit Pilot Procurement Innovations

- > Procurement makes it unstoppable
- > Utilization of Subject Matter Experts (SMEs)
- > Introduced Project Development Agreement concept
- > Tested actual service before selection



**On Demand | Dynamically
Routed Data Driven | Corner to
Corner**

Sepulveda Pass Transit Corridor



Planned PDA/P3 Delivery

- \$9.8 billion project
- RFQ/RFP late 2018 early 2019
- Currently undergoing feasibility analysis

Choose the Metro quotation

- a) “It’s a good thing you are here. Otherwise we would have just kept doing things the same way forever!”
- b) “We could have thought of that on our own.”
- c) “Don’t quit your night job.”

Lesson 4: Don't take no for an answer

Express Lanes System Financing

METRO EXPRESSLANES

Metro Planned Delivery

- > Tiered deployment of Express Lanes projects based on cap-ex needs on a single-project basis

Unsolicited Proposal

- > Goldman Sachs suggested using excess revenues from existing Express Lanes Projects to finance cap-ex of new projects through a system-wide security with a single revenue pledge
 - Avoids use of Measure M sales tax/bond revenue, freeing funds for other projects
 - Reduces need for short term borrowing at higher rates to fund initial project costs
 - Requires us to develop a toll bond underwriting pool, among other steps
 - Is not a traditional P3, but could support/accommodate P3s with statutory authority



Metro

Choose the Metro quotation

- a) “I see some flaws in the data that lead me to question your conclusions.”
- b) “You are a creative genius, we are blessed to have you and will build statues in your honor.”
- c) “This is a waste of time and money. That’s what Bob told me.”

Lesson 5: Establish an internal process

Megaproject & Finance Proposals

Metro now has 3 additional megaprojects under consideration for P3:

- > Vermont Transit Corridor
 - > Through Unsolicited Proposal (in Phase II)
- > Express Lanes/Express Bus Network
 - > Through Unsolicited Proposal (in Phase II)
- > East San Fernando Valley Transit Corridor
 - > Internal recommendation from planning and program management

East San Fernando Valley Transit Corridor



1. Sylmar/San Fernando Metrolink Station
2. Maclay Station
3. Paxton Station
4. Van Nuys/San Fernando Station
5. Laurel Canyon Station
6. Arleta Station
7. Woodman Station
8. Nordhoff Station
9. Roscoe Station
10. Van Nuys Metrolink Station
11. Sherman Way Station
12. Vanowen Station
13. Victory Station
14. Van Nuys Metro Orange Line Station

Delivery method TBD

- \$1.3 billion Measure M project
- Groundbreaking date: FY2021
- Opening date: FY2027

LESSONS LEARNED SUMMARY

- > Let the private sector help you
- > Get the CEO to meetings
- > Procurement is your best friend
- > Don't take no for an answer
- > Establish an internal process



THANK YOU



Metro[®]