Exhibit 2

THE MAXIMA GROUP LLC
Real Estate and Business Solutions

23 July 2015

To: Project Team

From: Patricia Flynn

Subject: Initial Comments on Metro's 710 Alternatives Cost Benefit Analysis (CBA)

I have read the Metro 710 Alternatives Cost Benefit Analysis (CBA) dated June 19, 2015 and offer the following preliminary comments about the financial and economic aspects of the analysis and the report.

1. NPV is used to compare potential capital projects, but it is difficult to use correctly for public infrastructure projects.

   The net present value approach to evaluating projects has three key attributes:
   - NPV considers both cash flows and timing
   - NPV uses all the cash flows of the project
   - NPV discounts the cash flows properly

   The challenge with public infrastructure projects is to accurately capture all of a project's cash flows; determine an appropriate period of time for the analysis; assign a discount rate that reflects project risk; and determine a residual value that captures future benefits beyond the analysis period.

2. The time frame selected for the NPV analysis seems to exclude the significant capital reinvestment costs associated with the tunnel alternative.
   In addition to the significant differences in the initial capital cost associated with the tunnel and the TSM/TDM and BRT alternatives, each project has a different requirement for periodic capital investment to keep the infrastructure in working order. This captures costs above and beyond regular operations and maintenance, and includes replacement of roadways, equipment, and other costly capital items.

   The CBA discusses capital replacement costs in Section 2.2.2.2 where it states that "Reconstruction of pavement as assumed to cost $1,250,000 per lane mile and take place every twenty years with trucks present and every thirty years for the freeway alternative without trucks." Given the twenty year analysis period, it seems as though the significant required capital reinvestment associated with the tunnel alternatives will not be fully reflected in the annual cash flows.

3. The employment benefit is directly correlated to capital cost, skewing the benefits to the most costly alternatives.
   Employment benefits are directly correlated to capital expenditures. The disparity in capital costs insures that the higher cost projects will generate more jobs than lower cost alternatives.

4. The residual value approach used in this analysis incorrectly substitutes remaining useful life, favoring the higher cost alternatives.
   The residual value calculation in the CBA seems to refer to the remaining useful life of the project rather than the estimated value of future benefits. Residual value is better estimated by capitalizing the net operating income (expected future revenues or benefits less operating costs) to approximate the value of project benefits beyond the analytical period. This capitalized value is decreased by the capital costs required for on-going operations. Even if the capital reinvestment is not reflected in the analysis period (see comment 1), it can and should be included in the determination of residual value.

   The CBA discusses residual value with respect to the tunnel alternatives, but does not provide much detail for the alternatives. The tunnel residual value is estimated be the remaining useful life of the asset, and not the value of the future benefits it will provide less the capital reinvestment required to keep it operational in the future. This is inconsistent with the principals of net present value analysis.

   Furthermore, the significant differences in cost for the range of projects assures that the tunnel alternatives with their huge initial capital costs will have residual values that overwhelm the lower cost alternatives.

5. The discount rate used does not reflect the differential in risk associated with the various options.
   The CBA assumes that all projects will be discounted at the same rate (four percent). This is conceptually incorrect and inconsistent with the view of capital markets.

   The discount rate is correlated to the riskiness of the project: the higher the risk, the higher the discount rate. It is clear that a TSM/TDM project, for example, is significantly less risky in both construction and operation than a tunnel. Assuming that benefits from both projects would be valued at the same discount rate is incorrect and skews the analysis to favor the more risky tunnel alternatives.

   Capital markets assume a discount rate for the project that looks at the weighted average cost of capital. Very large infrastructure projects typically have private sector investment and participation. The required return on private capital is often 20 percent or more. This higher return requirement reflects both the riskiness of the project and means that the weighted average cost of capital is significantly higher than lower costs alternatives that are publicly funded.

Using the same discount rate for all of the alternatives in the CBA ignores the significant risk associated with construction and operations of the tunnel alternatives and overstates their net present value.

6. The CBA Emissions analysis does not seem to account for the impact of tunnel venting. The methodology for estimating the emissions-related costs and benefits of the proposed alternatives seems very simplistic, relying on the Cal B/C model to estimate the difference in emissions between the various alternatives based on changes in VMT. This approach does not account for the concentration in emissions likely to result from the venting plan for the tunnel alternatives. These vents have the potential to concentrate chemical pollution, diesel micro-particles, and brake and tire particles at the tunnel venting sites.

   Numerous studies have identified the public health costs associated with air pollution. The USC Environmental Health Centers at the Keck School of Medicine have been prominent in the research of the health aspects of near-roadway air pollution. Studies clearly show the higher risk of asthma; ear, nose and throat infections; heart attack; and stroke in locations impacted by concentrated truck and auto traffic. A July 2015 study by the Environmental Health Centers details the impact of near-roadway pollution on coronary heart health.

   The social and economic costs associated with chronic health conditions, while challenging to estimate, are real and significant. This includes direct costs such as hospitalization and long-term treatment as well as indirect costs such as lost time at work, absenteeism at work/school, and loss of productivity. The Cal B/C estimate of emissions impacts does not address public health considerations given the venting plan for the proposed tunnel alternatives.

The misapplication of the NPV approach and the use of incorrect assumptions, the incomplete analysis of long-term costs such as the public health impact of vented emissions, along with the issues raised in the Nelson Nygaard memo dated June 23, 2015 cast significant doubt on the integrity of the 710 Extension CBA and suggest there should be a different approach to the economic comparison of project alternatives. The ratio of benefits to costs, as discussed in the Nelson Nygaard memo, is a better indication of the relative merits of the alternative projects.