



Board Report

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Agenda Number: 21.

**PLANNING AND PROGRAMMING COMMITTEE
JUNE 18, 2015**

SUBJECT: GOLD LINE FOOTHILL EXTENSION

ACTION: AMEND FUNDING AGREEMENT TO INCREASE FUNDING FOR CEQA AND NEPA COMPLIANCE, ENGINEERING AND PRECONSTRUCTION ACTIVITIES FOR PHASE 2B

RECOMMENDATION

APPROVED ON CONSENT CALENDAR amending the **Metro Gold Line Extension Phase 2A Funding Agreement** to increase funds for Phase 2B for environmental, engineering and preconstruction activities.

ISSUE

The October 2009 Long Range Transportation Plan (LRTP) identified \$810.5 million associated with the Foothill Extension project (Pasadena to Claremont). Based on this amount, the Funding Agreement and subsequent amendments established an LOP budget for the Foothill Extension Phase 2A (Pasadena to Azusa) of \$741 million. The balance of corridor funds remaining was \$69.5 million for use on Phase 2A or Phase 2B (Azusa to Montclair) if authorized by the Board.

In January 2013 the Board amended the Funding Agreement to allow the Authority reimbursement of up to \$36 million of the remaining \$69.5 million for CEQA/NEPA compliance, preliminary engineering and planning for Phase 2B (Board Report Attachment A). Use of these funds was dependent on the Authority demonstrating that all work for Phase 2A could be constructed within the established LOP Budget of \$741 million for Phase 2A. The Authority demonstrated that Phase 2A would be completed within the established LOP and was on schedule to achieve substantial completion in September 2015.

With the January 2013 Amendment, \$33.5 million was left in unallocated corridor funds and available

for Phase 2B upon Board approval.

DISCUSSION

The Gold Line Foothill Extension is managed cooperatively between Metro and the Authority wherein the Authority is responsible for the design and construction of the project and Metro is responsible for funding, assuring the design and construction are compliant with the Metro Design Criteria, and operating the line upon completion. The responsibilities and guidelines for management of the project by the two agencies are established by a Funding Agreement and a Master Cooperative Agreement (MCA) between the two agencies.

Project Definition

The Metro Gold Line Foothill Extension takes the existing Metro Gold Line east from the City of Pasadena to the City of Montclair. The Eastern portion of the line to Montclair requires partnering and coordination with San Bernardino County. Extension will be constructed in two phases: Phase 2A is currently under construction and reaches from the Pasadena Sierra Madre Villa Station to the Azusa-Citrus Station in Azusa. Phase 2A is scheduled for Substantial Completion in September 2015 and Revenue Operations in early 2016.

Phase 2B reaches from Azusa to Montclair, and is not currently a funded project. If funded and approved by the Metro Board, Phase 2B service will extend from the Azusa-Citrus Station in the City of Azusa in Los Angeles County to the City of Montclair Transcenter, located just east of Monte Vista Avenue in Montclair in San Bernardino County. Phase 2B will include six new stations in the cities of Glendora, San Dimas, Laverne, Pomona, Claremont, and Montclair.

In order to further advance the federal environmental document, engineering, planning and preconstruction activities needed to bring the Foothill Extension Phase 2B closer to a ready for bid condition, additional funds are required. This Board action will revise the Funding Agreement to allocate the remaining corridor funds in the amount of \$33.5 million for environmental, engineering, planning and preconstruction activities for Phase 2B. The total amount requested will not exceed \$810.5 million identified in the Metro LRTP.

This action will modify the language currently in the Funding Agreement with conditions for payment based upon the milestones below:

(Note, Milestones 1, 2 and 3 remain unchanged from January 2013 Board Report, Attachment A)

Milestone 4: Completion of all the following events: (i) LACMTA has begun revenue operations of Phase 2A with set aside amounts to pay Phase 2A claims outstanding as of the date revenue operations began, and (ii) there is at least a \$5M contingency remaining in Phase 2A to be set aside until project turnback as defined by the MCA. Upon the satisfaction of Milestone 4, the Authority

would be authorized to be reimbursed up to an additional \$15M (if there are sufficient funds remaining from the \$810.5 million) for environmental work and planning, design and preconstruction activities for the portion of Phase 2B located within Los Angeles County.

Milestone 5: Completion of a 60-day period after the Authority grants final acceptance (and the Authority files final completion notices with Los Angeles County) and turnback as defined in the Master Cooperative Agreement of all three design-build contracts used to complete Phase 2A. Upon the satisfaction of Milestone 5, the Authority would be authorized to be reimbursed up to an additional \$18.5M (if there are sufficient funds remaining from the \$810.5 million) for environmental work and planning, design and preconstruction activities for the portion of Phase 2B located within Los Angeles County.

Upon satisfaction of Milestones 4 and/or 5, Recipient shall be authorized to be reimbursed the corresponding amounts for environmental, engineering and preconstruction activities for Phase 2B (including administrative costs and overhead); provided no Measure R funds are used for environmental work, planning, design or preconstruction activities related to the portion of Phase 2B located outside of Los Angeles County. Nothing in this agreement prohibits Recipient from spending its own funds on environmental work, planning, design or preconstruction activities prior to meeting a Milestone. The milestones need not be completed sequentially.

Under the terms of the existing Funding Agreement, the Authority is prohibited from seeking federal New Start.

DETERMINATION OF SAFETY IMPACT

This report has no impact on safety.

FINANCIAL IMPACT

There is no increase in funding programmed for the Foothill Extension as a result of this action. The previously programmed funding for this project included the Proposition C 25% now proposed for use on Phase 2B. There is no impact to the approved FY16 budget and no impact is anticipated in FY 2017. This action would permit funding of future fiscal years, subject to the annual capital project budget process for Proposition C 25% funds. The Metro Board has not yet addressed a pre-existing capital program deficit in the amount of \$900 million forecasted through the end of the SRTP in FY24. In dollars terms the shortfall may seem large, but may remain manageable given that it is 1.6% of the entire \$54 billion forecasted in Metro controlled capital and operating funds embedded within the SRTP. While projects already under construction are not yet put at risk by the 1.6% shortfall, any project not yet awarded for construction could be deferred to help resolve the forecasted shortfall in the future. At this juncture, the Board has not set specific priorities that would enable Metro to defer any projects. If the shortfall appears in the future to be unmanageable without more concerted action, we will return to the Board with specific recommendations on how to proceed.

ALTERNATIVES CONSIDERED

The Board may choose not to approve the milestones for release of additional Foothill Extension Phase 2B funds until later in the development of Phase 2A. This may delay the ability of the Authority to obtain federal environmental clearance for Phase 2B

NEXT STEPS

Upon Board approval, staff will work with the Authority to amend the Funding Agreement.

ATTACHMENT

Attachement A - Gold Line Foothill Extension Phase 2B - January 2013 Board Item 25

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**PLANNING AND PROGRAMMING COMMITTEE
JANUARY 16, 2013
CONSTRUCTION COMMITTEE
JANUARY 17, 2013**

SUBJECT: GOLD LINE FOOTHILL EXTENSION PHASE 2B

**ACTION: AMEND FUNDING AGREEMENT TO INCREASE FUNDING FOR
CEQA/NEPA COMPLIANCE, PRELIMINARY ENGINEERING AND
PLANNING FOR PHASE 2B**

RECOMMENDATION

Amend the Funding Agreement between the Gold Line Construction Authority ("Authority") and the MTA for Phase 2A to increase funds associated with CEQA/NEPA compliance, preliminary engineering and planning for Phase 2B along with revised conditions for payment of such funds based upon milestones.

ISSUE

The October 2009 Long Range Transportation Plan (LRTP) identified \$810.5 million associated with the Foothill Extension project (Pasadena to Claremont). Based on this amount, the Funding Agreement and subsequent amendments established an LOP budget for the Foothill Extension (Phase 2A) from Pasadena to Azusa of \$741 million. Currently \$69.5 million is remaining for the Foothill Extension.

The Funding Agreement allows the Authority to be reimbursed up to \$6 million of the \$810.5 million for CEQA/NEPA compliance, preliminary engineering and planning for Phase 2B once the Authority demonstrates that Phase 2A can be constructed within the established LOP Budget (the "Phase 2B test"). The \$6 million currently allocated is insufficient to perform all of these activities and additional funds of \$30 million are being requested for a total of \$36M. The amount requested is comparable with similar activities on MTA projects. This would leave an additional \$33.5 million for future Foothill Extension costs (Phase 2A or 2B).

The California State Legislature has recently redefined Phase 2B to terminate in Montclair, rather than in Claremont. The Funding Agreement will be further amended to reflect the new limits for Phase 2B (Azusa to Montclair). No Measure R funds will be used for environmental, preliminary engineering, and planning work relating to the portion of Phase 2B located outside of Los Angeles County.

DISCUSSION

The Gold Line Foothill Extension is being managed cooperatively between MTA and the Authority wherein the Authority is responsible for the design and construction of the project while Metro is funding, overseeing the design and construction, and operating the project upon completion. The collaboration between the two agencies is guided by the Funding Agreement and MCA. The Funding Agreement provides the guidelines and mechanism by which Metro will fund the project while the MCA provides the guidelines and mechanism by which Metro oversees the design, construction, testing, and start-up of the project.

The Metro Gold Line system currently extends from Los Angeles to Pasadena serving cities and communities along the alignment corridor. The Metro Gold Line Foothill Extension is a phased project that extends the existing Metro Gold Line, from the City of Pasadena to the City of Montclair. The extension will be constructed in two phases. Construction of the first phase (Phase 2A) from the Pasadena Sierra Madre Villa Station to the Azusa-Citrus Station is underway with anticipated completion in 2016. The Gold Line Foothill Extension has three components: the I-210 bridge in Arcadia, alignment and O&M facility, and parking facilities. The I-210 bridge is complete. The alignment and O&M facility are in design and a design-build contract for the parking facilities is expected to be awarded in early 2013.

The second phase (Phase 2B) from Azusa to Montclair would extend the Gold Line alignment to the east and include six new stations in the cities of Glendora, San Dimas, Laverne, Pomona, Claremont, and Montclair. The project would provide service from the Azusa-Citrus Station in the City of Azusa in Los Angeles County to the City of Montclair Transcenter, located just east of Monte Vista Avenue in Montclair in San Bernardino County.

In August 2012, the Authority released the Phase 2B Draft EIR for public review and comment. MTA provided comments on the Draft EIR. The Authority currently plans to seek their board approval of the EIR in early 2013. In order to begin the federal environmental process in accordance with NEPA, as well as preliminary engineering and other planning activities additional funds are required.

This action seeks to revise the Funding Agreement to allocate a total of \$36 million, in lieu of the original \$6 million, to perform the CEQA/NEPA compliance, preliminary engineering and planning for Phase 2B. This would leave an additional \$33.5 million

for future Foothill Extension costs (Phase 2A or 2B). No Measure R funds will be used for environmental, preliminary engineering, and planning work relating to the portion of Phase 2B located outside of Los Angeles County. In addition, this action seeks to replace the "Phase 2B Test" language currently in the Funding Agreement with conditions for payment based upon the milestones set forth below. Consistent with "Phase 2B Test" language currently in the Funding Agreement, the milestones ensure that adequate funds exist for the completion of Phase 2A:

1. Milestone 1: Completion of all of the following events: (i) all Phase 2A design-build contracts are awarded, (ii) contingency for Phase 2A is equal to or greater than 7.5% of remaining Phase 2A design-build contract values, and (iii) the Final EIR for Phase 2B has been certified by the Construction Authority Board, Upon satisfaction of Milestone 1, the Authority would be authorized to be reimbursed up to \$6M (if there are sufficient funds remaining from the \$810.5 million) for CEQA/NEPA compliance, preliminary engineering and planning for Phase 2B (including retroactive reimbursement).
2. Milestone 2: Completion of all of the following events: (i) Phase 2A construction at 50% complete, and (ii) contingency for Phase 2A is equal to or greater than 5% of remaining Phase 2A design-build contract value.. Upon satisfaction of Milestone 2, the Authority would be authorized to be reimbursed up to an additional \$14M (if there are sufficient funds remaining from the \$810.5 million) for CEQA/NEPA compliance, preliminary engineering and planning for Phase 2B. The maximum the Authority would receive for CEQA/NEPA compliance, preliminary engineering and planning for Phase 2B once Authority meets Milestone 1 and Milestone 2 would be \$20M.
3. Milestone 3: Completion of all of the following events: (i) Phase 2A has achieved substantial completion with set aside amounts to pay Phase 2A outstanding claims , and (ii) there is at least a \$5M contingency remaining in Phase 2A until project turnback as defined by the Master Cooperative Agreement. . Upon the satisfaction of Milestone 3, the Authority would be authorized to be reimbursed up to an additional \$16M (if there are sufficient funds remaining from the \$810.5 million) for CEQA/NEPA compliance, preliminary engineering and planning for Phase 2B. The maximum the Authority would receive for CEQA/NEPA compliance, preliminary engineering and planning for Phase 2B once Authority meets Milestone 1, Milestone 2 and Milestone 3 would be \$36M.

Under the terms of the existing Funding Agreement, the Authority is prohibited from seeking federal New Start funds for Phase 2A or 2B of the Foothill Extension.

DETERMINATION OF SAFETY IMPACT

This report has no impact on safety.

FINANCIAL IMPACT

There is no increase in funding programmed for the Foothill Extension as a result of this action.

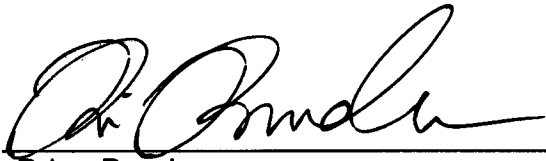
ALTERNATIVES CONSIDERED

The Board may choose not to approve the milestones for release of additional Foothill Extension Phase 2B funds until later in the development of Phase 2A. This may delay the ability of the Authority to obtain federal environmental clearance for Phase 2B.

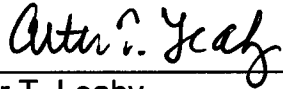
NEXT STEPS

Upon Board approval, staff will work with the Authority to amend the Funding Agreement.

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