

**Board Report**

File #: 2018-0556, **File Type:** Contract**Agenda Number:** 37.

**CONSTRUCTION COMMITTEE
SEPTEMBER 20, 2018****SUBJECT: Foothill Gold Line Extension Phase 2B****ACTION: APPROVE RECOMMENDATION****RECOMMENDATION**

AUTHORIZE Amendment No. 1 for the Funding Agreement between the Foothill Gold Line Extension Construction Authority ("Authority") and the Los Angeles County Metropolitan Transportation Authority ("Metro") to reflect award of Cap & Trade Funding in the amount of \$290,200,000 and to increase the Measure M 3% Local Funding Commitment estimate from \$33,000,000 to \$36,161,067.

ISSUE

The Gold Line Foothill Extension Construction Authority is responsible for the design and construction of the Gold Line Foothill Extension Phase 2B Project. Funding for the project is provided by Metro along with responsibility for assuring the project is designed and constructed in accordance with the Metro Rail Design Criteria. Upon completion of the project, the Construction Authority is to turn the project back to Metro to operate and maintain. Responsibilities and guidelines for allocation of the funds and the specific commitments by the two agencies are established by a Funding Agreement and a Master Cooperative Agreement (MCA) between the two agencies.

With the award of the primary Mainline Design-Build Contract scheduled to be released by December 2018, an amendment to the Funding Agreement is needed to document the Cap & Trade award and to update the local contribution from each City along the alignment.

BACKGROUND

The Project includes stations and parking facilities in each of the six cities along the alignment and shares right of way with Southern California Regional Rail Authority (Metrolink) and the Burlington Northern Santa Fe (BNSF) freight line. A portion of the project extends approximately 1.5 miles into San Bernardino County terminating at the Montclair Station.

At its June 2017 meeting, the Metro Board approved a Life of Project (LOP) Budget in the amount of \$1,406,870,750 along with authorization for the Chief Executive Officer to enter into the Funding agreement and MCA. At that time, staff advised the Board that additional funds would be needed to achieve the LOP. The shortfall also included matching funds needed by San Bernardino County to

complete the project to Montclair. (The Agreement anticipated that Metro would fund the portion of the project within Los Angeles County and San Bernardino County would fund the portion in San Bernardino County.)

DISCUSSION

Cap & Trade funding - Foothill Gold Line Extension Phase 2B has advanced Preliminary Engineering based on the Certified Final Environmental Impact Report for the 12.3 mile alignment from Glendora to Montclair. In coordination with the Gold Line Foothill Construction Authority and the San Bernardino County Transit Authority (SBCTA), Metro took the lead in applying for state grant funds administered by the California State Transportation Agency (CalSTA) in order to support the budget requirements of the entire project. In June 2018, CalSTA provided a commitment of \$290,200,000 in Transit and Intercity Rail Capital Program (TIRCP), Cap and Trade Funds to be applied to the Gold Line Foothill Extension Project Phase 2B. \$41M of these grant funds were specifically committed to San Bernardino County for the segment from the Claremont Station in Los Angeles County to the Montclair Station in San Bernardino County.

Measure M 3% Local Contribution: During the development of the Funding Agreement, contributions from the local agencies were estimated based on projections of labor, materials and equipment to be supplied by the Cities through the course of the project. An original estimated dollar amount of \$33,000,000 included in the Funding Agreement has been revised to \$36,131,067 as project design and schedule have been further developed.

DETERMINATION OF SAFETY IMPACT

There is no safety impact for the Foothill Extension as a result of this action.

FINANCIAL IMPACT

For FY19, \$35,349,900 has been budgeted in Project 865202 Foothill Gold Line Extension 2B under cost center 8510 (Construction procurements) and Account 50316 Professional Services. If approved, the recommendation does not change the FY19 budget.

The recommendation to approve the Amendment to the Funding Agreement will document award of the CalSTA grant. The CalSTA (Cap and Trade) funds in the amount \$290,200,000 were recently authorized by the California Transportation Commission, contributing to the LOP Budget of \$1,406,870,750. Since this is a multi-year project, the Project Manager, Cost Center Manager and Chief Program Management Officer will be responsible for project budgeting for the Life of Project and future Fiscal Year budgets.

Impact to Budget

The source of project funding is Measure M Transit Construction 35% which is not eligible for bus and rail operating expenditures. Other sources of funding are the carry-forward of Measure R 35%

and/or Proposition C and/or other available non-federal funds from Phase 2A, 3% Local Agency Contribution, and the state Transit and Intercity Rail Capital Program (TIRCP).

Funding of \$290,200,000 was provided through the State Cap and Trade Transit and Intercity Rail Capital Program (TIRCP) as a Metro priority. The commitment to secure Cap and Trade Transit and Intercity Rail Capital Program (TIRCP) funds as a Metro Board priority comes from the Metro Board of Director's action to approve the 2009 Long Range Transportation Plan, which states, in part: "As a first priority, pursue other potential funding sources, excluding Federal New Starts, which are not currently included in the 2009 Long Range Transportation Plan, to be programmed to close the funding gaps on the Gold Line Foothill Extension and Crenshaw/LAX Transit Corridor.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

This Board Action is related to the Metro Strategic plan by updating the project Funding Agreement and providing needed Cap & Trade grant funds to a portion of the Gold Line Foothill Extension Phase 2B project.

ALTERNATIVES CONSIDERED

The Board may decide to forego amending the Funding Agreement. Staff recommendation is to proceed with the Amendment in order to assure grant funds are accounted for as a requirement of the Funding Agreement between Metro and the Construction Authority.

NEXT STEPS

Upon Board approval, the Funding Agreement Amendment will be circulated for execution.

ATTACHMENTS

Attachment A - Project Funding Agreement Amendment No. 1

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Reviewed by: Richard Clarke, Chief Program Management Officer(213) 922-7557



Phillip A. Washington
Chief Executive Officer

**FIRST AMENDMENT TO
FOOTHILL EXTENSION PHASE 2B FUNDING AGREEMENT**

This First Amendment ("First Amendment") to Foothill Extension Phase 2B Funding Agreement Glendora to Claremont ("Agreement") is dated for reference purposes only _____, 2018 and is by and between the Los Angeles County Metropolitan Transportation Authority ("LACMTA") and the Metro Gold Line Foothill Extension Construction Authority ("Recipient"), FTIP# LA29212XY.

WHEREAS, the parties entered into the Agreement based on the written agreement that only those revisions set forth in the third paragraph of Section A2.2.2 would be included in any amendment to accommodate the amount of Cap and Trade Funds received from the State of California in connection with the Transit and Intercity Rail Capital Program;

WHEREAS, LACTMA received \$290,200,000 in Cap and Trade Funds for the Project ("Cap and Trade Funds") and desire to add this amount to the amount of funds available to Recipient to complete the Project;

WHEREAS, the parties acknowledge that Recipient desires that the Project extend into San Bernardino and terminate at the proposed Montclair station and that Recipient is procuring the Project in a manner that will allow for such an extension after the design-build contractor is selected for the Phase 2B light rail alignment; however, the parties acknowledge that the Funds may not be spent on such an extension until the parties execute a written amendment to the Agreement providing therefor.

NOW, THEREFORE, the parties hereby agree as follows:

1. The defined terms herein, as identified by initial capitalization, shall have the meanings ascribed to them in the Agreement, unless otherwise indicated.
2. Section A2.1. A second sentence is added to Section A2.1 which reads "The one-time grant referred to in the preceding sentence is increased by the amount of \$41,000,000 to accommodate amounts included in the TIRCP grant application awarded funding in 2018."
3. Section A2.1. The definition of the term "Funds" is hereby revised to include the Cap and Trade Funds, as defined herein.
4. Section A2.2. The \$1,364,664,635 referenced in the initial clause of Section A2.2 is hereby revised to be \$1,405,667,000.
5. Section A2.2.2. The first sentence of the first paragraph of Section A2.2.2 is hereby amended and restated to read as follows: "LACTMA received \$290,200,000 in Cap and Trade Funds from the State of California for the Project ("Cap and Trade Funds")."

6. Section A2.2.2. The first sentence of the second paragraph of Section A.2.2.2 is hereby amended and restated to read as follows: "If the Cap and Trade Funds are not sufficient to cover the entire cost of the Project, then LACMTA and Recipient shall both use good faith efforts to review their respective Project budgets and determine whether any cost savings are achievable through elimination of any project scope or services agreed to be unnecessary or not as much as originally anticipated."
7. Section A2.2.2. The third paragraph of Section A.2.2.2 is hereby amended and restated to read as follows: "If additional funding amounts are required to complete the Project and once it is determined how such additional amounts are to be funded, including any reduction in the Project LOP and any reduction in the LACMTA Requested Betterments and/or the Estimated Amount, LACMTA and Recipient shall amend this Agreement accordingly which amendment will be limited in scope to (i) redefine the term "Funds" to include the additional funding, if necessary, and (ii) revise any amounts that may have been modified with the reduction process, including, the Project LOP, LACMTA Requested Betterments and the Estimated Amount."
8. Section B8.1.

The last sentence of the first paragraph of Section B8.1 is hereby amended and restated to read as follows: "For accounting purposes only, adding the Recipient Funding Commitment of \$42,206,122 to the one-time grant in the amount of \$1,405,667,000, makes the total project cost equal to \$1,447,873,122."

The first sentence of the second paragraph of Section B8.1 is hereby amended and restated to read as follows: "To date, LACMTA acknowledges that Recipient has provided estimates showing how it intends to satisfy the first \$36,131,067 of the total Recipient Funding Commitment."

9. Attachment B. Attachment B is hereby amended and restated as set forth in the attached "Revised Attachment B".
10. Attachment C. Attachment C is hereby amended and restated as set forth in the attached "Revised Attachment C".
11. Attachment D. Attachment D – Scope of Work will be amended if the Montclair Extension is authorized and that, once such amendment occurs, \$41,000,000 of Cap and Trade Funds will be available to complete the Montclair Extension.
12. Recipient shall not authorize the Montclair Extension unless Recipient has obtained full and binding funding commitments for the total cost of the Montclair Extension from a source or sources other than LACMTA. Nothing in the Agreement or this First Amendment shall create an obligation on the part of LACMTA to fund any portion of the Montclair Extension.

IN WITNESS WHEREOF, the parties have caused this First Amendment to be executed by their duly authorized representatives as of the dates indicated below:

LACMTA:

LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION
AUTHORITY

Recipient:

METRO GOLD LINE FOOTHILL
EXTENSION CONSTRUCTION
AUTHORITY

By: _____
Phillip A. Washington
Chief Executive Officer

By: _____
Habib F. Balian
Chief Executive Officer

Date: _____

Date: _____

APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

APPROVED AS TO FORM:

Nossaman LLP

By: _____
Deputy

By: _____
Alfred E. Smith, II
General Counsel

ATTACHMENT B

PROJECT FUNDING

Metro Gold Line Foothill Extension Phase 2B Glendora to Claremont

(in millions of dollars escalated to the year of the expenditure) Initial Draft 05-18-17

Capital Project 865202 Sources of Funds	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	Total
Measure R 35%	4.1	3.2	9.0	20.5	35.3	24.4								96.5
Measure M					78.3	99.9	153.6	166.2	129.1	132.9	150.1	82.3	26.6	1,019.0
Transit and Intercity Rail Capital Program (TIRCP)						290.2								290.2
Total Project Funding	4.1	3.2	9.0	20.5	113.6	414.5	153.6	166.2	129.1	132.9	150.1	82.3	26.6	1,405.7

ATTACHMENT C

EXPENDITURE PLAN - COST AND CASHFLOW BUDGET

Metro Gold Line Foothill Extension Phase 2B Glendora to Claremont

(in millions of dollars escalated to the year of the expenditure) Initial Draft 05-18-17

Capital Project 865202 Uses of Funds	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	Total
Pre-Construction	4.1	3.1	9.2	14.1	7.5									38.0
Construction DB2					26.3	77.6	137.8	148.9	88.6	56.7	64.8	22.0		622.7
Construction DB3								20.0	40.0	40.0	20.0			120.0
Right of Way					30.0	36.0	3.0							69.0
Professional Services				12.0	19.4	19.7	19.4	19.6	19.8	20.4	20.8	17.9		169.0
Project Contingency					19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	22.0	174.0
Vehicles										10.0	30.0	29.0	15.0	84.0
Metro Costs				2.6	3.0	5.0	17.4	18.0	18.0	21.0	10.1	10.3	3.0	108.4
Metro Contingency						2.0	2.3	4.0	4.0	5.0	2.3	1.0		20.6
Total Project Costs	4.1	3.1	9.2	28.7	105.2	159.3	198.9	229.5	189.4	172.1	167.0	99.2	40.0	1,405.7