



San Gabriel Valley Council of Governments

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December 13, 2019

Mr. Phillip A. Washington,
 Chief Executive Officer
 Los Angeles County Metropolitan Transportation Authority
 One Gateway Plaza
 Mail Stop 99-25-1
 Los Angeles, CA 90012-2952

Re: Approval of increased ACE Project budget and match funding

Dear Mr. Washington:

The San Gabriel Valley Council of Governments (SGVCOG) hereby requests Los Angeles County Metropolitan Transportation Authority (Metro) approval of the updated Alameda Corridor-East (ACE) Project budget cost estimate as well as the programming of additional Metro match funding for the Project pursuant to the prior funding agreements made between Metro and the SGVCOG.

Metro's contribution of 17 percent in Proposition C funds to the Project budget was approved by the Metro Board in June 1999, upon initiation of the Project. The Metro Board subsequently approved the updated Project budget cost estimate in November 2007 along with a revised commitment of Prop C match funds. Since then, scope changes to the overall Project were approved in 2011 by the SGVCOG Governing Board in response to an ACE Phase II study prioritizing the remaining projects based on vehicle delay, constructability and crossing collision factors. As a result, three grade separations were deleted and the Durfee Avenue grade separation project in the City of Pico Rivera (currently under construction) was added to the Project.

Active ACE Projects (Not Yet In Construction)							
Improvement Project / City	Cost Est. (\$mil.)	Daily Vehicle-Hrs. Delay (2025)	Daily Train / AADT Counts	Collisions (10 yrs. / Total)	Fatalities / Injuries	Current Phase	Construction Schedule Est.
Montebello Blvd. underpass* / Montebello	\$180.0	43.5	43 / 21,692	2 / 5	3 / 1	ROW / Final Engineering	2021-2024
Turnbull Canyon Rd. overpass** / Industry-Hacienda Heights	\$99.1	38.9	47 / 12,892	4 / 14	3 / 3	ROW / Final Engineering	2021-2023
At-grade safety measures at three crossings / Montebello	\$3.0	N/A	43 / N/A	2 / 3	0 / 1	ROW / Final Engineering	2020-2021
Maple Ave. pedestrian bridge / Montebello	\$25.5	N/A	43 / N/A	0 / 2	0 / 0	ROW / Final Engineering	2020-2021
Five crossings at-grade pedestrian safety / Pomona	\$24.2	N/A	81 / N/A	5 / 32	19 / 9	ROW / Final Engineering	2020-2021

* Additional Prop C needed as local match for \$18.8 million in State Prop 1B funds and \$49 million in State SB1 funds.
 **Additional Prop C needed as local match for \$29 million in State SB1 funds.

With this ACE program scope revision as well as increases in construction costs and real estate costs since 2007, the overall total ACE program cost has increased to \$1,765,540,000¹. If approved, the Metro contribution toward the Project would increase by \$15,000,000, or 5.5 percent more than the 2007 amount, for a total of \$289,323,220. With this submittal, however, we are requesting approval of the programming of \$19,453,420 of Prop C or other eligible funds for which the SGVCOG has secured the required 83 percent match in non-Metro funds. The programming request includes a \$4,453,420 balance of Metro's existing contribution that has not yet been programmed. The SGVCOG anticipates completing the ACE Project by 2024 and will commit to not submitting future requests for additional Metro contribution. If future costs increase, the SGVCOG will work in coordination with Metro staff to seek the programming of other local funds available to the subregion, such as Measure M subregional equity or goods movement funds.

We are aware of Metro's uniform cost management policy relating to cost increases on Measure R-funded projects and have undertaken the requirements of the policy, including evaluating value engineering, the use of local funding, and de-scoping the project. The ACE Project scope has been reduced as described above and SGVCOG has conducted formal Value Engineering Reviews on all ACE projects remaining. In accordance with Caltrans design guidelines, reviews were performed at the 35 percent design level and all cost and constructability recommendations are incorporated in the final design. Cost controls have also been exercised during construction. For example, nearly \$114 million in State Proposition 1B fund savings from the construction phase of the San Gabriel Trench project were or will be programmed for construction of additional ACE projects. We believe our reduced and capped request for additional Metro regional funds (the Prop C) demonstrates our commitment to utilize local San Gabriel Valley funding for the project.

The SGVCOG has vigorously pursued new sources of State, Federal and railroad funding for the ACE projects as match for the Metro Prop C funds, most recently securing the programming of \$78 million in new State SB 1 funds in 2018 and \$15 million in State Section 190 Grade Separation program funds this year. The Prop C funds will help provide required match for these SB 1 funds which must be approved by the California Transportation Commission (CTC) no later than June 2020 for allocation to the construction phase of the final two ACE grade separation projects. In addition, the timely commitment by Metro of additional Prop C funds is needed to provide a 1:1 match for \$18.8 million in State Prop 1B savings to be programmed for the Montebello Boulevard project at the next CTC meeting on January 29-30, 2020.

We appreciate Metro's longtime and strong partnership with the SGVCOG in funding the ACE Project for the benefit of the San Gabriel Valley and Los Angeles County. Transmitted with this letter is a SGVCOG staff report dated November 21, 2019 regarding the ACE Project revised

¹ The cost of the Nogales Street (Los Angeles Subdivision) grade separation project is omitted from the calculation of the ACE Project budget because it is the sole ACE project that was provided Metro Call for Projects funding when under the supervision of the Los Angeles County Department of Public Works. With the commitment by Metro of Prop C 17 percent match, the ACE grade separations have been excluded from Call for Projects funding.

cost. Questions regarding this matter may be directed to me or to Government and Community Relations Director Paul Hubler at (626) 373-2685 or [phubler@sgvcog.org](mailto:p hubler@sgvcog.org).

Sincerely,

A handwritten signature in black ink that reads "Mark Christoffels". The signature is written in a cursive, flowing style.

Mark Christoffels
Chief Engineer

Enclosure: SGVCOG staff report dated November 21, 2019 regarding ACE Project budget

cc: Mr. Wil Ridder
Mr. Michael Cano
Ms. Akiko Yamagami

REPORT

DATE: November 21, 2019

TO: SGVCOG Governing Board Members and Alternates

FROM: Marisa Creter, Executive Director

RE: **REVISED ACE PROJECT BUDGET ESTIMATES**

RECOMMENDED ACTIONS

Adopt Resolution 19-47 approving the revised cost estimate for the ACE Project to \$1.8 billion.

SUMMARY

Given that it has been twelve years since the project cost was updated, staff felt it appropriate for the Governing Board to formally approve the current cost estimate of \$1.8 billion. The cost increase from the 2007 adopted cost estimate of \$1.4 billion is based on the following factors:

1. **Construction cost inflation.** Since 2007 construction costs have increased 34%. The past two years have seen bid increases up to 20% over estimated costs as was witnessed with the recent opening of bids for the Gold Line and the Durfee Road Grade Separation Project. Staff has projected out to the anticipated completion year of 2024 for the remaining ACE projects as well as incorporating actual bids received for projects completed or currently under construction and revised the overall estimated project cost.
2. **Real Estate.** After the recession of 2008 when real estate prices fell, the real estate market re-bounded and costs for real estate acquisitions in the past three years have gone up significantly, especially in the commercial land uses.
3. **Project scope changes.** In 2011, the Governing Board approved an ACE Project Phase II study which updated the original ACE project study done in 1997. This study added the Durfee Avenue Grade Separation Project which was not included in the original Phase I study.

When combined, the above factors have increased the total estimated costs for the ACE Program from \$1.4 billion to \$1.8 billion. A breakdown of the individual project costs is shown in Attachment A attached to this report.

BACKGROUND

The ACE Project cost was adopted by the San Gabriel Valley Council of Governments in 1997 at \$950 million in 1997 dollars. The schedule called for the project to be fully funded by June 2004

REPORT

and completed by 2008. On February 2007 the Governing Board adopted a revised cost estimate of \$1.4 billion which reflected a revised completion date of 2014 and the following factors:

1. **Inflation** - The 1997 cost estimate did not include inflation allowances. While the rate of construction inflation in the early years of the project was relatively modest, it had increased by 113% for the year 2007.
2. **Agency Overhead** - The original cost estimates did not provide for agency overhead. Since the project had no source of revenue other than project funding, additional costs were added.
3. **UPRR Force Account** - Track and signal system reconstruction on the operating railroad, as well as flagging protection, must be performed by the UPRR and is only done on a fully reimbursable basis. The original project cost estimate severely underestimated these costs.
4. **Real Estate/Relocation** - The original cost estimate did not anticipate the increase in real estate costs.
5. **Scope Changes** – As projects were refined from their concepts presented in 1997, costs were adjusted to reflect these design changes.

Given that it has been twelve years since the project cost was updated, staff felt it appropriate for the Governing Board to formally approve a revised estimated cost estimate of \$1.8 billion as outlined in the Summary Section above.

BUDGET IMPACT

The current adopted ACE Program has secured \$1,818,519,000 in funding as shown in Attachment B. Funds committed do not reflect value of properties held by the agency, pending UPRR contributions, Section 130 funding, Measure M funding, or additional Prop C match funds from Metro that staff is currently working on. Current projected costs are \$1,886,312,000. Staff believes with these additional funds the current \$67 million ACE Program funding gap can be closed.

Prepared by: Mark Christoffels
Mark Christoffels
Chief Engineer

Approved by: Marisa Creter
Marisa Creter
Executive Director

ATTACHMENTS

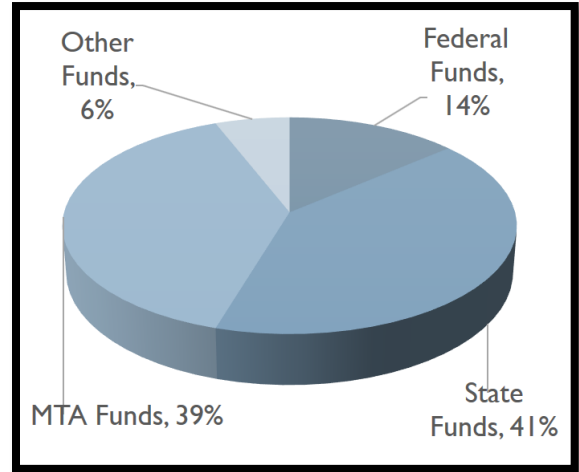
- Attachment A – Individual ACE Project Estimates
- Attachment B – ACE Project Secured Funding
- Attachment C – Resolution 19-47

Attachment A
(shown in \$ millions)

<u>Active ACE Projects</u>		<u>Completed ACE Projects</u>	
At-Grade Pomona	\$ 24,196	Baldwin Ave.	\$ 70.400
Durfee Ave.	\$ 107.841	Brea Canyon Rd.	\$ 73.900
Fairway Dr.	\$ 224.824	Safety Crossings/IRRIS	\$ 34.200
Fullerton Rd.	\$ 159.526	East End/Reservoir St.	\$ 79.000
Montebello Blvd	\$ 179.954	Hamilton Blvd.	\$ 1.800
Turnbull Cyn. Rd.	\$ 99.070	Nogales St. (Alh.)	\$ 49.800
Maple Ave Ped Bridge	\$25.470	Nogales St. (LA)	\$ 120.772
At Grade Montebello	\$3.046	Ramona Ave.	\$ 53.100
		Sunset Ave.	\$ 93.900
		Puente Ave.	\$ 97.378
		San Gabriel Trench	\$ 293.427
		Temple Ave.	\$ 94.708
		<i>Total Cost of Projects:</i>	\$ 1,886.312

Attachment B
(shown in \$ millions)

Federal	\$ 244.691
State	\$ 744.089
MTA	\$ 698.719
Other	\$ 131.020



Total funds committed: \$ 1,818.519

Attachment C

Resolution No. 19-47

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RESOLUTION NO. 19-47

**A RESOLUTION OF THE GOVERNING BOARD OF THE SAN
GABRIEL VALLEY COUNCIL OF GOVERNMENTS (SGVCOG)
APPROVING THE REVISED ACE PROJECT BUDGET**

WHEREAS, the ACE Project estimates of \$1.4 billion were approved on February 12, 2007; and

WHEREAS, cost estimates are updated periodically to reflect current factors and trends; and

WHEREAS, the revised cost estimates have increased due to construction cost inflation, real estate and project scope changes.

NOW, THEREFORE, the Governing Board of the SGVCOG hereby approves the \$1,886.312 million total revised ACE Project budget estimates as shown in Exhibit A.

PASSED AND ADOPTED by the Governing Board of San Gabriel Valley Council of Governments, in the County of Los Angeles, State of California, on the 21st day of November 2019.

San Gabriel Valley Council of Governments

Cynthia Sternquist, President

Resolution No. 19-47

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Attest:

I, Marisa Creter, Executive Director and Secretary of the Board of Directors of the San Gabriel Valley Council of Governments, do hereby certify that Resolution 19-47 was adopted at a regular meeting of the Governing Board held on the 21st day of November 2019 by the following vote:

AYES:	
NOES:	
ABSTAIN:	
ABSENT:	

Marisa Creter, Secretary

Exhibit A
(shown in \$ millions)

<u>Active ACE Projects</u>		<u>Completed ACE Projects</u>	
At-Grade Pomona	\$ 24,196	Baldwin Ave.	\$ 70.400
Durfee Ave.	\$ 107.841	Brea Canyon Rd.	\$ 73.900
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