



Board Report

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**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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