



Foothill Gold Line

Metro Gold Line Foothill Extension Construction Authority

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Agenda Item: 7.c.

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Executive Officer:

Habib F. Balian
Chief Executive Officer

TO: Chair and Members of the Board of Directors
FROM: Habib F. Balian, Chief Executive Officer
DATE: January 25, 2017
SUBJECT: Adoption of Foothill Extension Financial Plan for Phase 2A and 2B
- Revision 13

RECOMMENDATION:

The Board of Directors adopt Foothill Extension Financial Plan for Phase 2A and 2B - Revision 13 of \$2,155.3 million.

SUMMARY:

The Foothill Extension Financial Plan Revision 13 refers to the financial plan for both the close-out of the Pasadena to Azusa (Phase 2A) segment and the Glendora to Montclair (Phase 2B) segment underway. The Foothill Extension Financial Plan Revision 13 incorporates all new estimate information, including a \$118 million increase attributable to increased construction duration, escalation and real estate acquisitions. The resultant effect identifies a yet to be funded shortfall of \$138 million to the project from Glendora to Claremont in Los Angeles County and \$68 million to the project from Claremont to Montclair in San Bernardino County.

The attached proposed Foothill Extension Financial Plan Revision 13 incorporates the current assessment of changes to project revenues and expenditures that accurately reflect the most recent project outlook. Overall, the total proposed Foothill Extension Financial Plan Revision 13 for 2A and 2B increases to \$2,155.3 million (including a total project cost for completion of Phase 2B from Glendora to Montclair of \$1,374 million).

On the revenue side, Foothill Extension Financial Plan Revision 13 increases to \$2,155.3 million; Changes in the major budget categories between Foothill Extension Financial Plan Revision 12 and Foothill Extension Financial Plan Revision 13 are illustrated in the table below. San Bernardino County Transportation Authority (SBCTA), formerly known as San Bernardino Associated Governments (SANBAG), Other and LA County Source Not Yet Identified have increased while Measure M has decreased.

On the expenditure side, Foothill Extension Financial Plan Revision 13 increases to \$2,155.3 million. Changes in the major budget categories between the Foothill Extension Financial Plan Revision 12 and Foothill Extension Financial Plan Revision 13 are illustrated in the table below. Construction - 2B costs and Program Management and Administration have increased.

Milestones in Foothill Extension Financial Plan Revision 13 that have occurred since Foothill Extension Financial Plan Revision 12 are:

- Project 2A in closeout phase.
- No material lawsuits pending.
- Measure M passed.
- Project 2B is ongoing.

Foothill Extension Project Financial Plan - Revision 13 Summary

REVENUES	Adopted Rev 12	Proposed Rev 13	Proposed Variance
SCAG	1.0	1.0	0.0
Interest Income	2.0	2.0	0.0
Bridge Replacement	13.9	13.9	0.0
Phase 1 Carryover	4.0	4.0	0.0
Maintenance and Operation Facility	0.0	0.0	0.0
Cities	0.0	0.0	0.0
Real Estate - Phase 2	0.0	0.0	0.0
State SHA	0.0	0.0	0.0
Measure R - 2A	741.0	741.0	0.0
Measure R - 2B	69.5	69.5	0.0
SBCTA	55.2	70.0	14.8
Federal TCSP	2.9	2.9	0.0
Federal Bus Intermodal Plan	9.0	9.0	0.0
Federal New Starts 2004 MTA Passthrough	4.0	4.0	0.0
Federal New Starts 2005 MTA Passthrough	0.5	0.5	0.0
Federal New Starts 2006 Corridor Study	2.5	2.5	0.0
Measure M	1044.5	1019.0	(25.5)
Other	0.0	78.0	78.0
LA County Source Not Yet Identified	0.0	138.0	138.0
Total Foothill Extension Revenues	1,950.0	2,155.3	205.3

EXPENDITURES	Adopted Rev 12	Proposed Rev 13	Proposed Variance
Program Management and Admin	115.8	128.1	12.3
Master Cooperative Agreement	6.0	6.0	0.0
Real Estate 2A Including Row Acq	21.0	21.0	0.0
Utility Relocation	0.0	0.0	0.0
Hazardous Material / Environmental Serv	0.0	0.0	0.0

EXPENDITURES	Adopted Rev 12	Proposed Rev 13	Proposed Variance
Special Programs	0.3	0.3	0.0
Procurement / Vehicles	60.0	60.0	0.0
Construction - IFS	19.8	19.8	0.0
Construction - 2A	331.9	331.9	0.0
Construction - 2B	1181.0	1374.0	193.0*
Construction - 2C	0.0	0.0	0.0
Construction - Parking Structures	44.3	44.3	0.0
Construction - M&O	47.0	47.0	0.0
Maintenance and Operation Facility Land	22.0	22.0	0.0
MTA Project Costs	64.0	64.0	0.0
Project Reserve	9.5	9.5	0.0
Contingency (Financing)	27.4	27.4	0.0
Total Foothill Extension Expenditures	1,950.0	2,155.3	205.3
* Includes \$40 M Planning, Environmental Work and Other Preconstruction Activities; \$35M from 2015 Estimate; and \$118 M from 2017 Estimate			

BUDGET IMPLICATIONS:

The total Foothill Extension Financial Plan Revision 13 increases to \$2,155.3 million.

DISCUSSION:

Below is an explanation of changes to the Foothill Extension Financial Plan Revision 13 by major category.

Revenues - \$2,155.3 Million (\$205.3 million increase)

SCAG - \$1.0 Million (no variance)

To date, the Authority has received \$0.93 million from SCAG related to the Alternatives Analysis work.

Interest Income - \$2.0 Million (no variance)

The interest income budget has no change. This amount reflects the estimated interest income through the project.

Bridge Replacement - \$13.9 Million (no variance)

To date, the Authority has received \$13.9 million for bridge replacement.

Phase I Carryover - \$4.0 Million (no variance)

To date, the Authority has transferred \$4.0 million from Phase I to the Foothill Extension.

Maintenance and Operation Facility - \$0 Million (no variance)

Maintenance and Operation Facility has no change.

Cities - \$0 Million (no variance)

To date, the Authority has not received any cash contribution from the Cities.

Real Estate - \$0 Million (no variance)

The Real Estate budget reflects the expected phase II real estate contribution from the MTA or other sources. The MTA previously paid and purchased the existing Foothill Extension ROW in the 1990's and subsequently transferred to the Authority. The Authority does not expect additional real estate revenue.

State SHA - \$0 Million (no variance)

The State SHA has no change.

Measure R – 2A - \$741.0 Million (no variance)

The Measure R – 2A budget stays the same at \$741.0 million for Phase 2A.

Measure R – 2B - \$69.5. Million (no variance)

The Measure R – 2B budget stays the same at \$69.5 million.

SBCTA - \$70.0 Million (\$14.8 million increase)

The SBCTA budget increases from \$55.2 million to \$70.0 million.

Federal TCSP - \$2.9 Million (no variance)

The Federal TCSP budget remains unchanged, which reflects the appropriated and committed amount to date.

Federal Bus Intermodal Plan - \$9.0 Million (no variance)

The Federal Bus Intermodal Plan budget remains the same at \$9.0 million, which reflects the amount in the recent Transportation bill for Bus and Bus Facilities of three years at three million per year.

Federal New Starts 2004 - \$4.0 Million (no variance)

The Federal New Starts 2004 budget remains unchanged, which reflects the appropriated and committed amount to date.

Federal New Starts 2005 - \$0.5 Million (no variance)

The Federal New Starts 2005 budget remains unchanged, which reflects the appropriated and committed amount to date.

Federal New Starts 2006 Corridor Study - \$2.5 Million (no variance)

The Federal New Starts 2006 budget remains the same at \$2.5 million which includes the second year corridor study.

Federal TCSP - \$2.9 Million (no variance)

The Federal TCSP budget remains the same at \$2.9 million which includes the Authority's environmental work for Phase 2B.

Measure M - \$1,019.0 Million (\$25.5 million decrease)

The Measure M budget decreases from \$1,044.5 million to \$1,019.0 million.

Other - \$78 Million (\$78.0 million increase)

The Other budget increases from \$0 to \$78.0 million.

LA County Source Not Yet Identified - \$138 Million (\$138.0 million increase)

The LA County Source Not Yet Identified increases from \$0 to \$138 million.

Expenditures \$2,155.3 Million (\$205.3 million increase)

Program Management & Administration - \$128.1 Million (\$12.3 million increase)

Program Management and Administration budget increases \$12.3 million to \$128.1 million. This includes a combination of Authority Administration and Program Management work to reflect the current status of the project and the Authority's best estimate at this time.

Master Cooperative Agreements - \$6.0 Million (no variance)

The Master Cooperative Agreements budget remains the same at \$6.0 million which includes Board Represented Agencies, County and State Agencies and Other Agencies based upon our engineer's current estimates at this time which include the Foothill Extension Cities, Caltrans, Metrolink and the Sanitation District.

Real Estate 2A - \$21.0 Million (no variance)

The Real Estate 2A budget remains the same at \$21.0 million. This amount is the current estimated cost to purchase additional properties necessary to complete the line based on our engineers' estimate including legal fees and environmental evaluations. Property acquisitions have been defined. All major properties have been acquired.

Utility Relocation - \$0.0 Million (no variance)

The Utility Relocation budget remains the same at zero as that amount is included in the Contractors construction costs listed below in Construction – 2A/M&O.

Hazardous Material and Environmental Services - \$0.0 Million (no variance)

The Hazardous Material and Environmental Services budget remains the same at zero as that amount is included in the Contractors construction costs listed below in Construction – 2A/M&O.

Special Programs - \$0.3 Million (no variance)

The Special Programs budget remains the same at \$0.3 million. This amount is attributable to the Authority's Arts Program.

Procurement / Vehicles -\$60.0 Million (no variance)

The Procurement budget remains the same at \$60.0 million, which is the expected cost of purchasing fifteen light rails vehicles for the Foothill Extension at \$4.0 million each.

Construction IFS - \$19.8 Million (no variance)

The Construction IFS budget remains the same at \$19.8 million which is the current expectation of the project by the Authority. This IFS project is completed.

Construction 2A - \$331.85 Million (no variance)

The Construction 2A budget stays the same at \$331.85 million, which is the current expectation of the project by the Authority.

Construction 2B - \$1,374.0 Million (\$193.0 million increase)

The Construction 2B budget increases to \$1,374.0 million which is the current expectation of the 2B project by the Authority. This estimate is based upon Hill International engineer report.

The Measure M 3% local match will be satisfied by one of several options including a SBCTA/Montclair contribution for the extension from Claremont

to Montclair which is currently budgeted at \$70.0 million. Other options include grants or In-Kind contributions from the six 2B cities.

The estimated substantial completion date for Phase 2B construction is 2025.

The current budget for Phase 2B including Montclair is as follows:

Item	Amount
Design-Build	\$698
ROW	\$71
Professional Services	\$222
Project Contingency	\$173
Metro Costs	\$170
Sub-Total:	\$1,334
Planning	\$40
Total:	\$1,374

Reasons for the increase in the revised project budget include:

- Increase in labor rates/taxes
- Longer project duration
- Increased escalation rate
- Better defined needs for ROW
- Expenditures for Azusa to Montclair CEQA/NEPA compliance, preliminary engineering and other planning activities not previously included

Construction 2C - \$0.0 (no variance)

The Construction 2C budget remains the same at zero. The proposed Alternative Analysis work will not be completed at this time. This work originally was to be funded with 100% third party funding and zero Authority dollars.

Construction Parking Structures - \$44.25 Million (no variance)

The Construction Parking Structures budget remains the same at \$44.25 million which is the current expectation of the project by the Authority.

Construction M&O – \$47.0 Million - (no variance)

The Construction M&O budget remains the same at \$47.0 million. This amount represents the Authority's 25% share of with Metro responsible for the other 75% share. The Authority received a bid which validates this amount as reasonable.

Maintenance and Operation Facility Land - \$22.0 Million (no variance)

The Maintenance and Operation Facility budget remains the same at \$22.0 million to properly reflect the current status based on our engineers' current estimates. This amount is the Authority's 25% share of the M&O land costs. Metro's 75% share will come from a different revenue source directly from MTA.

MTA Project Costs - \$64.0 Million (no variance)

The MTA Project Costs budget remains the same at \$64.0 million to properly reflect the part of the amount per the proposed Measure R Funding agreement between the Construction Authority and the LACMTA.

Contingency (Financing) -\$27.4 Million (no variance)

The Contingency or Finance budget remains the same at \$27.4 million. This is reflected in the Funding Agreement amendment between the Metro Gold Line Foothill Extension and LACMTA at the request of Metro.

Project Reserve - \$9.5 Million (no variance)

The Project Reserve budget stays the same at \$9.5 million.