

**Metro Gold Line Foothill Extension Construction Authority Board Meeting
Construction Authority Offices, Conference Room
Arcadia City Council Chambers
240 West Huntington Drive
Arcadia, California 91007
February 9, 2011
7:00 P.M.**

1. Call to Order:

Chairman Tessitor called the meeting to order at approximately 7:08 PM.

2. Roll Call:

Member	Appointing Entity	Present	Absent
<i>Voting Members</i>			
Doug Tessitor, <i>Chair</i>	City of Pasadena	X	
Sam Pedroza, <i>1st Vice Chair</i>	SGVCOG		X
Ed Reyes, <i>2nd Vice Chair</i>	City of Los Angeles	X	
Keith Hanks	City of South Pasadena	X	
John Fasana	LACMTA	X	
<i>Non-Voting Members</i>			
Lara Larramendi	Governor of California	X	
Bill Bogaard	City of Pasadena		X
Daniel Evans	City of South Pasadena		X
<i>Alternate Members</i>			
Michael Cacciotti	City of South Pasadena	—	—
Gerry Miller	City of Los Angeles	—	—
Mary Ann Lutz	SGVCOG	X	

3. Pledge of Allegiance

Doug Tessitor led the Pledge of Allegiance.

4. Public Comments on Items On/Off Agenda

Chairman Tessitor requested any public comments on or off the Agenda.

None.

5. CEO's Monthly Report

Mr. Balian presented the report. Mr. Balian reviewed various items, including an update on ongoing discussions between Metro and BNSF; status of the Funding Agreement Amendment 1 and various other items and agreement pending before the Construction Authority. Mr. Balian also presented a video highlighting recent activity of the Construction Authority.

6. Consent Calendar:

- a. Approval of Minutes of Special Board Meeting held January 18, 2011**
- b. Approval of Minutes of Special Board Meeting held January 26, 2011**
- c. Financial Quarterly Update**
- d. Approval of Amendment to Chief Executive Officer's Employment Agreement**
- e. Receive and File Cities of Pasadena and Monrovia State of the City Remarks**

Chairman Tessitor requested a motion to approve the Consent Calendar. Board Member Lutz made a motion to approve the Consent Calendar. Board Member Reyes seconded the motion. Board Member Fasana requested that Item 6.d. be pulled from Consent for further discussion. Board Members Fasana and Lutz abstained from Item 6.b. Minutes of January 26, 2011. The remainder of the Consent Calendar was then approved unanimously.

Board Member Fasana requested that the milestones presented in the CEO Employment Agreement Amendment include a language that would indicate some form of cost management or cost-effective goals or attainment.

Board Member Larramendi indicated that the milestones as currently presented already contain cost management goals, but do not use the language explicitly. Board Member Larramendi also indicated that the Construction Authority has steadfastly been cost-effective as shown in Phase 1 of the project.

Board Member Fasana requested that staff and the General Counsel review the language of some of the milestones and see if additional language which is fair and attainable be inserted and brought back to the Board at the next scheduled meeting.

Chairman Tessitor indicated that the milestones were intended to be goal and performance based which would also include cost-effectiveness but would support adding additional language based upon Board Member Fasana request.

Board Member Lutz inquired if the intent was to keep contracts as awarded to come in or under-budget.

Board Member Fasana indicated that he was open to discussion and input from the General Counsel and staff on how best to achieve some revised milestones that were fair and achievable.

Chair Tessitor indicated that he would consult with General Counsel, staff and

if necessary the Management and Personnel Committee and bring the item back to the Board at its next scheduled meeting.

7. General Board Items:

a. Overview of Phase 2A Alignment RFP Evaluation Process

Mr. Balian provided the report. Mr. Balian's presentation reviewed the Proposer Teams as well as the process for of review and evaluation of the proposals by various evaluators and committees. Mr. Balian indicated that the process is intended to allow all proposer to present the best contract proposal possible based upon feedback and discussions during the process. Mr. Balian indicated that the evaluation process would conclude with the evaluators and committees making written recommendation to the CEO who would then make a recommendation to the Board at the April 2011 meeting.

Mr. Balian indicated that the Construction Authority had met with Karen Gorman, Metro Interim Inspector General, to discuss the process and had agreed to request Statements of Economic Interest Statement (Form 700s) by all members of the evaluation process.

Mr. Balian introduced Nancy Smith from Nossaman law firm who assisted Mitch Purcell, Chief Contracting Officer, in developing the RFP and the evaluation process.

Board Member Reyes inquired if a process had been established in case of an appeal of the award. Ms. Smith indicated that a procedure for protest of the procurement had been established and was detailed in the RFP and is based upon various deadlines.

Ms. Smith reviewed in further detail the Evaluation and Review process by the Proposer Teams. Ms. Smith indicated that each proposal will ultimately be evaluated based on technical merits and price and that these two elements are weighted equally. Ms. Smith indicated that evaluators and committees would be unaware of each proposal price and would conduct their review based solely upon the merits and weaknesses of each proposal. Ms. Smith reviewed the various committees and the areas of jurisdiction. Ms. Smith indicated that once the committees had completed their review, written recommendations would be submitted to the CEO. Ms. Smith further indicated that the CEO, if necessary, would meet with the individual Proposers to present the findings committees as presented to the CEO. Ms. Smith indicated that the Proposers would then be allowed to submit revised proposals based upon discussions with the CEO. Ms. Smith indicated that once revised proposals are submitted, they again will be reviewed and evaluated by the same process and rankings of strengths & weaknesses of the proposals would be made to the CEO. Ms. Smith indicated that the CEO would then make the final recommendation to the Board.

Chairman Tessitor thanked Ms. Smith for her detailed reviewed of the process.

Chairman Tessitor invited Karen Gorman to provide public comment.

Ms. Gorman, Metro's Interim Inspector General, indicated that her office was available to offer any services that the Construction Authority needed. Ms. Gorman indicated that recent meetings with the Construction Authority were very helpful for both parties and looked forward to working with the Construction Authority.

Chairman Tessitor thanked Ms. Gorman for her comment.

Item received and filed.

b. Approval of Foothill Extension Financial Plan Revision 5

Mr. Balian presented the report. Mr. Balian indicated that the proposed revision being presented incorporates changes based upon what is presently known by staff. Mr. Balian indicated that the total overall project financial plan has not changed from \$1,167.0 million. Mr. Balian indicated that Metro has revised the manner in which the interest on bond financing for all Measure R projects would be charged. Mr. Balian indicated that Metro had agreed to provide the financing for the project through Measure R bonds free of charge which would amount to approximately \$21 million. Mr. Balian indicated that if Metro had not agreed to provide the financing that the \$21 million would have been used with the design-build-finance contractor for the financing of the project. Mr. Balian indicated that the Metro Board has indicated that interest amounts would now be charged back to the project as well as all other Measure R project. Mr. Balian indicated that based upon this assumption, the budget has been revised accordingly by removing \$21 million for the project reserve to the current Pasadena to Azusa budget and increase the project budget from \$690 million to \$711 million. Mr. Balian indicated that the \$21M would reduce the amount available for the Azusa to Montclair portion of the project.

Mr. Balian also reviewed recent efforts underway by Metro to demonstrate a Cost Management Process by providing value engineering; identifying new local agency funding resources; considering project segmentation; identifying other cost reductions within the same transit corridor; and identifying cost reductions within the same sub-region. Mr. Balian indicated that Metro would be requiring all project to undergo this process to avoid any potential cost overruns.

Mr. Balian introduced Chris Burner, Chief Project Officers who reviewed staff continued ongoing efforts in the area of cost management and value engineering. Mr. Burner indicated that the Foothill Extension has always put an emphasis on value engineering and is conducted on a daily basis. Mr. Burner highlighted 5 areas of value engineering and the associated costs savings

which included elimination of a service road (\$20 million); reduced retaining wall heights (\$10M); relocated Irwindale parking site (\$8M); re-profiled street crossing tracks (\$5M); modified Sierra Madre Villa station pocket tracks (\$1.5M); and the use of tire-derive aggregate instead of ballast material (\$1M). Mr. Burner indicated that all of the savings highlighted were done in connection with Metro and the various stakeholders and all enhanced the overall project without impacting and sometimes improving safety or other possible mitigations. Mr. Burner also provided a more extensive listing of other value engineering undertaken by staff which totals approximately \$66.6M.

Mr. Balian reviewed the various new lead agency funding sources by the Construction Authority which included the Santa Anita Blvd. bridge (\$12M); Phase 2A corridor cities contributions (\$5M); extension of the Colorado bridge and other station improvements (\$0.4M); as well as other agreements and improvements for betterments which are paid by the requestor.

Mr. Balian reviewed the shorter segmentation of the Foothill Extension. Mr. Balian indicated that Measure defines the project from Pasadena to Claremont and the project has been segmented from Pasadena to Azusa and environmentally cleared.

Mr. Balian also reviewed various the other Costs Redirected within the same Transit Corridor including redirected funds available for Phase 2B. Mr. Balian also provided an update on the current status for Phase 2B. Mr. Balian indicated that Phase 2B is currently undergoing an environmental review for NEPA/CEQA clearance, seeing funds to address the funding shortfall of approximately \$450-\$550 million; working with Metro to have included in the Long Range Transportation Plan. Mr. Balian indicated that if funding were to be secured that Phase 2B would begin construction in 2014/2015 and operational in approximately 50 months.

Mr. Balian reviewed five expenditure areas that are of concern based upon current estimates and projections which included real estate including right of way acquisition; construction costs of Phase 2A and the Maintenance & Operation facility; parking facility construction; project contingency; and project reserve.

Board Member Hanks indicated that based upon what was presented and what staff has indicated that he was uncomfortable with the number of high-risk items and the Board may need to consider adjusting the budget in those areas. Board Member Hanks inquired of staff if they were prepared to discuss the various items and any possible budget shortfall in those particular areas.

Mr. Balian indicated that staff was prepared to discuss if the Board wished the justifications for possible adjustments to the areas of concern.

Board Member Fasana agreed with Board Member Hanks and requested more detailed information about each of the areas of concern so a well informed

decision could be reached.

Mr. Burner began his review of the various items. Mr. Burner indicated that the Real Estate budget has undergone a few reviews by its real estate consultant in conjunction with the staff engineers. Mr. Burner indicated that based upon the review and re-evaluations an additional \$5 million should be added to the current budgeted amount of \$25 million for a total of \$30 million.

Mr. Burner indicated that with regard to the Phase 2A and Maintenance and Operation (M&O) facility budget, the main concern was with the M&O facility. Mr. Burner indicated that per the Funding Agreement with Metro had requested that the Construction Authority provide a budget based upon Metro's requirements for the M&O facility. Mr. Burner indicated that the estimate provided to Metro for the M&O facility was \$250M. Mr. Burner indicated that an increase of \$7 million be added to the current \$360.4 million for a total of \$367.4 million.

Mr. Fasana inquired if staff had been coordinating with Metro regarding the M&O facility including design and the proposed budget. Mr. Fasana indicated that Metro may want to reduce the proposed \$250M budget via value engineering or other cost savings. Mr. Balian indicated that Construction Authority staff has been coordinating with Metro regarding the M&O and that the budget had been provided to Metro and staff is awaiting comments and feedback.

Board Member Larramendi expressed her concern that the M&O facility may be above and beyond what is needed and careful consideration should be given to the design and budget of the facility to keep the dollars down.

Board Member Fasana indicated that all projects at Metro are currently undergoing scrutiny because of past experience and project overruns.

Mr. Balian indicated that on March 9 the Construction Authority will receive proposals from the Phase 2A RFP proposers based upon what Metro has requested and if changes are made there will be schedule impacts.

Mr. Burner indicated that the M&O facility design provided by Metro was largely based upon the Long Beach M&O facility.

Mr. Burner indicated that the Parking Facility budget was first projected when the locations and structure were at a preliminary level of design. Mr. Burner indicated that based upon further changes and refinements that \$3M should be added to the current budgeted amount of \$28 million for a total of \$31 million.

Mr. Burner indicated that the current Contingency budget was 8% and that the generally acceptable level is 10%. Mr. Burner indicated that the Contingency budget is to cover any unanticipated costs. Mr. Burner indicated that based upon a 10% contingency that an increase of \$9M should be made to the

current amount of \$35 million for a total amount of \$44 million.

Mr. Balian indicated that based upon all of the items discussed and increase of \$24 million would be added to the Phase 2A project for a revised budget of \$735 million.

Board Member Fasana expressed his thanks to staff for their efforts in providing a detailed reviewed of the budget and expressed his willingness to increase the budget but also his desire to tighten the budget to keep it under \$730M.

Chairman Tessitor indicated that it was important to set a budget at total that is realistic based upon current information and work to come in at or under that amount and not base it upon other considerations.

Board Member Larramendi indicated that revised budget as presented by staff at \$735 is realistic and staff as well as the Board should work to come in under budget.

Board Member Lutz indicated that based upon what staff has presented in the area of value engineering that staff has continually sought to reduce the budget where acceptable and practical and would support the recommendation of staff with the hopes of coming in under budget.

Chairman Tessitor indicated that the goal of the Construction Authority should be to build the best project in the most cost-effective manner possible based upon current information available which would then be a project budget of \$735 million.

Mr. Balian indicated that \$735 million is also the amount that Metro has allocated toward the Foothill Extension project under Measure R and an additional \$75 million from Prop C funds for a total of \$810 million. Mr. Balian also indicated that \$735 million was the amount Metro had estimated would take to build from Pasadena to Irwindale.

Chairman Tessitor requested a motion to Approve the Foothill Extension Financial Plan Revision. Board Member Hanks made a motion to approve the Foothill Extension Financial Plan Revision 5 for a revised total of \$735 million. Board Member Fasana seconded the motion which was then approved unanimously.

c. Receive and File Update on BNSF Shared-Use Agreement

Mr. Balian introduced Mr. Burner who provided the report. Mr. Burner indicated that current BNSF shared-used agreement allows BNSF to operate freight service on the Construction Authority's ROW from Arcadia to Azusa. Mr. Burner also indicated that BNSF no longer serves any customer west of the San Gabriel River in Irwindale. Mr. Burner indicated that Metro and BNSF

have reached agreement in principle and that both parties continue discussions to reach a final agreement.

Mr. Balian indicated that Metro's Counsel, Joyce Chang will be attending the March 9 Board meeting to discuss the status of the agreement.

Item received and filed.

d. Update on IFS Community Outreach

Mr. Balian introduced Lisa Levy Buch who provided the report. Ms. Levy Buch indicated that the IFS Community Outreach plan was submitted to the Construction Authority by Skanska, the design-build contractor, and was subsequently greatly enhanced by the Construction Authority. Ms. Levy Buch indicated that the goals of the plan was to provide communication with all stakeholders including the media; raise public awareness and develop strong community ties; assist impacted residents and business stakeholders; address and resolve concerns/claims directly and effectively; identify areas of collaboration with local businesses and schools and to integrate seamlessly into the Authority communications program. Ms. Levy Buch provided an overview of the area which would be targeted for outreach. Ms. Levy Buch reviewed the various tools that would be used for outreach, including community outreach activities, traditional media, new media and on-line tools, traffic alerts, elected officials briefing, relationship with local higher education institutions, local business and job training opportunities and efficient issue management. Ms. Levy Buch indicated that this effort was the first in building long-term trust with the community for future phase and project of the Construction Authority.

Item received and filed.

e. Authorize CEO to Execute Amendment to Funding Agreement between Metro and Construction Authority

Mr. Balian provided the report. Mr. Balian indicated that Metro would be considering many items in March regarding the project including Amendment One to the Funding Agreement. Mr. Balian indicated that Mike Estrada, General Counsel, was working with Metro Counsel on the drafting of the Funding Agreement. Mr. Balian indicated that two areas would be addressed in the Funding Agreement – increase of immediate cash flow from \$10 million to \$30 million and the increase in the project budget as approved by the Board earlier from \$690 million to \$735 million.

Chairman Tessitor requested a motion to Authorize CEO to Execute Amendment to Funding Agreement between Metro and Construction Authority. Chairman Tessitor made a motion to Authorize CEO to Execute Amendment to Funding Agreement between Metro and Construction Authority. Board Member Fasana seconded the motion which was then approved unanimously.

f. Receive and File Report on Project Update: Parking Facilities

Mr. Balian introduced Mr. Burner who provided the report. Mr. Burner indicate that there are a total of six parking facilities that will be designed and constructed to support the stations along the Pasadena to Azusa alignment. Mr. Burner indicated that two sites have received environmental clearance as surface parking lots (Duarte and Azusa Alameda) and four sites have received environmental clearance as parking structures (Arcadia, Monrovia, Irwindale and Azusa Citrus). Mr. Burner indicated that staff is working with cities to finalize parking facility conceptual designs as well as site plans to allow for design procurement. Mr. Burner reviewed each of the parking facilities locations and any proposed relocations. Mr. Burner indicated that all changes either in location or configuration was done in close consultation with cities and at time at the request of the cities.

Chairman Tessitor inquired how the numbers of parking spaces were determined for each facility or location. Mr. Burner indicated that when the 2007 Environmental Impact Report was conducted, Parsons Brinkerhoff conducted an analysis to determine the appropriate number of spaces.

Item received and filed.

g. Monthly Project Status Report

Mr. Balian introduced Mr. Burner to provide the report. Mr. Burner reviewed various items that had been completed recently or were underway, including the recent SEIR certification, approval of the emergency access plan by the Fire Life Safety and Security Committee, evaluations of the Phase 2B DB proposal; release of addenda 4 and 5 of the Phase 2B RFP as well the execution of a Memorandum of Agreement with the Army Corps of Engineers. Mr. Burner also indicated that over the next several months including finalization of parking facilities and conceptual plans, CPUC approval on grade crossing; management of the IFS contract; execution of various agreements, identification of project risk and migration items and finalizing various property acquisitions.

Item received and filed.

8. General Counsel Report

None.

9. Board Member Comments

Board Member Hanks reminded everyone that a recent survey ranked the Foothill Extension project the 5th largest in Los Angeles County.

10. Adjournment

Board Chairman Tessitor adjourned the meeting at 9:25 PM.