

**Board Report**

File #: 2016-0941, **File Type:** Agreement**Agenda Number:** 11

**FINANCE, BUDGET AND AUDIT COMMITTEE
JANUARY 18, 2017****SUBJECT: INTERSTATE 5 FREEWAY HIGH OCCUPANCY VEHICLE LANES CONSTRUCTION PROJECT****ACTION: AUTHORIZE EXECUTION OF A CONTRACT OF SALE WITH CALTRANS FOR METRO RIGHT-OF-WAY CONVEYANCE FOR CASH COMPENSATION AND FEE TITLE TO RESTORE METRO'S 90-FOOT RIGHT-OF-WAY****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to execute a right-of-way contract of sale (Contract) with the **State of California, Department of Transportation (Caltrans) to construct High Occupancy Vehicle (HOV) lanes on the Interstate 5 Freeway between Burbank Boulevard and Buena Vista Street** (Project).

ISSUE

Caltrans and Metro staff have negotiated an agreement, subject to Board approval, to provide for the conveyance of various easements to Caltrans that are required for the Project. The property rights include the acquisition of fee title over portions of Victory Place that may be required to restore the railroad right-of-way to 90 feet. The agreement includes the payment by Caltrans of \$1,851,342. Any costs for relocation of facilities from the restored right-of-way will be paid by Metro as future transit projects are undertaken. Complete contract terms can be found in Attachment A.

DISCUSSION

On May 16, 2012, the Board authorized the CEO to execute a Memorandum of Agreement (MOA) with Caltrans covering the Project's terms of sale of Metro's right-of-way. The MOA required that Metro reimburse the City of Burbank for the cost to relocate all municipal and third-party facilities from Victory Place which included traffic signals, street lights and storm drains (Facilities). City consultants determined the estimated cost to relocate the Facilities at \$1.4 million. The MOA also provided that Metro would amend existing agreements with utility providers, assist Caltrans in negotiating such relocations, and accept from Caltrans \$1.4 million to compensate Metro for the estimated costs of future relocations from a portion of Victory Place should Metro use the property for its right-of-way.

Metro subsequently granted Caltrans a right of entry and construction permit to enable them to secure their funding for the Project and to begin construction. Metro also amended its existing agreements with utility providers to relocate their facilities and assisted Caltrans in negotiating these relocations. Caltrans began construction of the Project on May 17, 2012.

Subsequent to the start of construction on May 2012, revised estimates to relocate the Facilities from Victory Place escalated to approximately \$4.5 million. Caltrans rejected the revised relocation costs and the MOA was never executed between Metro and Caltrans. It was determined that it would be more appropriate for Caltrans to acquire the underlying fee title over those portions of Victory Place sufficient to restore the railroad right-of-way to 90 feet. However, any future costs to relocate public and private facilities from Victory Place will be borne by the future transit project requiring the additional right-of-way. To date, Caltrans has expended \$287,000 to acquire fee interest in approximately 18,000 square feet of a needed 28,000 square feet of property required for restoration of a 90-foot right-of-way. The remaining 10,000 square feet will be acquired before the completion of the Project.

As total compensation, Caltrans has offered to pay Metro \$1,851,342 for property rights needed for the Project. This payment is in addition to the amount Caltrans will expend to acquire the property needed to restore the railroad right-of-way. Metro Real Estate staff appraisers have confirmed that this compensation represents the fair market value of the parcels conveyed to Caltrans. The Contract provides that after Metro deposits the easement deeds into the escrow account, Metro may withdraw the \$1,851,342 in compensation.

DETERMINATION OF SAFETY IMPACT

This Project will have a positive impact on safety with the construction of a grade separation (underpass) at Empire Avenue and modifications to the Interstate 5 Freeway and Empire Avenue Interchange. The Project also includes construction of a grade separation (underpass) at the existing Buena Vista Street grade crossing.

FINANCIAL IMPACT

Execution of the Contract will generate \$1,852,342 in general fund revenue.

Impact to Budget

Adoption of the recommended action will have no impact to the Fiscal Year 2017 budget for Rail Operations.

ALTERNATIVES CONSIDERED

The Board may decide not to enter into the negotiated agreement with Caltrans. This alternative is not recommended. The negotiated agreement will produce \$1,851,342 in new revenue for Metro and restore the rail corridor to its original 90-foot-wide railroad right-of-way.

NEXT STEPS

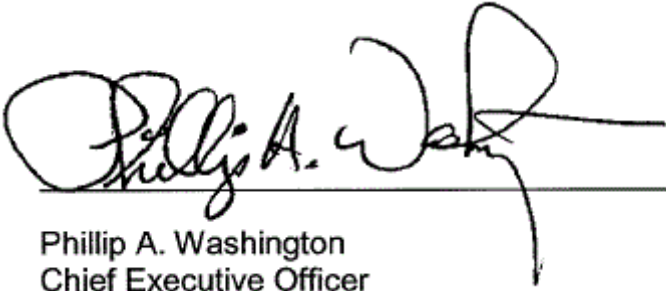
Subject to review and approval by County Counsel, Real Estate staff will submit the Contract of Sale to the CEO for execution with terms outlined in Attachment A. Staff estimates the remaining process to take 60 days.

ATTACHMENTS

Attachment A - Contract of Sale Key Terms

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Phillip A. Washington
Chief Executive Officer

CONTRACT OF SALE KEY TERMS

Project	The Project adds HOV lanes on both side of Interstate 5 freeway between Burbank Boulevard and Buena Vista and modifies the Interstate 5/Empire Avenue Interchange. The Project also includes construction of a grade separation (underpass) at the existing Buena Vista Street grade crossing.
Purchase Price	Caltrans will pay Metro \$1,851,342 as consideration for specific property rights needed for the Project from Metro.
Property to be conveyed to Caltrans	Metro will convey to Caltrans permanent easements consisting of approximately 68,000 square feet for HOV lanes, retaining walls, highway footings, signs, and lighting on Metro property
Property to be conveyed to Metro	Caltrans will convey to Metro the underlying fee title over those portions of Victory Place sufficient to restore the railroad right of way to 90 feet consisting of approximately 28,000 square feet.