



Board Report

File #: 2017-0343, File Type: Project

Agenda Number: 22.

**CONSTRUCTION COMMITTEE
JUNE 15, 2017**

SUBJECT: GOLD LINE FOOTHILL EXTENSION PHASE 2A REDUCTION IN LIFE OF PROJECT BUDGET

ACTION: REDUCE LIFE OF PROJECT BUDGET

RECOMMENDATION

CONSIDER:

- A. APPROVING a Life-of-Project (LOP) budget decrease in the amount of \$26,967,000 for the Gold Line Foothill Extension Phase 2A Project and update the LOP to \$714,033,000; and
- B. AUTHORIZE allocation of \$26,967,000 of available non-federal funds from Gold Line Foothill Extension Phase 2A to Gold Line Foothill Extension Phase 2B

ISSUE

Decrease Life-of-Project Budget

The Foothill Extension Phase 2A Funding Agreement allowed for acceleration of the Gold Line Foothill Extension Phase 2A project relative to the schedule identified in the Long Range Transportation Plan (LRTP) and the charging of \$27.4 million of interest due to that acceleration. The \$27.4 million of interest was included in the Life of Project Budget, raising the total Foothill Extension Phase 2A Life of Project Budget to \$741million.

Subsequent to increasing the Foothill Extension Phase 2A LOP by \$27.4 million to pay for interest due to acceleration, construction of the project proceeded on a non-accelerated schedule relative to the Long Range Transportation Plan, and only minimal interest attributable to acceleration was required, leaving a substantial portion of the \$27.4 million interest budget in place.

This Board Action requests reducing the Foothill Extension Phase 2A LOP by the amount left over and unused for interest due to acceleration and allocating those funds to the next Phase (2B) of the Foothill Extension from Azusa to Claremont.

BACKGROUND

At the March, 2011 Los Angeles Metro Regular Board Meeting the Board approved allocation of \$27.4 million for the Gold Line Foothill Extension Phase 2A Project to cover the estimated interest cost to meet a forecasted accelerated schedule.

Construction of the project was completed in September 2015 and opened for service in March 2016 in line with the original schedule that was identified in the LRTP. Actual acceleration of the project was minimized, and therefore only a small portion of the estimated \$27.4M in interest cost was needed. The interest attributable to acceleration actually required amounted to \$433,000, leaving a balance in the Metro Holdback budget for such acceleration costs of \$26,967,000.

Given these funds are left over and not used for the Phase 2A project, staff is requesting a reduction in the LOP for the Gold Line Foothill Phase 2A Project in the amount of \$26,967,000. Further, staff is requesting authorization for these available non-federal funds to remain in the Gold Line Foothill Extension Corridor and be allocated for use on the Gold Line Foothill Extension Phase 2B from Azusa to Claremont. These actions are consistent with Metro's funding agreement with the Gold Line Foothill Authority for Phase 2A.

FINANCIAL IMPACT

The previous acceleration related interest to be charged to the project budget of \$27.4 million will be decreased by \$26.967 as the actual acceleration related interest to be charged to the project is \$0.433 million. The LOP and interest allocation reduction will be applied to cost center 8510, project 860200, Metro Gold Line Foothill Extension, account 51121 Interest Bond Interest Expense.

Upon Board Approval, the decrease in LOP and savings from Phase 2A will be designated as Measure R 35% and/or Proposition C or other available non-federal funding to be applied to the LOP of the Phase 2B Foothill Extension project from Azusa to Claremont.

ALTERNATIVES CONSIDERED

The Board may decide to leave the funds in the Gold Line Foothill Phase 2A project. This option is not recommended given that doing so would be inconsistent with Metro's funding agreement for Phase 2A and the savings from the interest allocation in Phase 2A can be applied to the funding needs of the Phase 2B Foothill Extension to Claremont.

NEXT STEPS

Upon Board approval, staff will modify the Agreement to reflect the changes set forth in this board report. Funds in the amount of \$26,967,000 will be reallocated from Gold Line Foothill Extension Phase 2A and applied to Gold Line Foothill Extension Phase 2B.

ATTACHMENTS


Attachment A - Cashflow Table

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ATTACHMENT A

**Metro Gold Line Foothill Extension
Expenditure Plan - Cost and Cash Flow Budget
(in millions of dollars escalated to the year of expenditure) Preliminary 05-10-17**

Uses of Funds	ACTUAL EXPENDED												
	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	Total
Subtotal Construction Authority costs		26.0060	81.1420	117.8470	168.4280	123.6392	44.2178	9.1920	0.0000	0.0000	0.0000	0.0000	570.4720
MTA Project Costs													
Subtotal MTA Project Costs	2.6280	18.7209	29.3248	-13.0050	6.5212	39.0059	42.7571	15.3821	1.8000	0.4330	0.0000	0.0000	143.5680
Total Project Cost	2.6280	44.7269	110.4668	104.8420	174.9492	162.6451	86.9749	24.5741	1.8000	0.4330	0.0000	0.0000	714.0400

*Cashflow subject to change after Fiscal Year '17 Expenditures are finalized