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**PLANNING AND PROGRAMMING COMMITTEE
MAY 15, 2013**

SUBJECT: ALAMEDA CORRIDOR EAST PROGRAM

**ACTION: APPROVE ACE MEASURE R EXPENDITURE PLAN AND AUTHORIZE
CEO TO EXECUTE MASTER AGREEMENT AND PROJECT
ADDENDUMS**

RECOMMENDATION

- A. Approve Alameda Corridor East (ACE) Measure R expenditure plan in the aggregate amount of \$358 million (Attachment A); and
- B. Authorize the Chief Executive Officer (CEO) to execute a Master Agreement with ACE and Project Addendums issued pursuant to the Master Agreement consistent with the Board approved ACE Funding Program

ISSUE

In October 2012, the Metro Board approved a \$45 million working capital loan to ACE to assist with ACE's cash flow needs due to significantly increasing construction activity in the near future. Metro staff proceeded to prepare the Master Agreement that defines the terms and conditions of the working capital loan, includes a promissory note, provides a expenditure plan for ACE's remaining \$358 million in unallocated Measure R funds, and incorporates existing policies regarding lapsing, audit, progress reporting, and the reimbursement of funds. The Master Agreement does not provide any additional funds beyond ACE's Measure R allocation reflected in the attached expenditure plan and the existing Board approved Proposition C funding authorization for the ACE program. The Board authorized Measure R expenditure plan and the existing Board approved Proposition C funds authorized for the ACE project are referred to as the "ACE Funding Program."

The Master Agreement contemplates that Project addendums will be executed for each project or set of projects in order for Metro to grant or program funds. The first project addendum will be for \$93 million and provides funding for four grade separation projects, which are included on the attached expenditure plan. In the future, the CEO will issue project addendums such that the cumulative expenditures of ACE funds will

be less than or equal to the cumulative expenditures identified in the ACE Funding Program. Staff is seeking Board approval of the Master Agreement and Measure R expenditure plan.

DISCUSSION

The ACE program is constructing grade separations along both the Union Pacific Alhambra Line that traverses the cities of Alhambra, San Gabriel, Rosemead, El Monte, Industry, and Pomona as well as the Union Pacific Los Angeles Subdivision line that traverses the cities of Montebello, Pico Rivera, Industry, and Pomona. A map of the ACE program is included as Attachment B.

Currently, ACE is in construction on three grade separation projects (Baldwin Avenue in El Monte, the San Gabriel Trench, and the Nogales-Los Angeles subdivision line in the City of Industry), and is in varying stages of design for five other projects (Durfee Avenue in Pico Rivera, Puente Avenue, Fairway Avenue, Fullerton Road in the City of Industry, and Hamilton Blvd. in Pomona).

Master Agreement

The Master Agreement is consistent with the October 2012 Board direction that incorporates the terms and conditions of the working capital loan with Metro's existing funding agreements with ACE. The key terms of the Master agreement include: 1) ACE will pay all Metro's costs related to the issuing and servicing of the loan, including bank liquidity costs, interest costs, broker and dealer fees, draw fees, and other costs such as legal fees; 2) payment of the outstanding balance of the working capital loan is due on the earlier of 10 years or the date in which Metro issues a Project Addendum to fund the last \$75 million in Measure R funds or Proposition C from the Metro Board approved expenditure plan; and 3) ACE may apply any interest earnings on unexpended loan proceeds to pay for its obligations under the loan. The ACE Board approved the advance and promissory note at their March 2013 meeting.

Measure R Expenditure Plan

Measure R provides \$400 million to ACE, of which \$42 million has already been allocated to the San Gabriel Trench and \$358 million remains unallocated. Attachment A provides further details on the ACE Measure R expenditure plan.

In addition to Measure R funds, Metro has also granted \$245.75 million in Proposition C funds to ACE, which represents Metro's 17% commitment to the ACE program. Of these funds, approximately \$71.5 million remains unallocated. The Board has already taken action to approve these grants. Therefore, further authorization is not requested and the funds are not included in Attachment A. However, the \$71.5 million in Proposition C funds may also be granted to ACE through a project addendum pursuant

to the Master Agreement. In addition, state and federal funds may also be programmed by the Metro Board and also included in the Master Agreement.

Project Addendums

The project addendum defines cost, funds request, and scope of work for the project or projects for which Metro is granting funding. The first project addendum will be for \$93 million for the design and right of way costs associated with four grade separation projects: Puente Avenue and Fairway Drive in the City of Industry/Los Angeles County, Fullerton Road in the City of Industry, and Hamilton Boulevard in Pomona. Attachment C provides the budget for this addendum. Going forward, staff intends that the CEO will approve and execute future project addendums administratively consistent with the Board approved ACE Funding Program. Specifically, the cumulative expenditures of ACE Measure R funds will be less than or equal to the cumulative expenditures identified in the Measure R expenditure plan

DETERMINATION OF SAFETY IMPACT

Approval of the ACE Master Agreement, Measure R expenditure plan, and Project Addendums will have no impact on the safety of our employees and/or patrons.

FINANCIAL IMPACT

The FY13 budget includes \$6 million for this project under cost center 0441, project number 460307. As this is a multi-year program, the cost center manager and Executive Director of Countywide Planning will be responsible for budgeting in future years on an annual basis.

Impact to Budget

The Measure R funding is earmarked to the ACE project within the Measure R highway subfund. As such, these are not eligible for bus and rail capital and operating expenditures.

ALTERNATIVES CONSIDERED

The Board could decide not to approve the Master Agreement and Measure R expenditure plan. This is not recommended because the Master Agreement is necessary to meet the Board's prior direction regarding the working capital loan and the funding plan is consistent with the Long Range Transportation Plan.

NEXT STEPS

Upon Board approval, the CEO will execute the Master Agreement and the applicable project addendums.

ATTACHMENTS

- A. ACE Measure R Expenditure Plan
- B. ACE program map
- C. Project Addendum Funding Program

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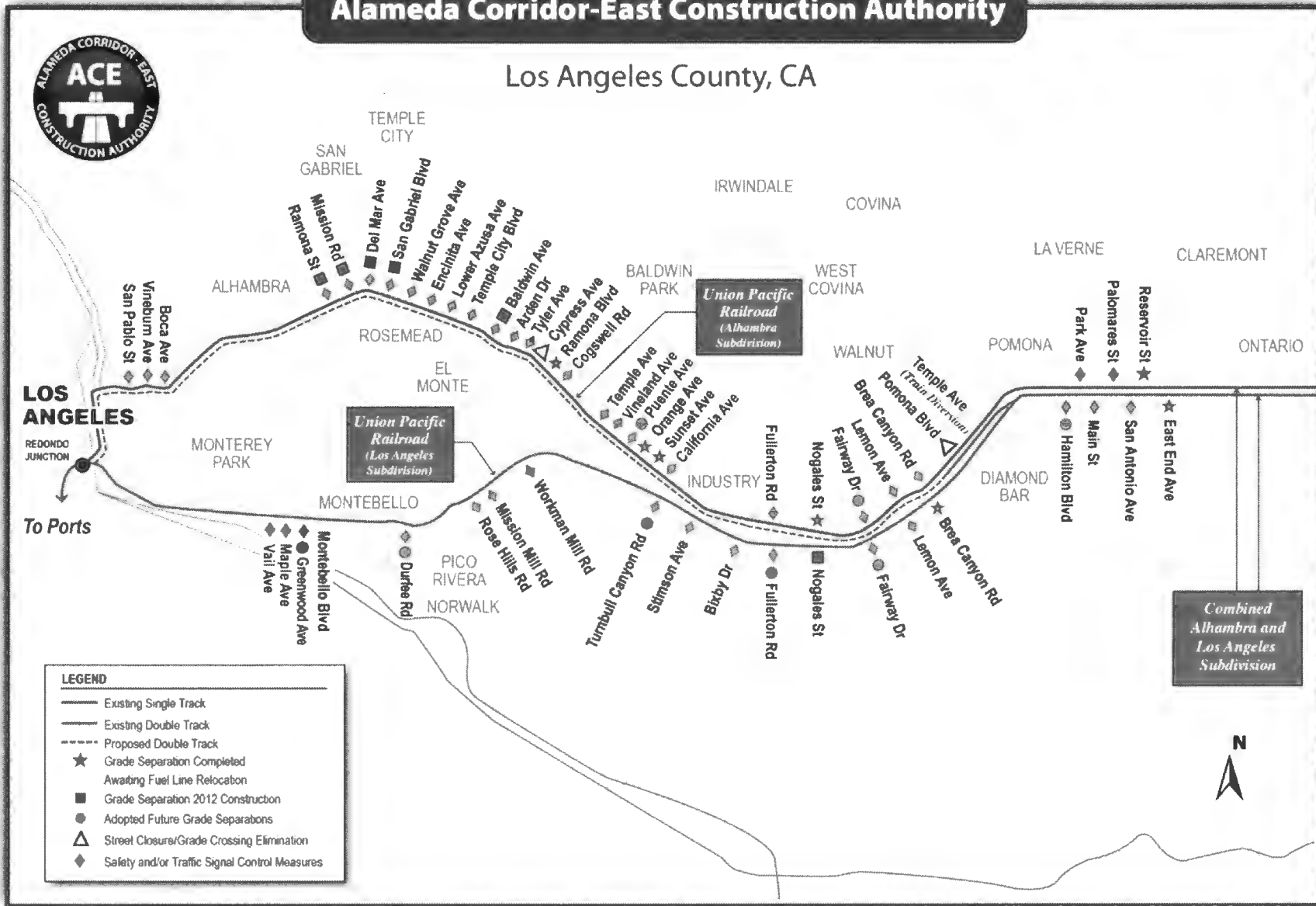
ALAMEDA CORRIDOR EAST MEASURE R EXPENDITURE PLAN

(\$ in 000's)

SOURCES OF FUNDS	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	TOTAL BUDGET
MEASURE R FUNDS:							
Plans, Specifications, and Estimates	\$3,100	\$13,100					\$16,200
Right of Way	\$30,400	\$42,400	\$45,800	\$60,100			\$178,700
Construction		\$3,400	\$33,900	\$19,900	\$80,000	\$25,900	\$163,100
Total MEASURE R	\$33,500	\$58,900	\$79,700	\$80,000	\$80,000	\$25,900	\$358,000

Alameda Corridor-East Construction Authority

Los Angeles County, CA



Alameda Corridor-East Project Area

ATTACHMENT C

**ALAMEDA CORRIDR EAST
PROJECT ADDENDUM FUNDING PROGRAM
(\$ in 000's)**

	Puente Avenue	Fairway Drive	Hamilton Blvd.	Fullerton Road	Total
Design	\$ -	\$ -	\$ 6,875	\$ 9,306	\$ 16,181
Right of Way	\$ 24,963	\$ 32,722	\$ -	\$ -	\$ 57,685
Utility Relocation	\$ 4,554	\$ 14,460	\$ -	\$ -	\$ 19,014
Total Measure R funding	\$ 29,517	\$ 47,182	\$ 6,875	\$ 9,306	\$ 92,880