

Agenda Item: 6.a.

Board Members:

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City of Pasadena

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Appointee, City of
South Pasadena

Executive Officer:

Habib F. Balian
Chief Executive Officer

TO: Chair and Members of the Board of Directors
FROM: Habib F. Balian, CEO
DATE: February 8, 2012
SUBJECT: Receive and File Report on FY2012 Operating Budget Mid-Year Status

RECOMMENDATION:

That the Board of Directors receive and file the Fiscal Year 2012 Operating Budget Mid-Year Status as of December 31, 2011 for the Foothill Extension of the Gold Line Project.

SUMMARY:

In February 2011, the Board approved the Foothill Extension Financial Plan Revision 5 of \$1,167,000. The Operating Budget has been developed consistent with the Foothill Extension Financial Plan Revision 5.

At this time, it is projected that \$75.5 million will be expended in fiscal year 2012 which includes Authority Administration, Program Management, Phase 2 NEPA/CEQA work, M&O Acquisition/Design, IFS work and 2A Design and Construction or approximately 6.4% of the Project Financial Plan for this fiscal year.

Mid-Year Update:

As of December 31, 2011, the Authority has expended \$36.9 million or approximately 49% of the estimated \$75.5 million operating budget and has received \$36.8 million in revenues or 49% of the estimated revenue for fiscal year 2012.

BUDGET IMPLICATIONS:

The Foothill Extension FY12 Operating Budget of \$75.5 million represents a decrease of \$11.5 million from the Foothill Extension FY11 Operating Budget of \$87.0 million reflecting the current level of activity for the project.

BACKGROUND:

FY12 Revenues - \$75,500,000

Mid-Year Update:

As of December 31, 2011, the Authority has received \$36.8 million in revenues or 49% of the estimated revenue for fiscal year 2012. The revenues sources include Measure R, Federal TCSP, Federal Intermodal and Corridor Study Grants. All categories variance appear reasonable for the mid year period.

During fiscal year 2012, the Authority will have sufficient revenues to complete Foothill Extension activities. The current operating plan assumes \$75.5 million of revenue will be received during fiscal year 2012.

These revenues consist of the following:

- \$ 100,000 in Interest Income
- \$70,600,000 in Measure R Revenue
- \$ 1,000,000 in Federal TCSP Grants
- \$ 3,200,000 in Federal Intermodal Grants
- \$ 600,000 in Federal Corridor Study Grants

Revenue Sources for Fiscal Year 2012	FY11	FY12		FY12
(in millions of \$)	Budget	Budget	Variance	Actual
SCAG	0.0	0.0	0.0	0.0
Interest Income	0.2	0.1	(0.1)	0.0
Bridge Replacement	0.0	0.0	0.0	0.0
Phase I Carryover	0.0	0.0	0.0	0.0
MTA Maintenance Facility	0.0	0.0	0.0	0.0
Cities	0.0	0.0	0.0	0.0
Real Estate	0.0	0.0	0.0	0.0
State SHA	0.0	0.0	0.0	0.0
Measure R	77.2	70.6	(6.6)	35.9
SANBAG	0.0	0.0	0.0	0.0
Federal TCSP	2.3	1.0	(1.3)	0.2
Federal Intermodal	3.0	3.2	0.2	0.3
Federal New Starts 2004 (5309)	0.0	0.0	0.0	0.0
Federal New Starts 2005 (5309)	0.0	0.0	0.0	0.0
Federal 2007 Corridor Study Grant (5309)	1.2	0.6	(0.6)	0.4
Revenue Carry Forward from PY	3.1	0.0	(3.1)	0.0
Total Foothill Extension Revenues FY12	87.0	75.5	(11.5)	36.8

- \$100,000 in interest on Foothill Extension, which is less than the previous fiscal year operating budget of \$200,000. Principal balance and interest rates have decreased.
- \$70,600,000 in Measure R funds which are dispersed through LACMTA on a reimbursement basis. This amount is consistent with the Funding

Agreement Attachment C. Measure R funds are used exclusively for projects in Los Angeles County.

- \$1,000,000 in Federal TCSP grants, which the Authority started drawing upon in FY09 and will continue to draw in FY11 under fully expended.
- \$3,200,000 in Federal Intermodal Grants, which represents the work for the Bus Interface Plan Part Two.
- \$600,000 in Federal Corridor Study Grants 2007 part 2 (5309). This is the balance of the second grant for a Federal Transit Oriented Development Grant started in FY11 and finishing in FY12.

FY12 Expenditures - \$75,500,000

Mid-Year Update:

As of December 31, 2011, the Authority has expended \$36.9 million or approximately 49% of the estimated \$75.5 million operating budget of the estimated expenses for fiscal year 2012. Major categories of expenses include Authority Administration, Program Management, Phase 2 Engineering Work NEPA/CEQA, Intermodal Study, Corridor Study, Master Cooperative Agreements, Real Estate, and Construction 2A/M&O. All categories variance appear reasonable for the mid year period.

In the previous fiscal year, the Authority started work on the IFS Bridge, and issued RFP's for the 2A construction and M&O work funded by Measure R. Plans for FY12 include the Phase 2B NEPA/CEQA Engineering, Design and the start of construction for the 2A, M&O and IFS Bridge.

The proposed expenditures for work during fiscal year 2012 include:

- \$5,200,000 in Authority Administration
- \$6,000,000 in Program Management
- \$1,000,000 in Phase 2B NEPA/CEQA Engineering
- \$3,200,000 in Intermodal Study
- \$600,000 in Corridor Study
- \$3,000,000 in Master Cooperative Agreements
- \$12,000,000 in Real Estate
- \$43,600,000 in Construction – 2A / M&O
- \$900,000 in Contingency Misc Other

Expenditures FY12	Approved	Proposed	Variance	Actual
	FY11	FY12		FY12
Authority Administration	4.9	5.2	0.3	2.3
Program Management	4.9	6.0	1.1	1.4
Phase 2 Engineering Work NEPA/CEQA	4.6	1.0	(3.6)	0.6
Bid Documents	1.0	0.0	(1.0)	0.0
Intermodal Study	3.0	3.2	0.2	0.2
Corridor Study	1.2	0.6	(0.6)	0.4
Master Cooperative Agreements	0.4	3.0	2.6	0.7
Real Estate	0.0	12.0	12.0	1.4
Utility Relocation	0.0	0.0	0.0	0.0
Hazardous Material and Environmental	0.0	0.0	0.0	0.0
Special Programs	0.0	0.0	0.0	0.0
Procurement	0.0	0.0	0.0	0.0
Construction - 2A / M&O	67.0	43.6	(23.4)	29.9
Contingency/Misc Other	0.0	0.9	0.9	0.0
Project Reserve	0.0	0.0	0.0	0.0
Total Foothill Extension Expenditures FY12	87.0	75.5	(11.5)	36.9

- \$5,200,000 for Authority administration salaries and expenses which is \$300,000 more than the amount from the previous fiscal year operating budget of \$4,900,000. The start of construction has increased the work load thus Authority staff members total of fourteen staff members will be dedicating all of their time to the Foothill Extension. This amount is consistent with the Authority's annual historical costs for the Metro Gold Line Phase I. Also consistent with the increased work load are additional office space, office supplies, printing, telephone and network services.
- \$6,000,000 for program management, which is \$1,100,000 more than the amount from the previous fiscal year operating budget of \$4,900,000. The scope of work for the Program Management Team is based on support costs necessary to supplement Authority staff and the technical consultants work. Similar to the Authority administration, the start of construction and the increase work load are consistent with this increase. The program management team assists the Authority throughout Design and Construction.
- \$1,000,000 for technical consultants to prepare and complete the engineering for Phase 2B Engineering work NEPA/CEQA. This is the balance of a \$2,300,000 contract started in FY11 and finishing in FY12.
- \$3,200,000 for Intermodal Study. This is part two of the FTA Intermodal grant issued to the Authority which is \$200,000 more than part one grant of \$3,000,000 from the previous fiscal year operating budget. The Authority issued an RFP for prospective contractors to perform the work in FY12 and the selected contractor will begin work in FY12.

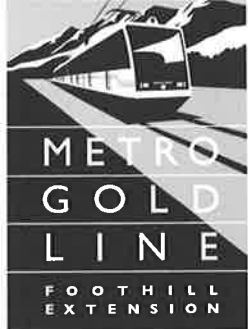
- \$600,000 for Corridor Study. This amount of \$600,000 is the remainder of the second phase of this Transit Oriented Development Study which is a Federal grant. In 2007, the Authority completed phase 1 of this grant on budget at the same amount of \$1,200,000.
- \$3,000,000 for Master Cooperative Agreements. This \$3,000,000 includes work budgeted for Caltrans, Metrolink and Others for FY12. This amount of \$3,000,000 is \$2,600,000 higher from the previous fiscal year operating budget of \$400,000.
- \$12,000,000 for Real Estate. This \$12,000,000 includes land acquisition necessary for the Authority to start construction for the 2A alignment and M&O. This amount of \$12,000,000 is \$12,000,000 higher from the previous fiscal year operating budget of \$0.
- \$43,600,000 for Construction 2A / M&O. Based on the Fund Transfer Agreement with LACMTA, this is the amount estimated to be performed per attachment C in the Funding Agreement in FY12. This amount of \$43,600,000 is consistent with the work plan for the current fiscal year for the start of construction for the IFS Bridge and 2A/M&O.
- \$900,000 for Contingency /Misc Other.

The following Table provides a detailed breakdown of Authority Administration costs relative to the Foothill Extension project.

Fiscal Year 2012 Administrative Budget	FY 2011	FY 2012	Proposed Variance	FY 2012 Actual
Wages	2,000,000	2,300,000	300,000	1,003,655
Benefits	750,000	900,000	150,000	557,336
Office Supplies	40,000	60,000	20,000	23,071
Printing, Reproductions	40,000	50,000	10,000	7,842
Postage and Courier	50,000	50,000	0	6,544
Office Equipment	90,000	90,000	0	4,039
Telephone	30,000	60,000	30,000	19,067
Subscriptions	2,000	2,000	0	3,912
Advertising/Graphics/Signs/Web Site	33,000	33,000	0	13,279
Community Events	250,000	200,000	(50,000)	43,123
Transportation, Meals and Lodging	25,000	25,000	0	5,666
Auto Expenses / Vehicle Leases	30,000	30,000	0	3,227
Training/Conferences/Professional Me	10,000	10,000	0	7,086
Equipment Rental and Services	40,000	40,000	0	29,480
Repairs and Maintenance	30,000	30,000	0	21,252
Office Rent and Storage	360,000	360,000	0	187,813
ROW Maintenance	120,000	70,000	(50,000)	23,153
Computer Equipment	145,000	45,000	(100,000)	3,013
Insurance	210,000	210,000	0	26,164
Board Member Expenses	20,000	20,000	0	9,200
Bank, Payroll and Administrative Fees	15,000	15,000	0	2,075
Legal Services	250,000	300,000	50,000	142,919
Audit and Accounting Services	40,000	40,000	0	34,240
Network Services	120,000	150,000	30,000	63,105
Government Relations	200,000	110,000	(90,000)	85,665
Total Foothill Extension Authority Adm	4,900,000	5,200,000	300,000	2,325,926

Mid-Year Update:

As of December 31, 2011, the Authority has expended \$2.3 million or approximately 45% of the estimated \$5.2 million operating budget of the Administrative budget for fiscal year 2012. All administrative budget line items dollar and percentage variance appear reasonable for the mid year period.



Agenda Item: 7.a.

TO: Chair and Members of the Board of Directors

FROM: Habib F. Balian, CEO

DATE: February 8, 2012

SUBJECT: Receive and File Report on Project Update: Train Control System Validation

RECOMMENDATION:

That the Board of Directors receive and file this report.

SUMMARY:

The Train Control System that will be provided for the Foothill Extension Project (Project) will employ Automatic Train Protection (ATP) with safety-critical elements, including train detection, interlocking controls, traffic, grade crossing warning, and cab signaling throughout the extent of mainline train operations on the line. The Pasadena to Azusa segment of the Project is currently in design and construction via Contracts C1134 (Iconic Freeway Structure Design-Build) and C1135 (Alignment Design-Build); the C1135 design-build contractor, Foothill Transit Constructors (FTC), will design, furnish, install, test and commission the Train Control System. Operation of the line will ultimately be performed by the Los Angeles County Metropolitan Transportation Authority (Metro).

The Metro Gold Line Foothill Extension Construction Authority (Authority) has established a priority for completing the line on schedule with full assurance of safety in operation. In light of previous experiences on Metro Rail projects, and considering that completion of the Train Control System occurs later in the Project development, discovery of any critical errors must be timely to avoid delay to the Project schedule. Therefore, the Authority is seeking independent, qualified services to review and validate the design, software programming and testing of the Train Control System at key milestones of development. The Foothill Project Train Control Validation consultant will prepare and execute a validation program to assure that the Train Control System is being designed and implemented with due diligence regarding proper safety assurances, and will be timely in its completion.

This report will be accompanied by a PowerPoint presentation of the Train Control System Validation.

BUDGET IMPLICATIONS:

None.

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Chief Executive Officer



Agenda Item: 7.b.

Board Members:

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Executive Officer:

Habib F. Balian
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TO: Chair and Members of the Board of Directors
FROM: Habib F. Balian, CEO
DATE: February 8, 2012
SUBJECT: Approval PARS Defined Contribution Plan

RECOMMENDATION:

The Finance Committee recommends to the Board of Directors approval of a PARS 401(a) defined contribution plan.

SUMMARY:

In the Construction Authority Personnel Policy and Procedure Manual, employees may enroll at their option in a Section 457 Deferred Compensation Plan with no employer contribution. Staff proposes an Internal Revenue Code (IRC) Section 401(a) defined contribution plan as an alternative plan with no employer contribution. The Section 401(a) is defined by the Internal Revenue Code as a qualified pension, profit-sharing, and stock bonus plans whose requirements for qualification is a trust created or organized in the United States and forming part of a stock bonus, pension, or profit-sharing plan of an employer for the exclusive benefit of his employees or their beneficiaries shall constitute a qualified trust under this section.

This 401(a) plan must be administered by a qualified trust such as PARS. Calpers administers the Authority's Section 457 Deferred Compensation Plan but does not offer a Section 401(a) plan.

BUDGET IMPLICATIONS:

The proposed PARS deferred compensation plan has a one-time setup fee of \$1,500 and a monthly administrative fee of \$400. Funds are available within the Authority Administration line item WBS 2.10.10.10.M, which has a \$5.2 million FY12 operating budget.

DISCUSSION:

A 401(a) defined contribution plan through PARS allows the employees to supplement their current Calpers plan with additional employee contributions. Employees can designate a one-time, irrevocable employee contribution

amount as a percentage of payroll to the plan. Within the plan, the employees would self-direct their own investments and receive all the benefits of positive investment results. Following termination of employment, the employee would be eligible for a distribution of their account balance including IRA rollover. A defined contribution plan is also extremely attractive from the Employer standpoint as it eliminates any unfunded pension obligations. Employer contributions to the plan are permitted, but not required.

The plan is administered through PARS, the Public Agency Retirement Services. Self-directed investments are through John Hancock which the employee would have direct access to account balance information and educational tools through the Internet and the ability to change allocation percentages among a variety of no-load mutual funds



Agenda Item: 7.c.

TO: Chair and Members of the Board of Directors
FROM: Habib F. Balian, CEO
DATE: February 8, 2012
SUBJECT: Authorization of the CEO to request Metro/LACMTA support for TIGER 4 Grants

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to request Metro/LACMTA support for TIGER 4 grants for the purpose of funding Metro Gold Line Foothill Extension Phase 2B.

SUMMARY:

Pre-applications are due to LACMTA by February 20, 2012, with applications to federal authorities due by March 19, 2012. LACMTA will be evaluating projects to support in the TIGER 4 Grants competition. Projects for consideration must be submitted through the LACMTA.

BUDGET IMPLICATIONS:

None at this time.

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