

# Agenda Report

TO: CITY COUNCIL

December 14, 1998

FROM: City Manager

SUBJECT: Appoint Designate to Governing Board of the  
Pasadena Metro Blue Line Construction Authority

## RECOMMENDATION

It is recommended that the City Council review the assignment of the Governing Board of the Pasadena Metro Blue Line Construction Authority and make an appointment to the Board to a four year term from among your members.

## BACKGROUND

Governor Wilson recently signed into law SB 1847, allowing for the creation of the Pasadena Metro Blue Line Construction Authority and directing the Authority to award and administer all design and construction contracts for the completion of a 13.6-mile light rail line between downtown Los Angeles and the City of Pasadena. The City of Pasadena has one of five voting seats on the Authority. Pasadena, Los Angeles, the San Gabriel Valley Council of Governments (COG), and the Metropolitan Transportation Authority (MTA) have the remaining voting seats. An individual appointed by the Governor has a non-voting seat on the Governing Board. The legislation calls for the representatives from each city to be made by the majority vote of the City Council.

Although the Authority does not become effective until January 1, 1999, there are many very important issues to confront and decisions to be made in the immediate future. Thus, the City Council should choose the City's designate to the Governing Board of the Pasadena Metro Blue Line Construction Authority as soon as possible.

## Summary of SB 1847

So that the City Council may make such an appointment mindful of the task at hand, the following summarizes the features of the enabling legislation. A full copy of the bill is attached for reference.

1. Provides that the Authority is created for the purpose of awarding and overseeing all design and construction contracts that are necessary for the completion of the project. Defines the "project" as the Los Angeles-Pasadena Metro Blue Line light rail project extending from Union Station in the City of Los Angeles to Sierra Madre Villa Boulevard in the City of Pasadena, and any mass transit guideway that may be planned east of Sierra Madre Villa Boulevard along the rail right-of-way extending to the City of Claremont.
2. Specifies that the Authority shall have all the powers necessary for planning, acquiring, leasing, developing, jointly developing, owning, controlling, using, jointly using, disposing of, designing, procuring and building the project.
3. Board members are subject to the FPPC (Political Reform Act of 1974) requirements. In addition, members are subject to gift limitations of \$10 from any company proposing to work for the Authority, and are required to disclose contributions from the preceding 24 months.
4. Specifies that all members of the Board shall serve a term of not more than four years, with no limit on the number of terms. Provides that the Board, by a two-thirds vote, may appoint an alternate member for the purpose of filling a vacancy.
5. Provides that each member of the Board may be compensated for attendance to Board meetings at a rate of not more than \$150 per day with a maximum of \$600 per month.
6. Authorizes the Board to appoint an executive director who shall serve at the pleasure of the Authority. Specifies the executive director shall be exempt from civil service and that the Board shall establish the salary.
7. Specifies that all contracts shall be awarded based on price by competitive bid and in accordance with state procurement law.
8. Directs MTA to expeditiously enter into an agreement with the Authority to hold all real property in trust.
9. Provides that the authority is eligible to receive allocations of State funds to the project. Requires that the unencumbered balance of funds currently programmed to MTA for completion of the project shall be allocated to the Authority pursuant to a transfer agreement between the Authority and the California Department of Transportation (Caltrans). The bill also requires the MTA to transfer the unencumbered balance of local funds that had been earmarked for the project in the May 13, 1998 version of the MTA Restructuring Plan.
10. Specifies that the Authority shall have the duty to:
  - a) Conduct all the financial studies, planning and engineering necessary to complete the process;

- b) Adopt an administrative code, including a code of conduct for employees and Board members, no later than 60 days after the establishment of the Authority; and
  - c) Complete a detailed management, implementation, safety, and financial plan. The financial plan shall include a full funding program which, along with the other plans, must be completed and submitted to the Governor within 90 days after the establishment of the Authority.
11. Requires that the Authority make reasonable progress, as determined by the California Transportation Commission, in the design and construction of the project within the timetable of the 1998 State Transportation Improvement Program.
  12. Requires the Authority and MTA to enter into a Memorandum of Understanding to specifically address the ability of MTA to review any significant changes in the scope and design of the project.
  13. Prohibits the Authority from encumbering any future farebox revenues that may be generated from the operation of the project. The Authority would also be prohibited from encumbering the project with any obligation that is transferable to the MTA upon completion of design and construction of the project.
  14. Requires that the Authority shall be dissolved upon completion of construction of the light rail project. The MTA shall assume responsibility for operating the project upon dissolution of the Authority.

### **PROJECT BUDGET**

According to the last MTA budget estimates, the project cost is \$803.9 million. To date a total of \$242 million has been expended and a total of \$369 million is available from State and local sources, leaving a funding gap in the program of \$192.9 million. Based on a report commissioned by the City of Pasadena, a minimum of \$106 million can be saved in administrative and management costs by using a design/build procurement process leaving an unfunded gap of \$86.9 million.

One of the primary missions of the Construction Authority will be to find ways of filling the funding gap. A number of sources are being considered for leveraging the amount needed including:

1. Parking revenue from parking supporting the project.
2. Prop A and Prop C funds from cities directly served by the line.
3. Revenue from leasing fiber optics in the line right-of-way.
4. Advertising on rail cars and at stations.

5. Concessions at or near stations.
6. Sales of any surplus land purchased for the project.
7. Economic development revenue from station related development.
8. Additional savings.
9. Lease of air rights over the alignment.

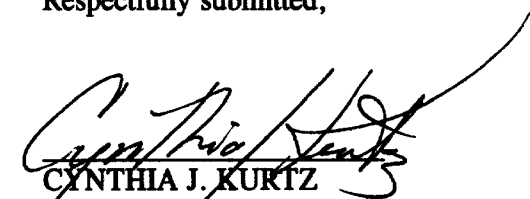
**Summary of Los Angeles to Pasadena Blue Line Funding**

Adopted Budget	\$803.9M
Amount Expended to Date	\$242.0M
<u>Available from Existing Revenue Sources</u>	<u>\$369.0M</u>
Gap	\$192.9M
Design/Build Savings	\$(106.0M)
<b>Unfunded Gap</b>	<b>\$86.9M</b>

**FISCAL IMPACT**

There is no fiscal impact to the City of Pasadena from this action. Current staff assigned to the Pasadena Blue Line will continue to work on Blue Line matters, provide staff support to the City's representation, and brief the City Council on the project's progress.

Respectfully submitted,

  
CYNTHIA J. KURTZ  
City Manager

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**Attachment**