



SAN FERNANDO VALLEY COUNCIL OF GOVERNMENTS
A Joint Powers Authority

BOARD OF DIRECTORS
SPECIAL MEETING AGENDA

Friday, February 12, 2021 — 1:00 p.m.

**DUE TO THE CLOSURE OF CITY BUILDINGS,
MEMBERS OF THE PUBLIC MAY CALL IN TO LISTEN TO THE MEETING**

Please click the link below to watch or listen to the meeting:

<https://us02web.zoom.us/j/81918725108?pwd=ZFBWYWpOUzRTaWNsb3FHTWJTRnRFQT09>

Or call by telephone:

Dial 669-900-6833 and enter Webinar ID: 819 1872 5108

For those wishing to speak on an agenda item, please email john@sfcog.org no later than 11:00 a.m. on the day of the scheduled meeting with the item number you wish to speak on and the phone number you will use when calling or the name you will use when logging into the meeting. You should then call or log into the meeting at least 10 minutes prior to its start time. Staff will unmute you and announce you when it is your time to speak. You will have two (2) minutes to speak, unless that time is adjusted by the Chair. If you do not have access to a computer please call 818-570-3408 to request public comment.

As an alternative to speaking during the meeting, you can email your comments to the COG Executive Director at john@sfcog.org no later than 11am on February 12, 2021 to ensure that Staff has time to organize the emails prior to the beginning

of the meeting. Comments will then be provided to the members when the item is presented. Please include the Agenda Item in your correspondence.

You may also submit public comment by mail to:

**SFVCOG
10945 Burbank Blvd
North Hollywood, CA 91601**

Written public comment or requests to speak must be received no later than 11:00 a.m. on the day of the scheduled meeting. Please include the Agenda Item in your correspondence.

All correspondence received shall become part of the official record.

BOARD OF DIRECTORS

Chair: Councilmember Monica Rodriguez, 7th District, City of Los Angeles
Vice-Chair: Councilmember Marsha McLean, City of Santa Clarita
Supervisor Sheila Kuehl, 3rd Supervisorial District, County of Los Angeles
Supervisor Kathryn Barger, 5th Supervisorial District, County of Los Angeles
Vice-Mayor Jess Talamantes, City of Burbank
Councilmember Ara Najarian, City of Glendale
Councilmember Paul Krekorian, 2nd District, City of Los Angeles
Councilmember Bob Blumenfield, 3rd District, City of Los Angeles
Councilmember Nithya Raman, 4th District, City of Los Angeles
Councilmember Paul Koretz, 5th District, City of Los Angeles
Councilmember Nury Martinez, 6th District, City of Los Angeles
Councilmember John Lee, 12th District, City of Los Angeles
Councilmember Marsha McLean, City of Santa Clarita
Vice-Mayor Mary Mendoza, City of San Fernando

STAFF

SFVCOG Fiscal Agent: Rachelle Anema, County of Los Angeles
SFVCOG Secretary: Los Angeles County Commission's Office
John Bwarie, Executive Director, San Fernando Valley COG
Shan Thever, Deputy County Counsel, County of Los Angeles

OPEN SESSION

1. **CALL TO ORDER** — Monica Rodriguez, Chair
2. **ROLL CALL**
3. **PLEDGE OF ALLEGIANCE**
4. **PUBLIC COMMENTS**

REGULAR CALENDAR

At the discretion of the SFVCOG, all items appearing on this Agenda, whether or not expressly listed for action, may be deliberated and may be subject to action by the SFVCOG.

7. **CHAIR REPORT**
Chair's Report - Monica Rodriguez, Chairperson of the Board.
Updates, remarks and recommendations from the Board Chair.
8. **EXECUTIVE DIRECTOR REPORT**
Updates, remarks and recommendations from the Executive Director
9. **CONSIDERATION OF I-5 NORTH PROJECT GAP FUNDING FROM FUTURE SAN FERNANDO VALLEY SUBREGIONAL FUNDS**
Recommended Actions: *a) Concur with Metro staff recommendations to use up to \$73.2 million of the San Fernando Valley's third decade Measure R 20% and Proposition C 25% monies to close the I-5 North Project funding gap with a commitment of repayment to the San Fernando Valley Subregion within ten years, and b) Direct staff to work with Metro and Caltrans to ensure replacement funds are secured and programmed in the SFVCOG region.*
10. **BOARDMEMBER ANNOUNCEMENTS**
11. **NEXT MEETING:**
April 15, 2021 at 1:30pm
12. **ADJOURNMENT**

Public Comments: At this time members of the public can address the San Fernando Valley Council of Governments Board of Directors (Board) regarding any items within

the subject matter jurisdiction of the agency that are not separately listed on this agenda, subject to time restrictions, by filling out a Public Comment Card and submitting that card to the Secretary. Members of the public will have an opportunity to speak on agenda items at the time the item is called for discussion. No action may be taken on items not listed on the agenda unless authorized by law. Whenever possible, lengthy testimony should be presented to the Board in writing and only pertinent points presented orally.

Notices:

Meetings of the San Fernando Valley Council of Governments are recorded. Minutes of each meeting are available at <http://sfvcog.org/> after the Board approves them. A person with a disability may contact the San Fernando Valley Council of Governments before the scheduled meeting to request receipt of an agenda in an alternative format or to request disability-related accommodations, in order to participate in the public meeting, requests will be met to the extent feasible. Email info@sfvcog.org for accommodation. The entire agenda package and any meeting related writings or documents provided to a majority of the Board of Directors after distribution of the agenda package, unless exempt from disclosure pursuant to California Law, are also available.



San Fernando Valley Council of Governments

DATE: February 9, 2021

TO: SFVCOG Board of Directors

FROM: John Bwarie, Executive Director

**RE: I-5 NORTH PROJECT GAP FUNDING FROM FUTURE SAN FERNANDO VALLEY
SUBREGIONAL FUNDS**

RECOMMENDATION

- a) Concur with Metro staff recommendations to use up to \$73.2 million of the San Fernando Valley's third decade Measure R 20% and Proposition C 25% monies to close the I-5 North Project funding gap with a commitment of repayment to the San Fernando Valley Subregion within ten years*
- b) Direct staff to work with Metro and Caltrans to ensure replacement funds are secured and programmed in the SFVCOG region.*

BACKGROUND

At the January 28, 2021 Metro Board of Directors meeting, an item was presented by staff to advance/loan funding to Caltrans to fill a gap of approximately \$73 million to complete the I-5 North Project, which is an active project between the 134 and 118, primarily in Burbank. The plan called for using future year funds to fill this deficit, with the commitment that the funding be repaid. Supervisor Barger introduced a motion that was adopted that directed Metro staff to finalize the details of the term-sheet with Caltrans and ensure that the funds used from the SFVCOG Region would be repaid back to our region. Further, the approved motion directs Metro staff to seek the concurrence of the SFVCOG on this plan forward before the Metro Board finalizes the agreement at their February 25, 2021 Board meeting.

Metro staff will present the updated details on this plan for the Board's review and concurrence.

Attached is the original Metro Board report and Supervisors Motion for review, as well as the draft presentation for the meeting.

CURRENT POSITIONS

The SFVCOG currently does not have a position on this project or these funds.

Attachments:

- *Metro's January 28, 2021 Board Report on this item*
- *Sup. Barger's Motion on this item*
- *Slides for Metro's Presentation February 12, 2021*

**Board Report**

File #: 2020-0724, **File Type:** Contract**Agenda Number:** 35.

REVISION 2
CONSTRUCTION COMMITTEE
JANUARY 21, 2021**SUBJECT: I-5 NORTH CAPACITY ENHANCEMENTS FROM SR- 118 TO SR-134; SEGMENT 3****ACTION: APPROVE RECOMMENDATION****RECOMMENDATION**

CONSIDER amending the Life-of-Project (LOP) budget with a loan/advance to the California Department of Transportation (Caltrans) in an amount not to exceed \$73,200,000 for Segment 3 of I-5 North Capacity Enhancements Project between SR-134 and SR-118 (Project) to fill the funding gap between the approved amended LOP of \$880,903,000 and the \$954,103,000 anticipated cost to close the Project consistent with the provisions of the Board-adopted Measure R and Measure M Unified Cost Management Policy (Attachment A).

ISSUE

In a letter dated May 12, 2020 (Attachment B), Caltrans requested that the Los Angeles County Metropolitan Transportation Authority (Metro) program \$73.2 million in supplemental funding for Segment 3 (Empire Avenue) to complete construction and close out of this segment, as well as the City of Burbank's construction impact mitigation needs. This amount is needed due to the delays resulting from relocation of utilities and other work not accounted for in design, different site conditions, hazardous material encountered, additional work requested by the corridor communities, and design changes.

The I-5 North Capacity Enhancement Project between State Route 134 and State Route 118 was originally programmed at \$950,595,000 per Funding Agreement Number MOU.P0008355A effective as of September 20, 2009. Upon acceptance of the lowest bid for construction of Segment 3, the LOP budget was adjusted down and \$55,699,000 difference between the Engineer's estimate and the winning bid was removed from Segment 3. This amount, along with \$50,181,000 withdrawn from other segments of I-5 North projects (for a total of \$105,880,000) was programmed to the I-5 South and I-405 Sepulveda Pass construction projects in December 2012 with the Board's approval. Later, \$404,000 was returned to the I-5 Segment 3 in State IIP Funds (Interregional Improvement Program) and \$9,299,000 was returned to Segment 2 (\$1,174,000 in Federal CMAQ Funds Congestion Mitigation and Air Quality Improvement Program and \$8,125,000 in Federal AARA -RSTP Funds (American Recovery and Reinvestment Act - Regional Surface Transportation Program)).

Additionally, \$8,566,000 in the State Regional Improvement Program (RIP) Funds in Segment 3 were transferred to Segment 4 for the final construction claim settlement needs.

The current LOP budget for all 4 segments of the I-5 North HOV lanes project is \$880,903,000 in which Segment 3 is budgeted at \$397,009,000 due to the \$63,861,000 adjustments from the originally programmed \$460,870,000 budget.

The LOP budget of Segment 3 needs to be increased by up to \$73.2 mil. to close this segment in 2021.

BACKGROUND

The purpose of the I-5 North construction project was to add one HOV lane in each direction between SR-134 and SR-118. The Project was initiated by Caltrans in four segments. Segments 1 and 2 between North of Buena Vista Street/Winona Avenue Undercrossing and SR-118 are completed. Segment 4 between Magnolia Boulevard and SR-134 is in the plant establishment period which started in March 2020 and will end in June 2021. The Segment 3 construction contract was awarded on November 29, 2012 with the scheduled completion date of September 27, 2017. This segment is still in construction, approximately 84% complete, and expected to open to traffic by December 2021. The plant establishment period for this segment will be completed by January 2023. Caltrans designed and is managing construction of the Project. Metro is a funding partner.

DISCUSSION

The contractor has submitted claims up to the opening of the Empire Avenue interchange in the amount of \$40.242 million. The City of Burbank has submitted a request for \$15.3 million worth of roadway repair/mitigation work on local streets that the city believes is the result of the freeway construction activities. Additional funds are needed to start the negotiation of the claims with the contractor, meet the City's needs, and close the project.

The existing LOP budget includes funding for the contractor's work within the original/amended contracts. However, the LOP budget needs to be amended to provide additional funds for the claims settlement, potential risk exposures in the remaining construction period, and the repair request by the City of Burbank.

Under the current State-shared Funds in the Project, Caltrans recommends pursuing an amendment to the 2020 IIP Funds and request \$700,000, the IIP Funds proportional share in the project, from the California Transportation Commission to cover a portion of the project's \$73.2 million shortfall.

Caltrans has informed Metro that:

- Only \$40 million of the \$73.2 mil. shortfall is needed in January 2021 to negotiate and settle the contractor's claims.
- Caltrans wishes to defer the roadway repair work requested by the City of Burbank until the locations are properly inspected by Caltrans and the damages are confirmed to be related to the freeway construction activities. The \$15.3 million value of this work will be adjusted as necessary and will need to be covered after validation of the work.

- The remaining \$17.9 mil. will be needed over the next 12 months to close Segment 3.

Due to the urgency of this funding and potential for more claims as a result of no or delayed action, staff recommends a loan/advance to Caltrans in the amount not to exceed \$73.2 mil. to close the project contingent upon identification of the source(es) and availability of funds. The financial obligations of both Caltrans and Metro will be further assessed during the final Project audits to determine if any payback to Metro by Caltrans would be warranted. Final Project audits and reimbursements to Metro by Caltrans, if any, shall be completed within 10 years from the date of payment to Caltrans approved by this Board action.

Potential sources of funds identified:

Measure R and Prop C Funds from ~~Measure R I-5 corridor projects~~ the Project to front-fund the shortfall (\$73.2 million) is recommended, as described in further detail in Attachment A. This funding is subject to reimbursement by the State and may will be part of a loan/advance agreement. The key terms of the loan/advance, as agreed to in concept by Caltrans, are included in the Term Sheet (Attachment C). The use of Measure R and Prop C from the ~~I-5 corridor projects~~ Project is recommended as these are subregional funds allocated pursuant to the Measure R and Measure M Unified Cost Management Policy.

Metro will seek and Caltrans will agree to provide reimbursement and or repayment of the front-funded costs or loan from any and all eligible State funding sources, which may include future IIP, funds eligible for the State Highway Operation and Protection Program (SHOPP), State appropriation, and surplus State and federal funding on other Metro-funded highway projects. In-kind services reducing Metro's financial obligations in covering the costs of the State highway improvement projects will also be counted toward reimbursements to Metro, subject to review by the Board.

DETERMINATION OF SAFETY IMPACT

There are no impacts to public safety by approving this action. Public safety may be compromised by potentially incomplete project.

FINANCIAL IMPACT

The overall corridor LOP budget set at the start of the I-5 North Capacity Enhancements per the FUNDING AGREEMENT NO. MOU.P0008355/8501 A/A9 was \$880,903,000 and included \$195,995,000 in Federal Funds (ARRA RSTP, RSTP, SAFETEA-LU and CMAQ), \$358,355,000 in State Funds (TCRP, RIP, CMIA, IPP and SLPP), and \$326,553,000 in local Measure R (20%) and Prop C (25%) funds. Metro's contribution to this project was limited to \$326,553,000 in Measure R Highway 20% and Prop C 25% funds.

Of the total LOP budget, \$815,065,711 is spent to date; of this amount \$ 258,428,119.41 was funded with Measure R (20%) and Prop C (25%) funds.

Current Metro funding of \$14 million is included in the FY21 budget in Cost Center 0442 (Highway

Subsidies), I-5 North Corridor Projects 460332 and 460334, Account 54001 (Subsidies to Others).

Since this is a multi-year contract/project, the Project Manager, Cost Center Manager and the Senior Executive Officer, Program Management - Highway Program will be responsible for budgeting costs in future fiscal years.

Impact to Budget

The source of the supplemental funds is Measure R Highway Capital (20%) and Prop C Transit-Related Streets and Highways (25%) funds, which are not eligible for Metro bus and rail operations or capital projects. The supplemental funds will be repaid to Metro from State and other sources pursuant to the Term Sheet.

Attachment A provides a detailed discussion of the Policy. In summary, the Policy was developed in recognition that some projects would need additional funding and the Policy provides a consistent and equitable process to assure that any financial impacts are limited to the subregion where the project is located and not have a region-wide impact. The Policy defines a cascading list of actions that can be taken. Because the Project is so far along, actions such as value engineering or changes in scope are no longer feasible. Additional funding is the only option. Attachment A identifies unexpended Measure R 20% and Prop C 25% from ~~both the Project and I-5 Carmenita project~~ as the funding sources available and recommended, subject to reimbursement and repayment by the State.

Metro will continue to coordinate with Caltrans to determine cost exposure, responsibilities, and contributions.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Approval of staff recommendation would allow for the timely compensation to the contractor. The I-5 HOV lanes project is consistent with the following Metro Vision 2028 Goals and Objectives:

Goal 1: Providing high-quality mobility options that enable people to spend less time traveling by widening the freeway, providing additional capacity, and including HOV lanes to encourage carpooling and improve transit efficiency;

Goals 4 and 5: Transforming LA County through regional collaboration with Caltrans and the corridor cities by contributing funds and providing resources to assist Caltrans in completion of these projects.

ALTERNATIVES CONSIDERED

Alternative A: The Board may choose to unconditionally contribute up to \$73.2 million to Segment 3 and the Project instead of approving the staff's recommendation for a loan/advance payment to Caltrans with the conditions presented in this report.

Alternative B: The Board may choose not to approve the additional funds needed to close Segment 3 and the Project. This disapproval would result in further project delay and cost increase and is not recommended.

NEXT STEPS

Upon Board approval of the staff recommendation for a loan/advance to Caltrans as supplemental project funding,

- Caltrans will request the programming of \$700,000 in the State Interregional Improvement Program (IIP) from the California Transportation Commission (CTC).; and
- Staff will work with Caltrans to draft and execute the necessary agreements, loan/advance, for the financial contributions to the project; and
- Staff will actively participate in settlement negotiations between Caltrans and the contractor to assist in feasible and reasonable closure of the project.
- Staff will report back to the Board on significant events affecting the loan, including the form of the loan agreement, principal repayments, the proposed use of other State funding or in-kind services as a repayment source, and any disputes or defaults.

Caltrans and the contractor started final settlement negotiations in December 2020. The final agreed upon amount will be presented to the Board in February 2021 along with a contract change order to approve payment.

In the event the Board approves payment to Caltrans under Alternative A under “ALTERNATIVES CONSIDERED”, staff will make the necessary arrangements for such payment in accordance with Metro’s standard procedures for supplemental funding.

ATTACHMENTS:

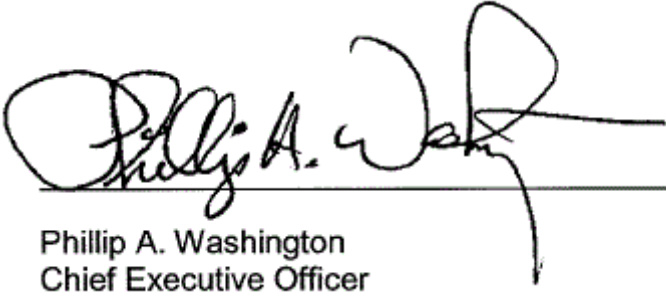
Attachment A - I-5 N HOV Measure R & Measure M Unified Cost Management Policy

Attachment B - I-5 Corridor Funding Needs Caltrans Request Letter dated May 12, 2020

Attachment C- Term Sheet

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Phillip A. Washington
Chief Executive Officer

I-5 NORTH CAPACITY ENHANCEMENTS FROM SR- 118 TO SR-134; SEGMENT 3

Measure R and Measure M Unified Cost Management Policy Analysis

Introduction

The Measure R and Measure M Unified Cost Management Policy (the Policy) was adopted by the Metro Board of Directors in June 2018. The precursor Measure R cost management policy was adopted in March 2011. The intent of the Policy is to inform the Metro Board of Directors regarding cost increases to Measure R- and Measure M-funded projects and the strategies available to close a funding gap. The I-5 North Capacity Enhancements Project between SR-134 and SR-118 (the Project) is subject to this policy analysis.

The life of project (LOP) budget for the Project, based on the current funding agreement with Caltrans and approved by the Board, is \$880,903,000. The Project is subject to the Policy analysis now due to a proposed \$73,200,000 increase to the LOP budget. Funding for the cost increase is needed through FY 2026. This analysis recommends trade-offs required by the Policy to identify cost reductions or the funds necessary to meet the cost increase.

Although Metro is identifying local funds to address the Project cost increase, Metro's funding is considered as "front-funding" and or a loan in anticipation of a future repayment and reimbursement for the cost increase by the State and Caltrans.

Measure R and Measure M Unified Cost Management Policy Summary

The adopted Policy stipulates the following.

If a project cost increase occurs, the Metro Board of Directors must approve a plan of action to address the issue prior to taking any action necessary to permit the project to move to the next milestone. Increases will be measured against subsequent actions on cost estimates taken by the Metro Board of Directors, including the determination of the budget. Shortfalls will first be addressed at the project level prior to evaluation for any additional resources using these methods in this order as appropriate:

- 1) Scope reductions;
- 2) New local agency funding resources;
- 3) Value Engineering;
- 4) Other cost reductions within the same transit or highway corridor;
- 5) Other cost reductions within the same subregion; and finally,
- 6) Countywide transit or highway cost reductions or other funds will be sought using pre-established priorities.

Scope Reductions

The Project cost increase is attributable to delays from relocation of utilities and other related work not accounted for in the design, different site conditions, hazardous material encountered, additional work demanded by the affected communities, and design changes. Any attempt to identify and negotiate agreeable reductions to the scope may result in further delays and potential additional costs. Because of this, we recommend moving to the next step.

New Local Agency Funding Resources

Local funding resources (i.e., specific to the affected corridor or subregion) are considered in the next step as opposed to countywide or regional sources so as not to impact the funding of other Metro Board-approved projects and programs or subregions in the County.

The Project is eligible for Measure R funding and is allocated \$271,500,000 of funding in the Measure R sales tax ordinance Expenditure Plan under the project entitled "I-5 Capacity Enhancement from SR-134 to SR-170." The Project was funded with other local and State funds prior to the adoption of Measure R and \$253,500,000 has yet to be expended. However, in January 2016 (Board report #2015-1763) the Board approved \$223,500,000 to be reprogrammed to the third decade of the Long Range Transportation Plan using Proposition C 25% funds instead of Measure R 20%. This was done to alleviate the need for additional Proposition C 25% debt financing and instead use Measure R 20% cash (i.e., use the Project's Measure R 20% now and replace it with Proposition C 25% in the third decade). There is \$30,000,000 of remaining Measure R 20% and \$223,500,000 of Proposition C 25% that has not yet been spent on the Project and could be used for the cost increase. However, as the Proposition C 25% is programmed by Board action in the third decade of the LRTP, any use of these funds now even as an advance may cause Metro to incur additional debt financing costs. The table below from #2015-1763 shows the funding split of the reprogrammed Measure R, referred to as "replacement project credits."

STAFF RECOMMENDATION - FUNDING OF REPLACEMENT PROJECT CREDITS IN 3RD DECADE			
(millions)	D	E	F=D+E
Project	Proposition C 25% Replacement Project Credits	Measure R 20% Replacement Project Credits	Total Replacement Project Credits
I-5 North Capacity Enhancement	\$223.5	\$30.0	\$253.5
I-5 South Capacity Enhancement	\$86.4	\$108.4*	\$194.8
I-5 South Carmenita Interchange	\$40.1	\$92.9	\$133
I-5/SR-14 Capacity Enhancement	\$0	\$88.8	\$88.8
Total	\$350.0	\$320.1	\$670.1

The Project is located in the San Fernando Valley subregion (as defined in the Policy, as amended), and traverses the cities of Los Angeles and Burbank. Local funding resources from both the subregion and cities could be considered for the cost increase.

Funding Within the Corridor

The Project shares the corridor with the “Interstate 5 Capacity Enhancement from I-605 to Orange County Line” and “I-5 Carmenita Road Interchange Improvement” projects that are also included in the Measure R Expenditure Plan. Per the #2015-1763 Board action (see previous table), the projects have unused Measure R funds of \$108,400,000 and \$92,900,000, respectfully. The I-5 Carmenita project has completed construction. Any surplus funding from I-5 Carmenita may be needed to fund the remaining necessary expenditures of the projects and a portion of the unexpended Measure R 20%, equal to \$43,200,000, could be used for the Project cost increase. This funding could be replaced with Proposition C 25% from the Project to mitigate the loss of Measure R 20%.

State and Federal Funding (Discretionary)

Additional State or federal discretionary funding (where Metro would compete for the funding) is not probable, given the Project has experienced a cost increase and is already well into construction.

Value Engineering

The Project cost increase is attributable to delays from relocation of utilities and other related work not accounted for in the design, different site conditions, hazardous material encountered, additional work demanded by the affected communities, and design changes. Any attempt to identify and negotiate agreeable value engineering may result in further delays and potential additional costs. As a result, we recommend moving to the next step.

Other Cost Reductions within the Same Transit or Highway Corridor, or within the Same Sub-region

The Project is on the same highway corridor as the I-5 South and I-5 Carmenita projects. The I-5 South project is still under construction and it is currently not known if there will be any future cost reductions or savings. The I-5 Carmenita project is completed and has unused Proposition C 25% and Measure R 20% funds of \$133,000,000. ~~The unused funds could be considered as a funding source; however, the Project also has unused funds and these would be considered prior in accordance with the Policy.~~

Countywide Cost Reductions and/or Other Funds

If new local agency resources are not allocated to the Project cost increase, regional or countywide funding could be considered. These funds are programmed for other uses in Metro's financial forecast, during the timeframe when funds are needed for the Project cost increase, and additional debt financing would be needed to provide sufficient cash flow for the Project cost increase. The primary eligible source of countywide funding is Proposition C 25%.

State and Federal Funding (Formula)

Metro receives quasi-formula funding from the State through the Regional Improvement Program (RIP) and Local Partnership Program (LPP). This is considered regional funding as it can be applied countywide to both transit and highway spending. There is currently no capacity in the RIP or LPP through FY 2025. The RIP has been allocated to projects submitted in Metro's 2020 RTIP and the next cycle of the LPP is planned to be used on the \$801 million Division 20 project. Metro also receives an allocation of funds from the "Highway Infrastructure Program," which is a federal formula grant created in 2018 for uses that include the construction of highways, bridges, tunnels, transit capital, and ITS; operational improvements; highway and transit safety improvements; and pedestrian and bicycle projects, among others. Funding from this grant will be programmed in the pending 2021 Short Range Transportation Plan.

Recommendation

Metro staff recommends the use of \$30,000,000 of unused Measure R 20% from the project and \$43,200,000 of Proposition C 25% replacement credits from the Project-I-5 Carmenita project of unused Measure R 20% funds as an advance to the State to address the \$73,200,000 Project cost increase. ~~An offsetting amount of \$43,200,000 of Proposition C 25% will be programmed for the I-5 Carmenita project in the third decade of the Long Range Transportation Plan financial forecast.~~

Metro staff will seek reimbursement of the recommended Measure R 20% and Proposition C 25% funding from the State and Caltrans, which may be part of a future loan agreement with the State. The State reimbursements and or loan repayments will first credit the advanced Proposition C 25% to mitigate the amount of Metro debt financing. Metro will seek reimbursement from the State for any borrowing costs that Metro incurs.

The following table shows the remaining allocation of unused funding, or replacement project credits, for the Measure R I-5 corridor projects if the Board approves this Policy recommendation. The funding for the I-5/SR-14 project is shown as zero as this was previously designated “surplus” per the Measure R ordinance and reprogrammed for other eligible uses in the North County subregion.

STAFF RECOMMENDATION – REVISED FUNDING OF REPLACEMENT PROJECT CREDITS (after funding of November 2020 cost increase)			
(millions)	D	E	F=D+E
Project	Proposition C 25% Replacement Project Credits	Measure R 20% Replacement Project Credits	Total Replacement Project Credits
I-5 North Capacity Enhancement	\$180.3	\$0.0	\$180.3
I-5 South Capacity Enhancement	\$86.4	\$108.4	\$194.8
I-5 South Carmenita Interchange	\$83.3 <u>\$40.1</u>	\$49.7 <u>\$92.9</u>	\$133.0
I-5/SR-14 Capacity Enhancement	\$0.0	\$0.0	\$0.0
Total	\$350.0 <u>\$306.8</u>	\$158.1 <u>\$201.3</u>	\$508.1

Below is a table showing the additional funds requested.

Additional funds to finish project	\$9,900,000
Additional funds to settle past delay claims in 2020	\$40,000,000
Escalation and Interest to settle all delay claims after 2020	\$8,000,000
Total for Project	\$57,900,000
City of Burbank Unmet Needs	\$15,300,000 *
Total Request	\$73,200,000

*Estimate based on City of Burbank request, not verified by Caltrans

The I-5 South Corridor

The I-5 South Corridor consists of six projects, including the Carmenita Interchange (IC) project, with an estimated cost of approximately \$1.89 billion.

- Three of the six projects have completed construction and resolved all claims with the contractors (Segments 1, 3 and the Carmenita IC projects);
- The Segment 4 project has achieved substantial completion, but has outstanding claims with contractor;
- Segments 2 and 5 are ongoing in construction;
- Segment 2 will be the last segment to complete construction and is targeted to open in late 2021. We expect to accept the contract in late 2022 and resolve claims with the contractor thereafter.

The current life of the project budget for the I-5 South Corridor is adequate to close out all the project segments. There will be a savings of approximately \$6.8 million from this corridor in local funds, and an additional saving from the Carmenita IC Project of \$4.93 million.

The I-5 North Corridor

The I-5 North Corridor consists of four projects. The estimated cost for the project is approximately \$965 million.

- Two of the projects (Segment 1 & 2) have completed construction and resolved all claims with the contractor.
- Segment 4 has achieved substantial completion and targeted for contract acceptance in Winter 2020.
- Segment 3 (Empire Avenue IC Project) is ongoing in construction. The Segment 3 project has encountered many challenges from the start which has caused a few years of delay and many claims and potential claims from the contractor. Caltrans and Metro staff have been working together from the start of this project to manage the risks to minimize the delay and cost increase. Segment 3 is currently targeted to complete in Summer 2021 and accept the contract in Summer 2022. Based on the

Mr. Phillip Washington
05/12/2020
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latest risk assessment at 70% confident level, the project will need additional funds to complete, settle claims, and close out the project with the contractor. In addition, the City of Burbank has submitted a list of items of work to both Metro and Caltrans that they believe the project should address, which will need additional funds.

We appreciate Metro's continuous partnership and support for the two I-5 North and I-5 South corridors. The public can now see the benefit these projects are providing to their communities and they will soon realize more benefit as the last segment of each of the corridor is completed and the continuous HOV lanes open to traffic.

Should you need additional information for this request, please don't hesitate to call me or Greg Farr, Principal Transportation Engineer, Division of Project/Program Management, Greg is our focal point of contact on the I-5 Corridor and he can be reached at (818) 254-5439.

Sincerely,



JOHN C. BULINSKI
District Director

C: Abdollah Ansari, Senior Executive Office, Highway Program, Metro
Victor Gau, Director, Engineering – Highway Program, Metro

Term Sheet

I-5 North Segment 3 Construction Project

Agreement to Advance Payment and Reimbursement of Funds to Close the Project

Parties:	Los Angeles County Metropolitan Transportation Authority (LA Metro) and California Department of Transportation-District 7 (Caltrans)
Nature of the Agreement:	LA Metro to advance funds to Caltrans for the cost to complete and close the I-5 North Segment 3 project, and Caltrans to reimburse LA Metro such amount as determined by joint audit by the Parties upon completion of the project.
Amount of Advance:	Not to exceed \$73.2 million in principal plus accrued interest at a rate equal to the LA Metro cost of funds.
Use of Proceeds:	The funds advanced by LA Metro shall be used by Caltrans to payoff obligations to the contractor for the claim settlement, complete roadway repair and work requested by the City of Burbank as agreed to by Caltrans, and cover other expenses to complete the I-5 North Segment 3 project.
Repayment:	Any and all periodic and/or lump sum monetary payments and non-monetary contributions by Caltrans that are solely designated for repayment of the Advance and not previously designated for a different LA Metro purpose. This may include funds otherwise eligible for the development and implementation of the State highway improvement projects, co-funding Metro-sponsored highway improvement projects from State funds not otherwise available to Metro (e.g.: SHOPP funds for the eligible components, etc.), waiver of charges to LA Metro for work that historically has been charged for by Caltrans in accordance with its policies and practices (review and approval of project documents in various phases of projects, preparation of technical studies/documents, etc.), and any other means of repayment mutually acceptable to parties.
Repayment Period:	Repayment of the full amount of the advance to Metro, including accrued interest, shall be in installments at set periods - years three, six, and ten, or more frequently as opportunities for repayment may arise. The overall repayment period may not exceed 10 years from the date(s) of disbursement of funds by LA Metro.

Resolution of Disputes:

Any dispute arising out of or relating to this agreement shall be resolved by negotiation between officers of LA Metro and Caltrans who have authority to settle the dispute.

Parties commit to the terms and conditions of this agreement and execute the same on this _____ day of January 2021.

Phillip A. Washington
Chief Executive Officer
LA Metro

Tony Tavares
Director
California Department of Transportation (Caltrans)
District 7

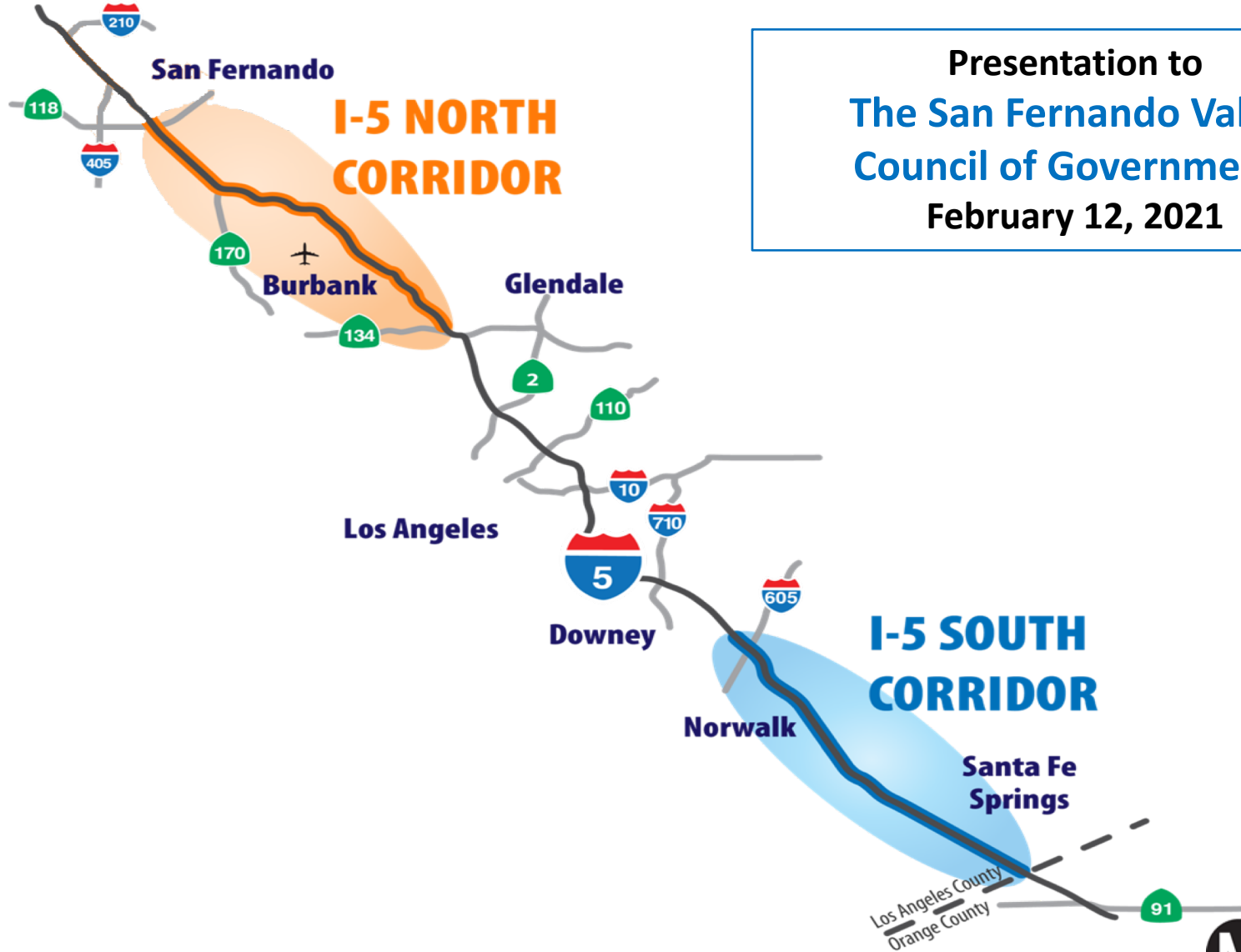
[Motion by Director Barger]

WE THEREFORE MOVE that the Board of Directors authorize the CEO to execute an agreement with Caltrans based on the recently negotiated term sheet for the advance of funding to cover the cost of a life of project budget increase for the I-5 North Project, and;

WE FURTHER MOVE that the Board of Directors direct the CEO to:

1. Amend the proposed cost management policy and funding plan for this item, as appropriate, to ensure that there is a clear method of repayment of the funds that would be advanced by the I-5 North Project/San Fernando Valley Subregion in order to fulfill the proposed life of project budget increase for the I-5 North Project;
2. Ensure that the funds repaid to the I-5 North Project/San Fernando Valley Subregion carry a maximized flexibility of use;
3. Bring the amended life of project budget increase proposal and associated cost management policy to the San Fernando Valley Council of Governments for its consideration and concurrence prior to Metro Board action on this item;
4. Begin coordinating with the Los Angeles County state legislative delegation to identify potential direct funding that could eventually offset the required local advance and corresponding Caltrans District 7 repayment;
5. Explore additional funding options that may offset the amount required to be advanced from the I-5 North Project/San Fernando Valley Subregion 3rd decade credits and corresponding Caltrans District 7 repayment;
6. Begin coordinating with Caltrans and the City of Burbank on their “unmet needs list” to properly inspect and confirm that damages are related to freeway construction activities and work together on project development to address these issues, as appropriate, and;
7. Return to the Board in February Metro Board cycle with an updated report and recommendation for a life of project budget increase based on the above directives, and include a corresponding action to ensure that the I-5 North Project contractor’s existing claim is funded.

I-5 Construction Projects (By Caltrans)



Presentation to
The San Fernando Valley
Council of Governments
February 12, 2021

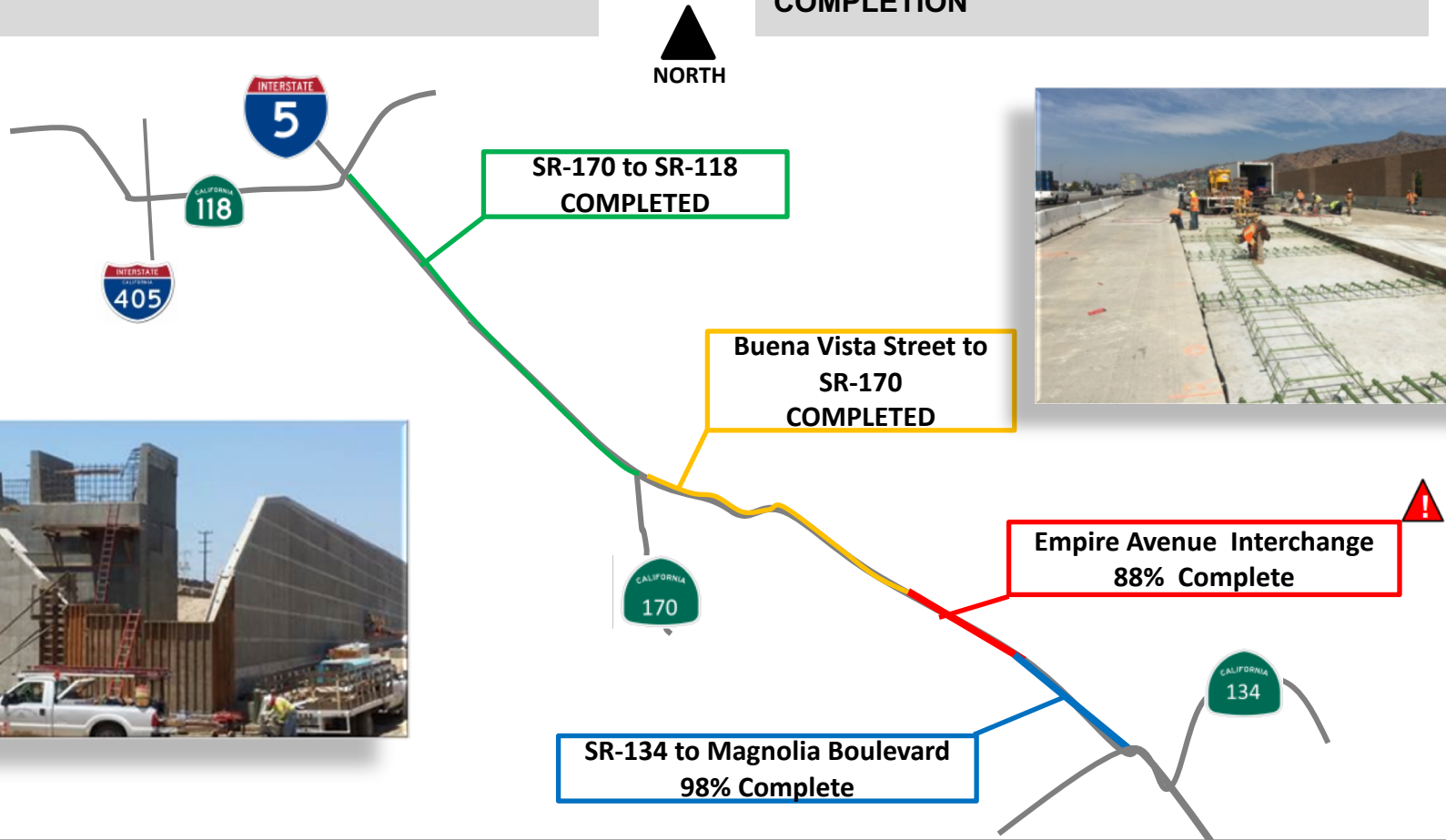


I-5 NORTH: SR 118 TO SR 134



⚠ BUDGET		
TOTAL COST	Current	Forecast
	\$880.9M	\$954.1M*

⚠ SCHEDULE		
ANTICIPATED PROJECT COMPLETION	Current	Forecast*
	Summer 2022	Winter 2022



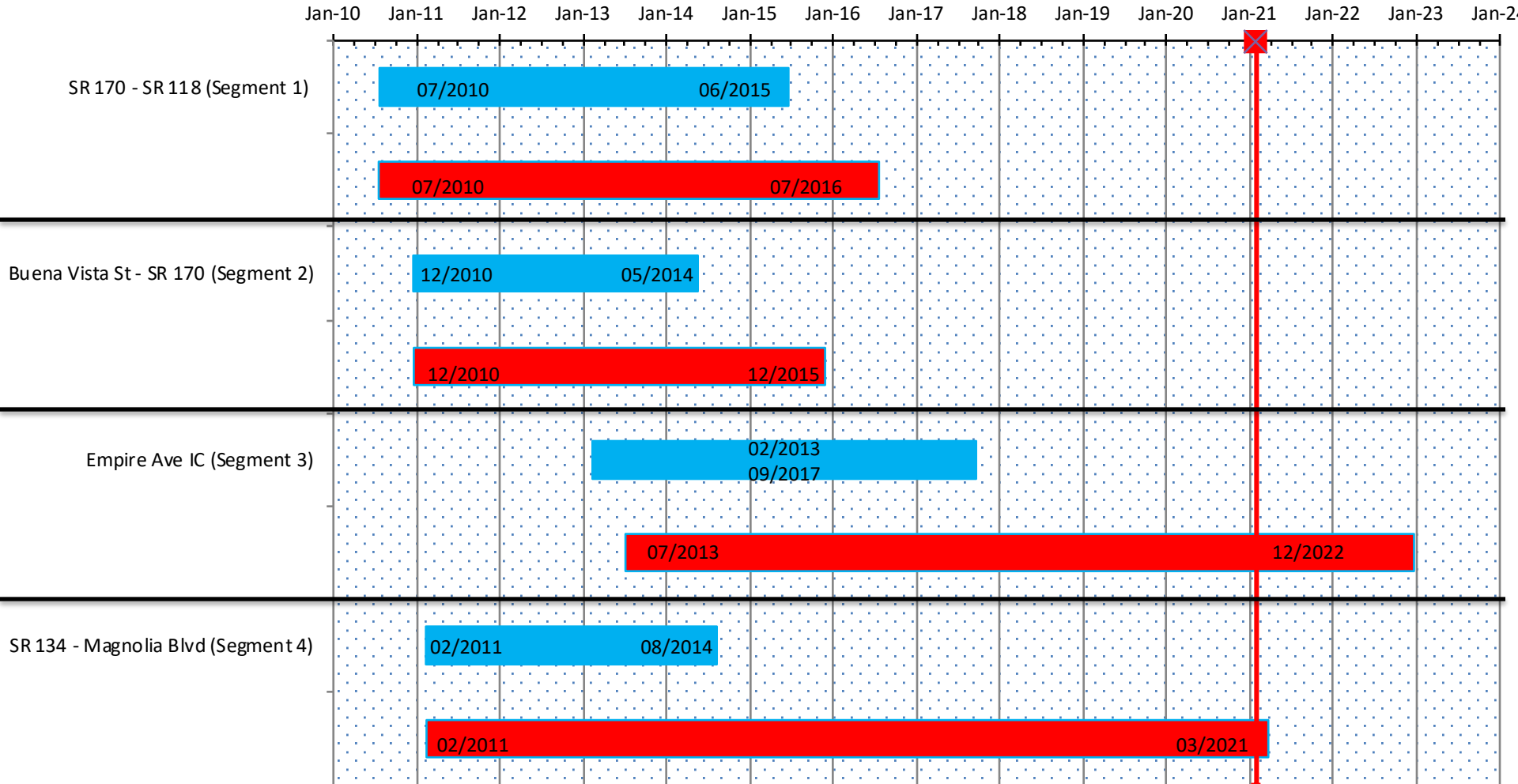
● On target
 ◆ Possible problem
 ⚠ Significant Impact

* Risk Analysis, Nov 2020 and Caltrans' request



I-5 NORTH CONSTRUCTION SCHEDULE

Original Schedule Today Actual Schedule



I-5 North Bids vs. Cumulative Expenditures





Actions Taken

- Metro cost management policy was invoked to identify all possible measures to prevent the project cost increase and identify ways to mitigate the financial impacts.
- An advance to Caltrans in an amount not to exceed \$73.2 million to close the projects with a payback schedule not to exceed 10 years was recommended by staff.
- A report was presented to Metro Board to approve the LOP cost increase, authorize Metro and CT to enter into a loan/advance agreement with provisions for full repayment of funds. A motion was introduced to fully and clearly outline the conditions of the transaction as well as the future steps to make the SFV whole.
- 3rd Decade MR20% and PC25% credits to SFV were confirmed and will be protected.



Next Steps

- Follow up report to the Board in February to advance the funds to Caltrans to close the projects with a payback schedule not to exceed 10 years
- Metro Board to approve the Life of Project Budget increase and a change order for the satisfaction of outstanding contractor claims in February
- The repayment agreement to be executed by and between Caltrans and Metro mandates full repayment within 10 years. This aligns, roughly, with the 3rd decade timeframe the subregion would otherwise have access to these funds and has no financial impacts on the SFV.



Next Steps

- In the event Caltrans provides in-kind services to Metro toward its repayment obligation, Metro will ensure the equivalent dollar value is credited to the SFV.
- Metro staff will work with the SFV COG to identify candidate projects that could benefit from these funds.
- Metro Highway Program, Capital Planning, and Governmental Affairs staff will work with the elected body representing the region and Caltrans to identify other State-controlled funds to pay back the obligation.