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52

**BOARD MEETING
DECEMBER 7, 2006**

**SUBJECT: METRO GOLD LINE EASTSIDE EXTENSION
INDIANA STREET LRT STATION**

**ACTION: APPROVE AN INCREASE IN FUNDING
TO RE-BUILD RAMONA OPPORTUNITY HIGH SCHOOL IN
ACCORDANCE WITH THE PROPERTY EXCHANGE AGREEMENT
BETWEEN METRO AND LAUSD**

RECOMMENDATION

Approve an increase in funding in the amount not-to-exceed \$6,109,106 to rebuild Ramona Opportunity High School in accordance with the Property Exchange Agreement between Los Angeles County Metropolitan Transportation Authority and the Los Angeles Unified School District (LAUSD), increasing the total Metro commitment from \$26,000,000 to \$32,109,106, contingent on the LAUSD providing a total amount of \$15,109,106 in funding toward the Project.

ISSUE

A property exchange is required for Metro to build the Metro Gold Line Eastside Extension Indiana Street Station on a portion of the Ramona Opportunity High School site that is currently owned by LAUSD. To complete the property exchange, Ramona Opportunity High School is to be re-built at its current location. On May 3, 2006, the Metro Board of Directors approved \$26 million to re-build Ramona Opportunity High School contingent upon LAUSD sharing in the cost. On June 22, 2006 the Board authorized the Chief Executive Officer to finalize and execute the Exchange Agreement With Escrow Instructions, Funding and Reimbursement Agreement and Development Agreement Between LACMTA (Metro) and LAUSD. This allowed both parties to proceed with acquisition activities and allowed LAUSD to obtain construction bids for the new construction and rebuilding of Ramona Opportunity High School so that an updated Total Project Cost Estimate could be presented to the Metro Board of Directors as a condition to the close of Escrow and the award of a LAUSD construction contract.

LAUSD received construction bids on October 10, 2006. The apparent low bid was received in the amount of \$32,937,000. If the contract is awarded to the apparent low bidder, the Total Project Cost Estimate of \$35 million which was presented to the Metro Board of Directors at its May 2006 Board Meeting will be exceeded. The revised Total Project Cost Estimate is

now \$47,218,212, inclusive of property and other soft costs or approximately \$12.2 million more than the previous estimate. Due to the cost increase, Metro and LAUSD have proposed to share equally the project cost over \$35 million and up to \$47,218,212 . Therefore, Metro and LAUSD would both have to contribute an additional \$6.1 million toward the project.

BACKGROUND

On May 3, 2006, the Metro Board of Directors approved the following funding plan to rebuild Ramona Opportunity High School (based on a total Project Cost Estimate of \$35 million), contingent upon the LAUSD sharing the cost as follows: Metro provides its original commitment of \$20 million, LAUSD provides \$4 million in joint use or other LAUSD funds; Metro provides 20% (not-to-exceed \$1 million) to match LAUSD's joint use funds; any costs above \$25 million and up to \$35 million would be shared equally between Metro and LAUSD. Metro's cost shall be capped at \$26 million. The Board's approval was contingent on the following:

- The LAUSD Board of Education approving a Property Exchange Agreement within 60 days; (Extension of an additional 30 days approved on June 22, 2006, by the Metro Board Directors)
- The LAUSD providing site control to the necessary portions of Ramona Opportunity High School on Indiana Street, no later than November 1, 2006 (Extended to February 15, 2007, by the Metro Board of Directors on October 26, 2006);
- The LAUSD rebuilding Ramona Opportunity High School as described in the Option 1A, the master plan and the design as submitted to the State including any modifications required by the State; and
- The LAUSD issuing a notice to proceed for construction within four months after Metro has cleared the site for construction;

Metro Board's approval also included the following:

- Metro funds shall only be used for the Ramona Opportunity High School rebuild and not for any other purpose not explicitly agreed to by the Metro Board;
- City of Los Angeles shall identify a joint use programming commitment within one year; and
- Authorize the Chief Executive Officer to seek additional federal, state and or local funds that the Ramona Opportunity High School rebuild may be eligible for, in order to partially or fully offset the Metro cost commitment.

On June 13, 2006, the LAUSD Board of Education approved funds to demolish and rebuild Ramona Opportunity High School based on the following shared-cost funding plan:

1. Metro provides its original commitment of \$20 million (towards construction, land and other soft costs);
2. The new gymnasium, auditorium and play fields were identified as joint use projects, which led to an agreement of an 80/20 split with LAUSD allocating \$4 million and Metro and/or the City of Los Angeles allocating \$1 million;
3. LAUSD and Metro split costs that exceed \$25 million.
4. Metro must provide a binding commitment for means of shared liability of project costs in excess of \$35 million.

Under the plan approved by the Board of Education, no LAUSD funds shall be expended, construction contracts awarded, or land exchanged until several conditions are met, subject to and contingent upon the final, binding commitments between LAUSD, Metro and the City of Los Angeles.

On October 26, 2006, the Metro Board of Directors approved staff's recommendation to extend the property exchange deadline to February 15, 2007, to allow Metro and LAUSD additional time to prepare an Action Plan to address the increase to the Total Project Cost Estimate with a provision that the land exchange may occur earlier once all of the closing conditions are met.

FINANCIAL IMPACT

Metro funding for the \$32,109,106 would come from the following funding sources:

- \$12,000,000 is available from the existing Project 800088 Metro Gold Line Eastside Extension Project Budget.
- \$20,109,106 would be made available through an allocation of State Traffic Congestion Relief Program funds for Eastside enhancements and mitigations.

Appropriate actions will be made to amend the FY07 Budget to reflect the actions approved by the Metro Board of Directors.

PATH FORWARD

Upon Metro Board approval of the staff recommendation, LAUSD will seek approval of additional funding from the Board of Education. LAUSD will complete its bid evaluation and recommendation to award the school re-build construction contract. Metro and LAUSD will continue to coordinate the remaining real estate activities required to complete the property exchange by February 15, 2007.

ALTERNATIVES CONSIDERED

Metro staff has presented an alternative to the Metro Board of Directors involving the relocation of the Indiana LRT Station to 3rd Street. This alternative was presented at a Community Workshop and was found to be not acceptable to the community. Metro staff also submitted a Draft Environmental Assessment/Addendum of the alternative to the Federal Transportation Administration (FTA) for their review. FTA has raised its concerns about revising the approved environmental documents which would likely result in significant schedule impacts and cost increases to the Metro Gold Line Eastside Extension Project.

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